

# HydraLyte<sup>®</sup>

Personal use only

## **Our purpose**

*To make better hydration solutions and make a difference doing it*

## **Our ambition**

*To own hydration in the family home*



Low Sugar



More Electrolytes



Hydration Acceleration Formula



Doctor Approved, Rapid Rehydration

# Disclaimer

This presentation includes general information about the activities of The Hydration Pharmaceuticals Company Limited ACN 620 385 677 (HPC). The information contained in this presentation is for general information purposes only.

The information contained in this presentation does not constitute investment or financial product advice (nor taxation or legal advice) and is not intended to be used as the basis for making an investment decision. It does not take into account the investment objectives, financial situation, taxation position or needs of any particular investor, which should be considered when deciding if an investment is appropriate. You must consider your own investment objectives, financial situation and needs. You should conduct and solely rely upon your own independent investigations and enquiries, including obtaining taxation, legal, financial or other professional advice in relation to the information contained in this presentation as appropriate to your jurisdiction.

This presentation should be read in conjunction with any reports, financial statements, appendices or other documents or information that accompanies this presentation or which is otherwise announced or released by HPC on or about the same time as this presentation. This presentation should also be read in conjunction with HPC's other periodic and continuous disclosure announcements.

While care has been taken in preparing the information in this presentation, to the maximum extent permitted by law, no representation or warranty, express or implied, is made nor any duty undertaken in favour of any person as to the currency, accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, no member of HPC nor any of their respective directors, officers, employees, affiliates, partners, consultants, agents, representatives or advisers (each a HPC Party and together, the HPC Parties) guarantees or makes any representations or warranties, express or implied, as to or takes responsibility for, the currency, accuracy, reliability, completeness or fairness of this presentation nor the information, opinions and conclusions contained in this presentation. The HPC Parties do not represent or warrant that this presentation is necessarily complete or that it contains all material information about HPC which a current or prospective investor may require in evaluating a current or possible investment in HPC. To the maximum extent permitted by law, each HPC Party expressly disclaims any and all liability (whether direct, indirect, consequential or contingent), including, without limitation, any liability arising out of fault or negligence on the part of any person, for any loss, expenses, damages or costs arising from the use of information contained in this presentation or for omissions from this presentation including, without limitation, any financial information, any estimates or projections and any other financial information derived therefrom. Whilst HPC has prepared this presentation in good faith, the information appearing in this presentation has not been independently verified or audited and may be subject to change, including via further market updates. Anyone proposing to use such information should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain their own independent and specific advice from appropriate professionals or experts.

None of the HPC Parties act for, or are responsible as a fiduciary to, you or any other person. Any fiduciary relationship is expressly disclaimed.

This presentation contains certain forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "outlook", "upside", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions. Forward-looking statements include statements about HPC's expectations regarding the performance of HPC's business and its plans, strategies, prospects and outlook. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, as may be any other statements that are not based on historical or current facts. Forward-looking statements are often based on: (1) assumptions regarding HPC's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which HPC will operate; and (2) current views, expectations and beliefs as at the date they are expressed, and which are subject to various risks and uncertainties.

None of HPC, or any other HPC Party, makes any representation or warranty as to the accuracy of any forward looking statements contained in this presentation. Such statements speak only as of the date hereof. Except to the extent required by law, none of the HPC Parties has any obligation to update or revise any such statements to reflect any change in events, conditions or circumstances on which any such statement is based. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the HPC Parties, which may cause actual results to differ materially from those expressed or implied in such statements. For example, the factors that are likely to affect the results of HPC include (but are not limited to) general economic conditions in Australia and globally, exchange rates, competition in the markets in which HPC does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of HPC.

There can be no assurance that actual outcomes will not differ materially from the forward-looking statements. As such, readers are cautioned not to place undue reliance on these statements. Any statements as to past performance do not represent, and are not an indication of, future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this presentation is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future. In addition, the HPC Parties have not independently verified, and cannot give any assurance as to, the accuracy and completeness of any market and industry data or other information contained in this presentation that has been extracted or derived from third party sources. Accordingly, the accuracy and completeness of such information is not guaranteed and it is merely included in this presentation for what it is worth and without endorsement by the HPC Parties.

