

Company Announcement
ASX: HPC

DATE: 23/4/2024

Change of Board Composition

Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC) (“Hydralyte” or “the Company”)** advises that Non-Executive Chair, Mr George Livery intends to retire as a Director of the Company effective from 25 May 2024 and as a result, will not stand for re-election at the 2024 annual general meeting.

Mr Livery has served as Chair of the Board of Directors and Chair of the Remuneration & Nomination Committee since IPO in December 2021. The Company would like to thank Mr Livery for his leadership and valued contribution to the business.

Following Mr Livery’s resignation, Mr Adem Karafili will be appointed as Non-Executive Chairman effective 25 May 2024. Mr Karafili’s remuneration for services as Non-Executive Director and Chair of the Board will consist of an annual fee of US\$62,460 (inclusive of any compulsory superannuation).

Further, the Company advises that current CEO, Mr Oliver Baker will be appointed to the Board as Managing Director, effective from 25 May 2024. Mr Baker will not receive additional compensation as a result of his appointment as Managing Director.

An Appendix 3Z in respect of Mr Livery’s resignation will be lodged with ASX following his resignation. Further, an Appendix 3X in respect of Mr Baker will be lodged with ASX following his appointment.

Amendment to CEO Contract

The Company further advises that an amendment to the service contract with CEO, Oliver Baker has been agreed. The revised key terms of Mr Baker’s CEO contract are summarised in **Annexure A**.

ENDS

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

For further information:

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Annexure A

The key terms of Mr Baker's employment agreement are summarised below:

Position	Chief Executive Officer and Managing Director ('CEO')
Term	No fixed term
Total Fixed Remuneration (TFR)	<p>US\$368,000 per annum. Mr Baker has agreed to reduce his TFR by 10% to US\$331,200 in an effort to reduce cash burn, until such time that the Board determines otherwise.</p> <p>TFR will be renewed annually with CPI increases or in respect to business performance aligned to company size.</p>
Short-term incentive (STI)	<p>Mr Baker will be eligible to be considered for an incentive bonus for each fiscal year of the Company (STI Bonus). The STI Bonus (if any) will be awarded based on objective and/or subjective criteria established by Mr Baker, the Chair and approved by the Company's board of directors, including, individual key performance indicators. Mr Baker's target STI Bonus may be up to 50% of his TFR.</p> <p>Any STI Bonus for the fiscal year in which Mr Baker's employment ends (other than for Cause) will be prorated, based on the number of days Mr Baker is employed by the Company during that fiscal year, and will be deemed earned through the date Mr Baker's employment ends.</p>
Other Benefits	<p>The Company will cover health, dental and other insurance along with 401K as per the HydraLyte employee benefits executive level.</p> <p>The Company will pay for one round-trip airfare to Australia per calendar year for Mr Baker and his immediate family.</p> <p>As part of Mr Baker's ongoing personal development, the Company will pay for his annual Young Presidents Organisation (YPO) membership fees and all reasonable associated expenses for so long as Mr Baker is eligible to be a member of the YPO and remains employed by the Company.</p>
Termination	<p>Mr Baker's employment is at 'at will' and his employment agreement may be terminated by either party at any time and for any reason, with or without cause.</p> <p>Mr Baker's employment agreement may be terminated by either party on 12 weeks notice.</p> <p>In the event that Mr Baker's employment is terminated by the Company (other than for cause), Mr Baker will be entitled to receive an amount up to and equal to 52 weeks of regular salary (as calculated in accordance with Part 2D.2 of the Corporations Act), which includes (without limitation):</p> <p>(a) any redundancy or severance payment;</p>

- (b) any amounts paid in lieu of the 12 week notice period;
- (c) Mr Baker's STI Bonus; and
- (d) relocation expenses for you and your family to Australia or another city in the United States,

in each case subject to the payment or grant of such benefits complying with the ASX Listing Rules, the Corporations Act and any other applicable law.

All payments on termination will be subject to the termination benefits cap under the Corporations Act and ASX Listing Rules.

Restraint

During Mr Baker's term of employment, he will not (i) engage in any other employment, consulting or other business activity that conflicts or interferes with his obligations to the Company without the prior written approval of the Board, and (ii) directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company.