

Company Announcement
ASX: HPC

DATE: 22/8/2023

Hydralyte partners with RooLife to expand global distribution footprint in China

HIGHLIGHTS

- HPC confirms the appointment of ASX-listed RooLife Group (ASX:RLG) to market, sell and distribute the Hydralyte range of electrolyte-rich tablets, liquids and powders in China.
 - The appointment aligns strategically with the Company's aim to expand the global addressable market for Hydralyte North America products through targeted partnerships.
 - Under the terms of the agreement, RLG will manage digital marketing and e-commerce store operations with exclusive distribution rights for Hydralyte products across online and physical stores.
 - Distribution partnership aims to leverage the high profile of Australian health & wellness products to drive increased brand awareness in China through RLG's extensive network of China-based distribution partnerships across e-commerce and physical stores.
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Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC) ("Hydralyte North America" or "the Company")** is pleased to announce it has appointed e-commerce company RooLife Group Ltd ("**RooLife**") (ASX:RLG) to exclusively market, sell and distribute its leading range of Hydralyte products in China.

Under the terms of the agreement, RooLife has contracted to provide digital marketing, social media operations and e-commerce store operations, with exclusive distribution rights for Hydralyte North America products across online and physical store sales, including cross border e-commerce and general trade in China.

The distribution agreement with RooLife aligns with HPC's strategy to expand the global addressable market for its leading product range through a targeted partnership approach that seeks to leverage the respective strengths of both parties.

The Company's decision to partner with RooLife provides Hydralyte North America with a unique access point to the Chinese consumer market through RLG's existing distribution channels, which have been established over a long period of time in accordance with rigorous compliance standards for imported goods.

With its established presence in China, RLG expects to provide Hydralyte North America with direct and immediate access to an expanded group of sales channels and the capacity to scale up further through additional distribution partnerships as they occur.

The broader distribution networks provided through RooLife will comprise both e-commerce and bricks & mortar retailers, complementing HPC's existing agreement with Alibaba subsidiary Tmall.

The distribution process for Hydralyte products into China also has the potential to be accelerated due to the fact that Hydralyte North America products are classified as a food product rather than a supplement, which allows for a simpler regulatory pathway to gain import approval for the Chinese market.

Strategically, the agreement with RooLife has been assessed by the Hydralyte North America Board and management team as a distribution opportunity that could provide the Company with potentially material upside with minimal downside risk from an operations and capital management perspective.

Under the terms of the agreement, RLG will provide digital marketing and social media management services along with operations management for e-commerce. RLG will receive a margin on all Hydralyte products sold in accordance with the terms of the agreement.

The agreement with RooLife is for a 2 year and 5-month term (**Term**) with the ability for the Term to be extended by 1 year by mutual written agreement by the parties. The remaining terms of the agreement are considered commercially sensitive.

The economic materiality of the agreement with RLG is unknown due to the uncertainty in sales outcomes and no minimum sales order requirements. However, the Company expects that entering into a partnership with RLG may have a material impact on the Company's business development prospects and global distribution opportunities.

Management commentary:

Chief Executive Officer Mr Oliver Baker said: *"RLG's well-established online sales channels and access to growing physical store network is the perfect platform to enter the large China market. Their highly capable sales & marketing offering and understanding of how to sell and promote a product to Chinese consumers presents us with a very unique opportunity to establish the Hydralyte brand here."*

RooLife Group CEO, Bryan Carr added: *"We are excited to add such a high-profile and proven brand as Hydralyte to our healthy, functional food and beverage portfolio in China where we continue to grow out our online and physical store channels, servicing the high consumer demand for quality international products with China's large, emerging middle class. We look forward to working with Hydralyte's very dynamic team, extending their global sales footprint considerably by leveraging the growing awareness of health and wellness generally in China and the established trust and awareness for Australian-founded wellness brands, making Hydralyte a great match for RLG and our capabilities in China."*

About RooLife Group: RooLife Group is a cross-border distribution platform that matches leading international brands and products with the key trends in Chinese consumer demand. The Company has built an extensive network of distribution channels across ecommerce and traditional retail in the Chinese market and complements its service offering with fully integrated digital market and customer acquisition services. RooLife's online eCommerce marketplaces assist businesses to sell directly to Chinese consumers with integrated payment solutions via the WeChat and Alipay platforms. RLG serves a broad range of international clients from Australia and other jurisdictions including New Zealand, Europe, the UK and the United States.

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

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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 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.

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 not guaranteeing of future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the control of Hydralyte North America. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

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You must not place undue reliance on these forward-looking statements.