This presentation is not, and does not constitute, an offer to sell, or the solicitation of an offer to buy, invitation or recommendation to purchase any securities or other investment products in any jurisdiction, and neither this presentation nor any of the information contained herein, shall form the basis of any contract or commitment.

All financial amounts contained in this presentation are expressed in Australian dollars (unless otherwise stated). Any discrepancies between totals and sums of components in tables, figures and body content contained in this presentation are due to rounding. Tables, figures and body content contained in this presentation have not been amended by HPC to correct immaterial summation differences that may arise from this rounding convention.

This presentation may contain trade marks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this presentation belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with any of the HPC Parties.

This presentation is made available to you on the condition that by receiving, viewing, downloading or otherwise accessing or utilising this presentation, you confirm that you understand and agree to the contents of this important notice and that you are a person to whom this presentation may lawfully be made available in accordance with laws applicable to you, including those of the jurisdiction in which you are located. Unless otherwise indicated, nothing in this announcement is considered material.

# A North American focused company with Australian heritage

## HYDRALYTE GLOBAL TERRITORIES

ersonal use only



Exclusive Hydralyte North America markets

Hydralyte Australia owned by (Prestige Brands) exclusive

Founded in Australia with liquid products



2001

Powder products launched

2006

Tablet format products launched

2010

### Hydralyte North America (ASX: HPC)

2012



Launch in Canada

Australian business and exclusive brand licence sold to Prestige Brands



2014

Formation of Hydralyte North America

2016



US launch

2018

Relocate HQ to San Diego

Additional territories sold to Prestige Brands (refer left)

2020

Launch Hydralyte + products and ecommerce sites

2021

Successful IPO

2022

US\$9.09m in sales (FY2022)

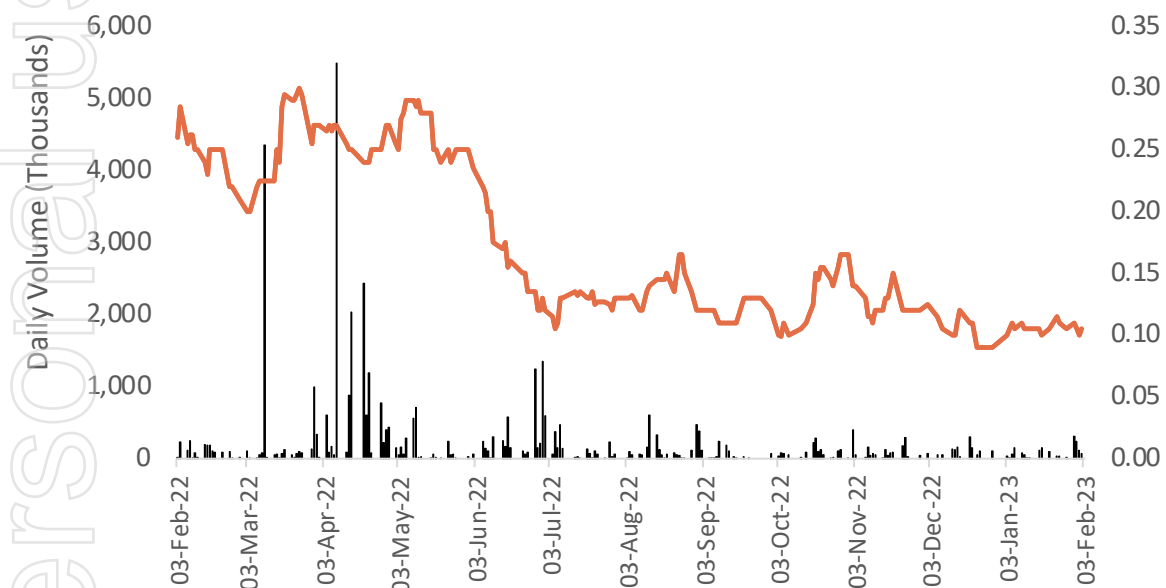


# Corporate overview

## Corporate snapshot

ASX code:	HPC
Shares on issue:	163.8m
Market capitalisation (at \$0.10 per share):	A\$16.3m
Options on issue (exercisable at various prices):	38.9m
Performance Rights:	3.4m
Warrants:	22.4m
Cash at bank (as at 30 Dec 2022):	US\$4.9m
Unused financial facilities available:	A\$5.5m

