

Company Announcement
ASX: HPC

DATE: 23/12/2022

HPC reaches US\$3m milestone (+92%) in annual revenues through Amazon USA, with accelerating growth in Canadian stores

HIGHLIGHTS

- Retail Sales through Amazon USA have surpassed US\$3m over the prior 12 months, an increase of 92% on the same prior period with a further \$US1.3m coming from Amazon Canada.
- Weekly revenue growth on prior period is also accelerating in key Canadian retailers Shoppers Drug Mart and Walmart Canada, with a surge in year-end sales related to severe cold/flu season.
- Shay Mitchell's Collab SKU launches in the USA with cumulative influencer follower count surpassing approximately 85m¹.

Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC) ("Hydralyte North America" or "the Company")** is pleased to provide a 2022 sales update for its North American business, highlighted by a key milestone for Amazon sales in the US market.

The Company can confirm that annual revenue from sales on Amazon USA surpassed US\$3m for the first time in CY2022, representing a gain of 92% from CY2021. Amazon Canada also contributed \$US1.3m in revenue over the same period.

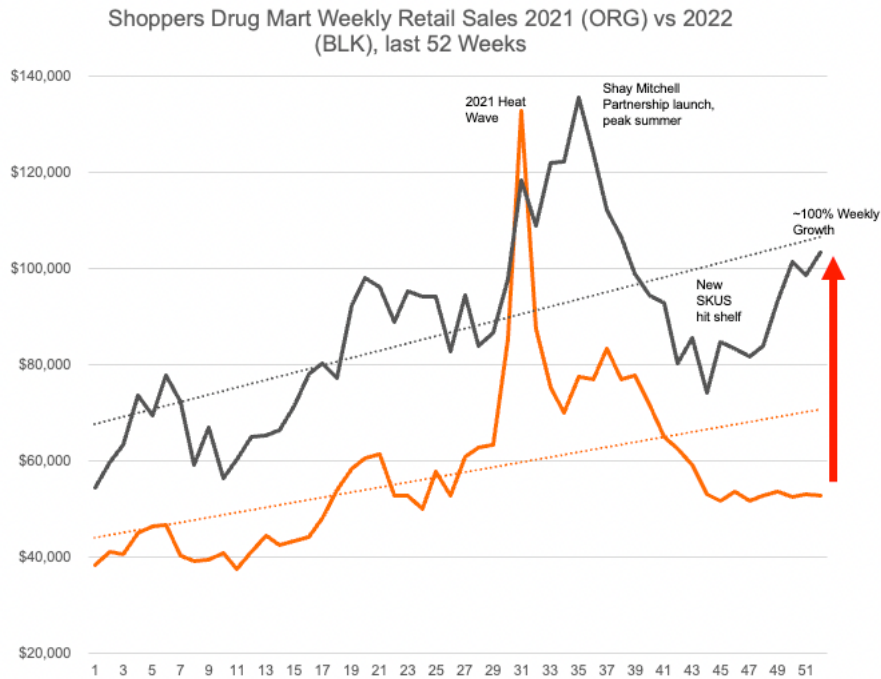
Growth in the US market was accompanied by a surge in year-end sales across Canada, where the brand has benefited from an acute cough/cold season leading to many secondary placements in Canadian Pharmacies.

Approximately 75% of Canadian revenue is from bricks and mortar stores where Hydralyte products are distributed nationally in a majority of Canadian pharmacies.

The Canadian growth has been led by the Company's strong distribution footprint through Shoppers Drug Mart – the largest chemist chain in Canada with more than 1,200 stores nationwide – as well as Walmart Canada. Product sales for both chains have surpassed weekly growth rates of more than 100% in some weeks during the northern hemisphere Winter period.

¹ Figure represents a cumulative total of followers for the relevant influencer accounts across Instagram, Facebook, YouTube and Tiktok, and may not reflect total unique followers.

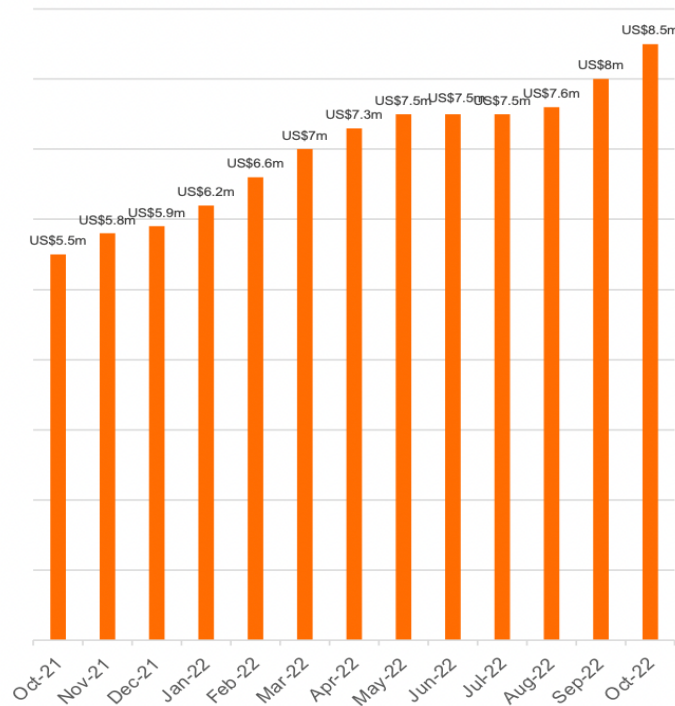
Below is a chart illustrating weekly sales trends at Shoppers Drug Mart:



(Chart shows retail sales in CAD\$)

The recent sales milestones complement a strong period of growth for the business over the past 12 months, with consistent monthly increases in net revenue.

Trailing 12-month net revenue
(\$USm)*



December 2022 also saw the launch of a co-branded product alongside brand ambassador and entrepreneur, Ms Shay Mitchell (refer ASX Announcement 2 December 2022). The launch saw the Company create an immersive hydration event for 16 of America's top influencers, some with reaches of over 10m followers.

The Company estimated the event was able to reach a cumulative audience of approximately 85m people.² The launch followed an extensive period of production development in direct collaboration with Ms Mitchell, which involved flavour testing, packaging design and manufacturing processes.

Over the medium-term, the Company expects to realise tangible benefits from the product marketing and brand awareness generated through Ms Mitchell's significant social media reach, which stands at more than +34m Instagram followers, ~3m Twitter followers, +4m YouTube subscribers and +7m followers on TikTok.

Combined with its long-term focus on brand awareness, the Company's strategic execution now provides it with the necessary operating base to embark on an exciting phase of growth in the world's largest retail consumer market.

Management commentary:

Chief Executive Officer, Mr Oliver Baker, said: *"The formal recognition of US\$3m in annual sales through Amazon USA plus another \$1.3m from Amazon Canada was a pleasing milestone for the Company. The result demonstrates Hydralyte North America has achieved strong traction on one of the world's leading ecommerce platforms. Complementing that growth, we are also seeing stronger, out of season sales momentum across our major Canadian retailers. We look forward to providing more updates through the course of 2023 as Hydralyte North America continues to diligently pursue its long-term growth objectives while cautiously allocating all capital expenses."*

ENDS

This announcement was authorised for release by the Board of Hydralyte North America.

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