

Company Announcement
ASX: HPC

DATE: 13/2/2023

Record unaudited monthly net sales of US\$1.0m achieved in January 2023

KEY HIGHLIGHTS

- Record unaudited monthly net sales of US\$1.0m generated in January 2023
 - January 2023 sales highlight an increase on the previous record month in June 2022 at the height of the North American summer
 - Record monthly sales in January 2023 are a 70% increase on the PCP (January 2022: US\$585,000)
 - Driven by increased sales volumes to Canadian retailers, marketing initiatives undertaken with Shay Mitchell and pronounced cold and flu season
 - Record monthly sales achieved while decreased marketing is being implemented – highlights organic growth potential and continued cash management focus
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Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC)** (“Hydralyte North America” or “the Company”) advises that it has achieved its highest ever monthly sales result, generating unaudited net monthly sales of US\$1.0m in January 2023.

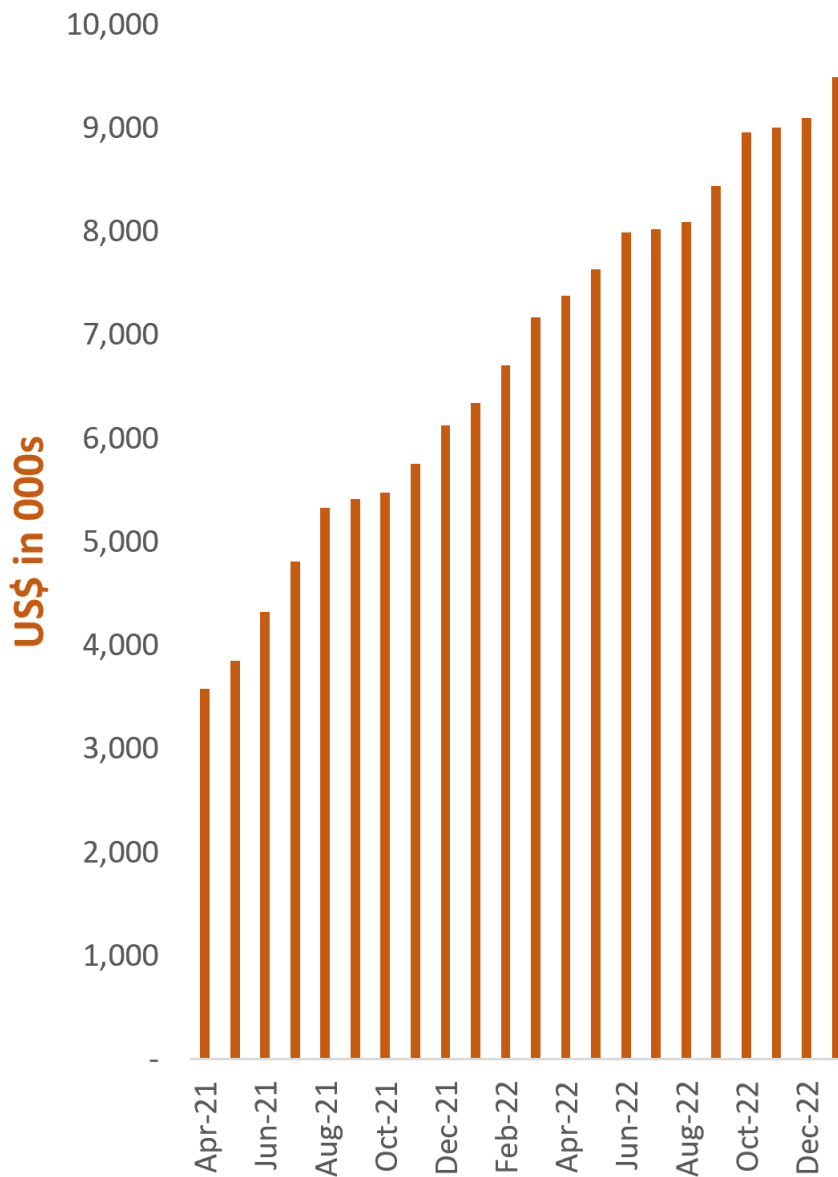
The record result in January 2023 marks an increase on the Company’s previous highest ever sales month, achieved in June 2022 during the peak North American summer period.

Sales in January 2023 highlight a 70% rise on the previous corresponding period (PCP) (January 2022 net sales: US\$585,000).

Growth was underpinned by strong demand from Canadian retailers that replenished stock following an unseasonable sales spike in December 2022, marketing initiatives associated with the launch of the Company’s co-branded product with brand ambassador Shay Mitchell in the US (refer ASX announcement: 2 December 2022) and higher demand due to a pronounced cough and cold season in Canada.

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Trailing 12-Months Net Sales



Graph: Trailing net sales (April 2021 to January 2023)

The record result in January is a major milestone, highlighting the Company’s organic growth potential and its ability to disrupt the traditional seasonal downturn experienced during the North American winter.

Hydralyte North America continues to implement marketing optimisation initiatives during Q1 FY2023, which is expected to result in decreased marketing spend for the quarter. This is expected to reduce overall cash expenditure, while allowing the Company to invest in higher impact marketing initiatives during the peak North American summer months.



Management commentary:

Hydralyte North America CEO Oliver Baker said: *"Achieving our highest ever sales month since inception is a result of the strong foundations laid throughout FY2022 across manufacturing, distribution and brand marketing in the North American market. The alignment of these objectives has resulted in significant brand awareness for Hydralyte North America's leading product range, complemented by an advanced logistics network that has the flexibility and capacity to scale quickly and meet increased demand.*

"Pleasingly, the sales result comes during the North American winter, which is traditionally a lower growth period and in turn reflects the increased traction for Hydralyte products in key target markets. Further, January sales were achieved through organic growth during a period where the Company is strategically reducing its digital marketing spend. This result sets the Company up for a strong year of growth in 2023 in one of the world's most dynamic consumer markets."

ENDS

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

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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.

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