## Share price and volume (3 February 2022 to 3 February 2023):



## Major shareholders (as at 3 February 2023):

Woobinda Nominees Pty Ltd (Mr Dan O'Brian)	9.16%
HSBC Custody Nominees (Australia) Limited	8.56%
Super Radek Pty Ltd (Mr Radek Sali)	7.52%
J P Morgan Nominees Australia	7.13%

**Top 20 shareholders: 62.72%**

## Board and Management:

Chairman:	Mr George Livery
Chief Executive Officer:	Mr Oliver Baker
Chief Financial Officer:	Mr Chris Kavanaugh
Non-executive Director:	Mr Adem Karafili
Non-executive Director:	Ms Gretta Van Riel
Non-executive Director:	Ms Margaret Hardin
US Advisor:	Ms Vanessa Dew
US Advisor:	Mr Brandon Fishman



# An experienced Board, management and advisory team

Disciplined governance and extensive expertise in growing consumer products companies



**Oliver Baker**

**CEO**

Former General Manager of Swisse Wellness USA and China. (sold for \$1.7Bn)



**George Livery**

**Chairman**

Former Director of Strategy & Corporate at Swisse Wellness



**Adem Karafili**

**NED**

Former Managing Director and COO of Swisse Wellness



**Gretta Van Riel**

**NED**

Ecommerce expert, founder of Drop Bottle and Skinny Me Tea. Forbes 30 under 30



**Margaret Hardin**

**NED**

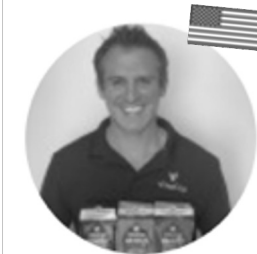
Former CEO and CFO of major US product companies, Baby super Brands, Ergo Baby and Munchkin



**Vanessa Dew**

**US Advisor**

Founder of Health-Aid Kombucha – a top 3 brand across North America



**Brandon Fishman**

**US Advisor**

Founder and CEO of VitaCup, the first ever vitamin-infused tea and coffee product

ersonal use only

# Overview and investment highlights

## Leveraging an established market presence to deliver rapid growth

### Established operations

- Strong sales growth in North America through ecommerce and major retailers
- Recently named in the AFR Fast 100 as one of the country's top growth businesses
- Scalable manufacturing and cost management focus underpin strong gross margin
- Well funded through recent A\$12m loan agreement with existing shareholder

### Significant Sales Growth

- Sales have grown ~50% with Amazon up ~100%+ to US\$9.09m in sales (FY2022)
- Ecommerce sales up 67% in FY2022 to US\$4.08m
- Growth underpinned by Amazon subscriptions which increased 108% in FY2022 to 4,093
- Online sales compliment revenue from existing major bricks-and-mortar stockists including RiteAid, CVS and Walmart Canada (amongst others)

### Proven Canadian business

- Top-two position for hydration product sales in Canadian pharmacy market, with national distribution\*
- Omnichannel strategy across the country making online growth cheaper
- Canada is regulated which defrays competition
- Provides validation of the company's business model as US expansion continues

