

Company Announcement
ASX: HPC

DATE: 19/9/2023

Completion of Entitlement Offer to raise ~A\$2.7 million

HIGHLIGHTS

- Completion of Entitlement Offer to raise ~A\$2.7m follows successful Placement which raised ~A\$1.5m (before costs)
 - Additional A\$0.4m to be raised via the exercise of warrants by Pure Asset Management
 - Total proceeds from the Entitlement Offer, Placement and exercise of Warrants is ~A\$4.6m (before costs) – provides the Company with financial flexibility
 - New funding follows record 1H FY23 revenue of US\$5.3m, up 28% on previous corresponding period and US\$0.97m in sales in July 2023
 - Recent sales growth complemented by a material reduction in marketing spending, highlighting the consistent execution of the Company's strategy to maintain sales growth with an ongoing reduction in costs
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Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC)** ("**Hydralyte North America**" or "**the Company**") is pleased to announce the results of its pro rata non-renounceable entitlement offer of one fully paid ordinary share ("**New Share**") for every 2.27 shares held by eligible shareholders on the record date of 9 August 2023, at an issue price of A\$0.045 per New Share ("**Entitlement Offer**"), which closed on 13 September 2023.

The Company received applications under the Entitlement Offer for 4,335,332 New Shares, to raise ~A\$0.2 million (before costs). Eligible shareholders who applied for additional New Shares (in excess of their entitlement) under the Entitlement Offer were allocated 100% of those New Shares. This resulted in a shortfall of approximately 68.1 million New Shares ("**Shortfall Shares**").

Hydralyte North America advises that approximately 55.55 million of the Shortfall Shares have been subscribed for by sophisticated and professional investors in their capacity as sub-underwriters of the Entitlement Offer, to raise approximately A\$2.5 million. The sub-underwriters include a number of existing institutional and professional shareholders.

Following allotment of the Shortfall Shares, the Company will raise a total of ~A\$2.7 million (before costs) as a result of the Entitlement Offer. The completion of the Entitlement Offer follows a successful placement to raise A\$1.5 million (before costs) (refer ASX announcement: 3 August 2023).

The Company will also raise a further ~A\$0.4 million via the exercise of Warrants by Pure Asset Management. The total proceeds of the Entitlement Offer, Placement and exercise of Warrants is approximately A\$4.6 million (before costs).

In addition to the New Shares, a total of approximately 46.6 million options are expected to be issued in connection with the Entitlement Offer and the Placement on the basis of 1 option for every 2 New Shares issued (**Options**) (subject to the Company's shareholders approving the issue of Options to Placement participants). The Options will have an exercise price of A\$0.07 and will expire on 31 December 2025.

The proceeds from the Entitlement Offer, Placement and exercise of Warrants will be used for marketing and growth initiatives while also providing the Company with additional working capital.

The New Shares and Options issued under the Entitlement Offer will be issued to eligible shareholders on Wednesday, 20 September 2023. The Company expects the majority of the Shortfall Shares will be issued to sub-underwriters on this date, with the remaining Shortfall Shares to be issued to sub-underwriters on or around Monday, 25 September 2023.

The issue of the Options to Placement participants is expected to occur shortly after the Company's General Meeting to be held on Tuesday, 26 September 2023 (subject to shareholder approval).

Management commentary:

Chief Executive Officer Mr Oliver Baker said: *"We are very pleased with the support the Company received during its fundraising initiatives and I would like to thank our shareholder base for their ongoing support.*

"Upon completion of this initiative the Company will raise approximately A\$4.6m in new capital. This provides financial flexibility to progress a number of strategic market and product development initiatives, which are anticipated to underpin further near-term sales growth.

"Hydralyte North America has continued to deliver operational successes, which included record half year revenue during FY2023, as well as pleasing sales growth in July. With the Company's ongoing reduction in costs, new funds and growing revenue profile, HPC is well placed to continue its strong momentum."

ENDS

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.

The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company's financial condition, status or affairs or any change in the events, conditions, or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this announcement have not been audited, examined, or otherwise reviewed by the independent auditors of the Company.

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

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