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



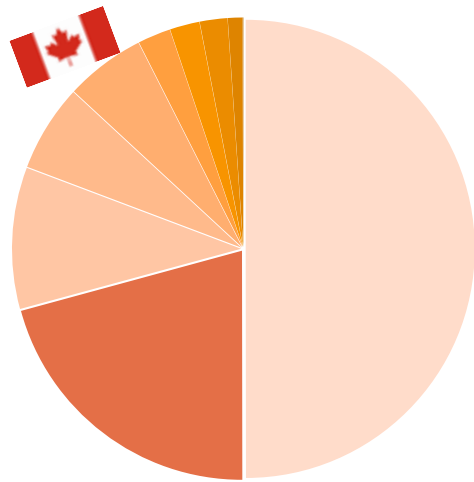
Personal use only

# Canadian market opportunity (vs USA)

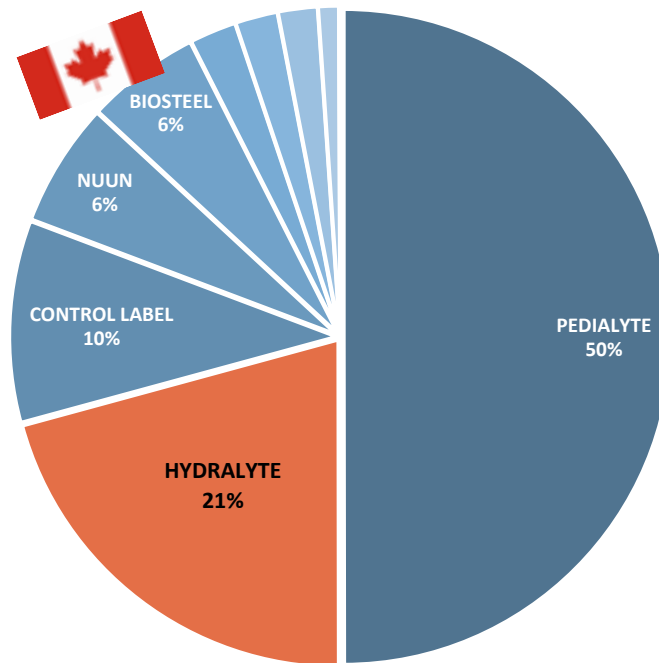
Canadian in-store categories have doubled in size – led by Pedialyte (market leader) and Hydralyte

Canadian market is undersized and will grow organically – providing significant opportunity

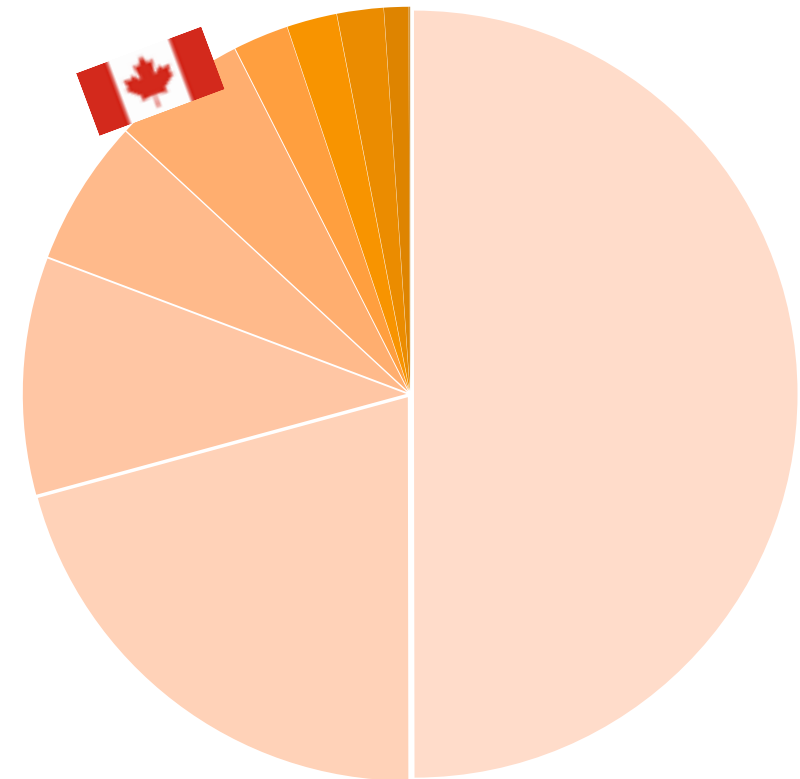
August 2021 market value:  
~US\$16m



August 2022 market value:  
~US\$33m



2025-2026 forecast value:  
+US\$150m



US category is valued at ~\$US\$1.5Bn with most mature categories at 10:1 – HPC to benefit from ongoing organic growth



Personal use only

# Q4 FY2022 results overview

Total FY2022 revenue:

**US\$9.09m** ↑

↑ +49% on PCP  
(unaudited)

Q4 FY2022 revenue:

**US\$2.52m** ↑

↑ +45% on PCP

Gross margin:

**48%** ↑

↑ +5% on PCP

Amazon US subscriber growth:

**Up 108%** ↑

From 1,962 to 4,093 subscribers as  
at 30 December 2022

Canadian retail sales:

**Up 69%** ↑

Major increase on PCP through  
increased sales to key retailers

Q4 FY2022 net cash used

**US\$2.6m**

Includes \$500k large one-off  
expenses which won't occur in Q1

ersonal use only

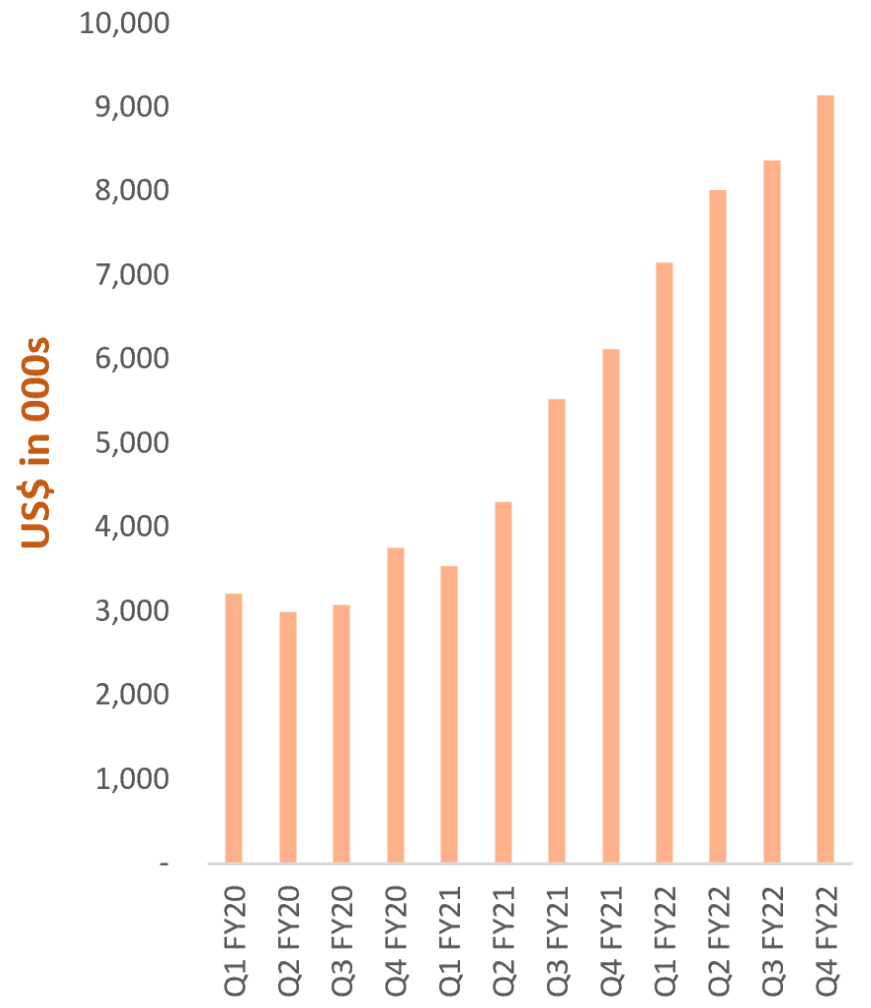


# Revenue growth remains strong

- Trailing 12 month revenue of US\$9.09m up 49% on Q4 FY2021
- Largest quarterly sales achieved to date – bucking traditional seasonal downtrend following peak North American summer months
- Growth driven by:
  - Canadian retail sales: up 49% on PCP
  - Amazon US sales: +32% on PCP
  - Amazon US subscriptions: rose 108% since January 2021
  - New retail outlets being added with higher penetration per store

ersonal use only

Trailing 12 month net sales



## Sources of revenue

Focused on consolidating the North American market – strong presence in Canada and a growing foothold in the US

### Canada:

- Trailing 12 month sales: US\$4.6m – +52% on PCP
- Brand available in every pharmacy in the country with per store velocity increasing
- Online sales account for 26% of total revenue and Amazon is fastest growing account with a number one organic position in category

### US:

- Trailing 12 month sales of US\$4.4m – up 41% on PCP
- Selling through major retailers including CVS, Rite Aid, HEB, Publix
- Ecommerce sales totaled 61% of total US revenue in FY2022

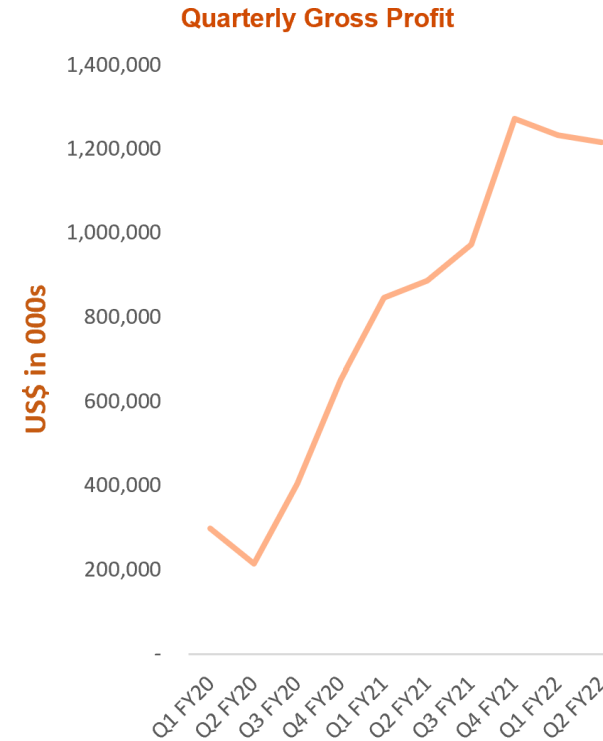


## Management have improved gross margin

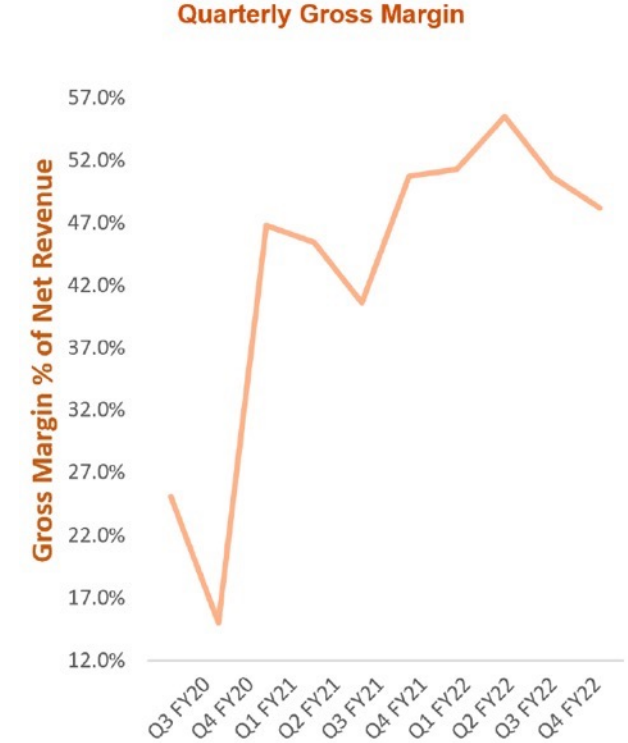
### Improvement being driven by:

- Made for channel product innovation including Amazon friendly SKUs
- Pricing increases accepted by major Canadian and US bricks and mortar stores
- Marketing focused on higher margin SKUS through higher margin retailers.
- Health Canada approval for US manufacturer has potential to generate further per-unit margins improvements on ready-to drink liquid range
- Expected reduction in airfreight from EU which is driver of Gross margin fluctuations

### Gross margin



### Gross profit



## Partnership with brand ambassador, Shay Mitchell

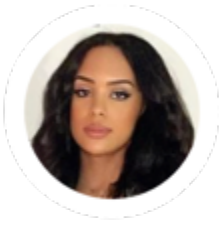
- Ms Mitchell is a Canadian Actress and entrepreneur with ~35.4m Instagram followers
- Co-branded product launched in December 2022 through HPC ecommerce channels and Amazon USA
- SKU now being stocked by RiteAid, which has nearly 2,300 US stores – additional retail stockist pending
- 16 of North America's top influencers were invited for a two-day marketing activation in Miami to promote the partnership
- Event delivered significant social media exposure across HPC's target market

### Influencer attendees:



Abbie Herbert  
@abbieherbert

14.4m followers



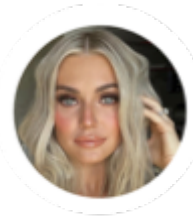
Kristy Sarah  
@kristy.sarah

9.6m followers



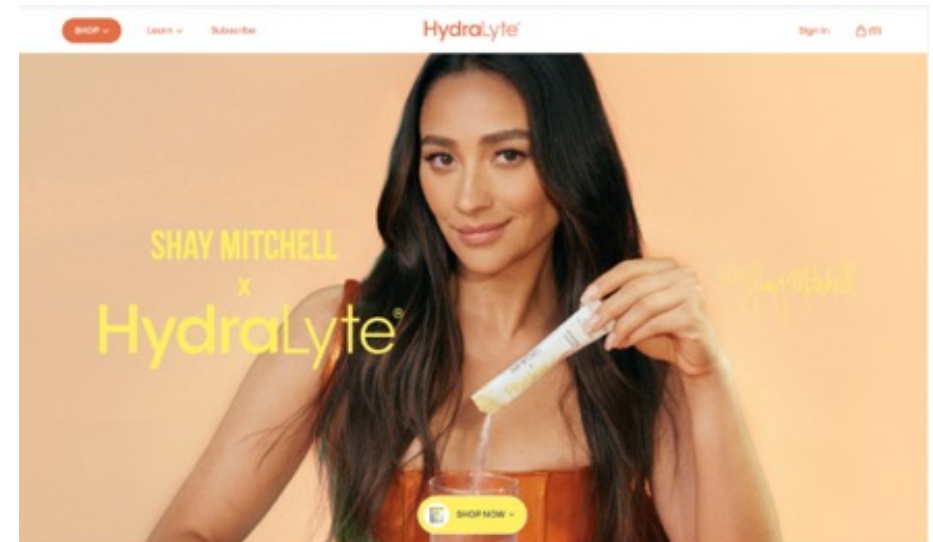
Bailey Daughenbaugh  
@baidaugh

4.6m followers



Lindsay Cusick  
@lindsarnold

1.1m followers



Guests had a total of 85m followers combined – providing major exposure ahead of bricks and mortar roll out



# H1 FY2023 product launches and value catalysts

#1 SKU launch of 2022 was Hydralyte Liver Detox which delivered ~US\$300,000 of incremental sales



Shay Mitchell launches in retail stores

Jan 23

Shay's partnership opens the door for standard products in new sections of retail stores.



Launch of Liver Support Tubs

March 23

Larger packs in best selling SKUs to increase reach to new customer groups and value to existing ones.



Launch of Plus Apple Cider Vinegar

April 23

Continued expansion of Plus line SKUs into trending, high growth segments.



Launch of Plus Women's Multivitamin

Apr 23

Aim to establish more of a foothold in daily usage categories.



Shay Mitchell Lemon Squeeze launch

May 23

Influencer launch event in Canada to accelerate product awareness and press.



Shay Mitchell Passion Fruit launch

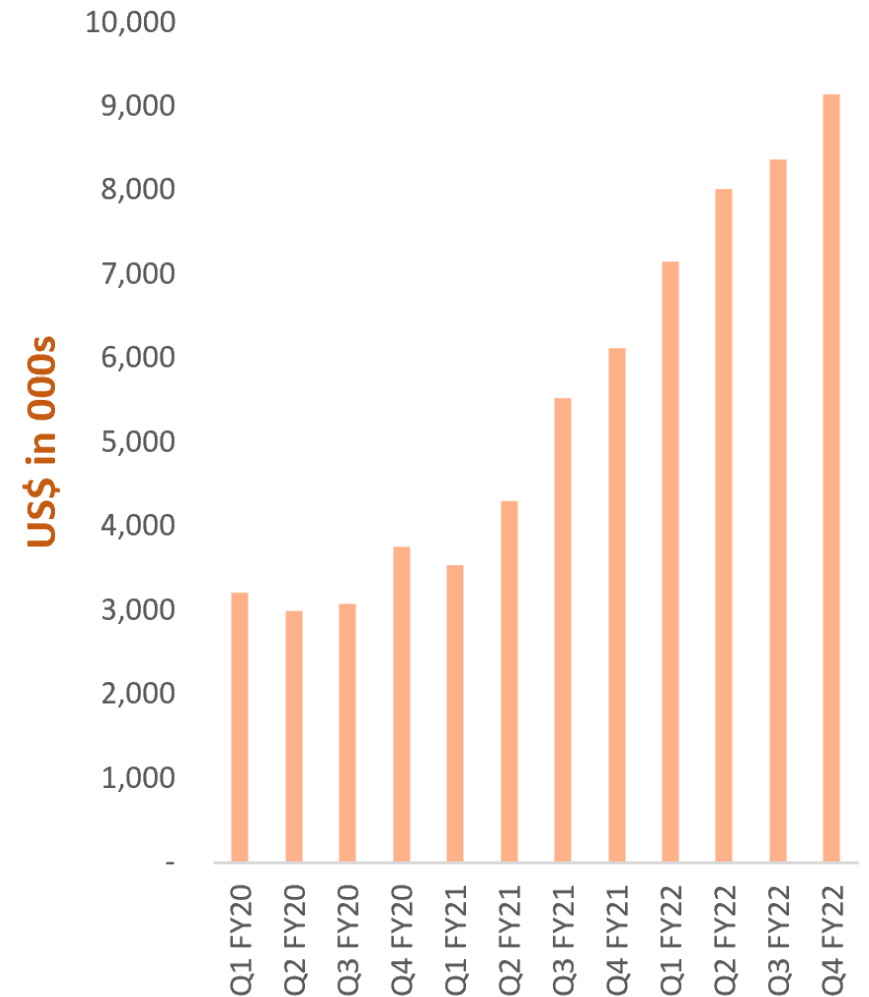
June 23

Influencer launch event in USA to accelerate brand awareness and press. Previous event reached 85m people.

## Investment summary

- Established operations in the US and Canada with additional international expansion opportunities
- Well funded with existing cash at bank and untapped financial facilities to continue growth trajectory while maintaining focus on cost management
- Planned reduction in cash expenditure across digital marketing
- Online sales continue to increase with traditional retail outlets across North America complementing sales growth
- Exciting product innovation and further optimisation of manufacturing practices to drive revenue with lower COGS and higher gross margins

Trailing 12 month net sales



# Thank You

Stay Hydrated

Contact:

Oliver Baker  
Chief Executive Officer  
[Oliver.baker@hydralyte.com](mailto:Oliver.baker@hydralyte.com)

Henry Jordan  
Six Degrees Investor Relations  
[Henry.jordan@sdir.com.au](mailto:Henry.jordan@sdir.com.au)  
+61 (0) 431 271 538



ersona  
use  
only

## Appendix 1: Established North American sales footprint across 15k + doors

Products stocked with major US and Canadian retailers including (but not limited to):



SHOPPERS  
DRUG MART



Walmart  
Canada

Lawtons  
DRUGS



Jean Coutu

meijer

Loblaws



Plus multiple independent bricks and mortar stores

HydraLyte