



NOTICE OF ANNUAL GENERAL MEETING

THE HYDRATION PHARMACEUTICALS COMPANY LIMITED ACN 620 385 677

TIME: 11:00am (AEST)
DATE: Friday, 24 May 2024
LOCATION: Online via Automic's Investor Portal

Important notice

This Notice of Annual General Meeting should be read in conjunction with the Explanatory Memorandum. The Explanatory Memorandum contains important information about the matters to be considered at the Annual General Meeting of The Hydration Pharmaceuticals Company Limited and to assist shareholders to determine how to vote on the Resolutions set out in this Notice.

Should you wish to discuss any of the matters detailed in this Notice, please do not hesitate to contact the Company Secretary on +61 3 9614 2444 or hydralytecosec@cdplus.com.au.

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Notice of Annual General Meeting of Shareholders of The Hydration Pharmaceuticals Company Limited

Notice is given that the annual general meeting of Shareholders of The Hydration Pharmaceuticals Company Limited ACN 620 385 677 (**HPC** or the **Company**) will be held on **Friday, 24 May 2024 at 11:00am (AEST)**.

The Meeting will be streamed live virtually for Shareholders to view and participate.

Please see Important Information section below for further details.

Important Information

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEST) on Wednesday, 22 May 2024.

Voting in person at the Meeting

The Meeting will be streamed live via webcast for Shareholders to view the Meeting.

The Company urges all Shareholders to please utilise the online facilities offered. Shareholders will be able to view the live webcast of the Meeting, vote online in real time and ask Directors questions online.

For further information, please see the section below titled 'Voting during the Meeting'.

Voting by proxy or online prior to Meeting

To vote by proxy prior to the Meeting, you will need to appoint a proxy and either direct the proxy how to vote on each Resolution, or allow the proxy to exercise their discretion in voting your shares.

To appoint a proxy online, please go to <https://investor.automic.com.au/#/loginsah> and follow the instructions on your Voting Form.

You may also appoint a proxy by completing and signing the enclosed Voting Form and returning it by the time and in accordance with the instructions set out on the Voting Form.

Proxies will be able to view the live webcast of the Meeting, vote online in real time in accordance with their proxy instructions and ask Directors questions online.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy; and
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment

does not specify the proportion or number of the Shareholders' votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (ie. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie. as directed).

Transfer of non-chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at the Meeting; and
- the appointed proxy is not the Chair; and
- at the Meeting, a poll is duly demanded on the Resolution, or is otherwise required under section 250JA, on the question that the Resolution be passed; and
- either of the following applies:
 - the proxy is not recorded as attending the Meeting; or
 - the proxy does not vote on the Resolution,

the Chair is taken, before voting on the Resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the Meeting.

Direct voting

In accordance with clause 7.10 of the Constitution, the Directors may:

- decide that, at any general meeting or class meeting, a member who is entitled to attend and vote on a resolution at the meeting is entitled to a direct vote in respect of that resolution. A 'direct vote' includes a vote delivered to the company by post or other electronic means approved by the directors; and
- prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a director vote at a meeting in order for the vote to be valid.

Direct voting prior to the Meeting

A Shareholder may deliver a direct vote by indicating on the Voting Form that they are casting their vote directly and then placing a mark in one of the boxes opposite each item of business on the Voting Form. All of the Shareholder's shares will be voted in accordance with such direction, unless the Shareholder indicates that their direction is:

- to vote only a portion of their votes on any item; or
- to cast their votes in different ways on any item, by inserting the number of shares in the appropriate box or boxes.

If a Shareholder indicates that they are lodging their votes directly and then does not mark any of the boxes on a given item, no direct vote will be recorded on that item.

If a Shareholder indicates that they are delivering their votes directly and then marks more than one box on an item, their vote on that item will be invalid. If a Shareholder inserts a number of shares in boxes on any item that in total exceeds the number of shares that the Shareholder holds as at the voting entitlement time, the Shareholder's vote on that item will be invalid, unless the Shareholder inserted the number of shares in one box only, in which case it will be taken to be valid for the total number of shares held at that time.

Direct voting during the Meeting

In accordance with clause 7.10 of the Constitution, the Chair has determined that a Shareholder who is entitled to attend and vote at the Meeting may submit a vote during the Meeting via the online meeting platform provided by the Share Registry.

To attend the Meeting virtually please follow the instructions below on your computer, tablet or smartphone. Online registration will open 30 minutes before the meeting. To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready.

Proxyholders will need to contact Automic prior to the meeting to obtain their login details.

Shareholders who wish to participate in and vote at the Meeting can access the Meeting as follows:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click “register” if you haven’t already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting.**
3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on “Register” when this appears. Alternatively, click on “Meetings” on the left hand menu bar to access registration.
4. Click on “Register” and follow the steps.
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting.
6. Once the Chair of the Meeting has declared the poll open for voting click on “Refresh” to be taken to the voting screen.
7. Select your voting direction and click “confirm” to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

Attending the Meeting online enables Shareholders to view the Meeting live and to also ask questions and cast votes at the appropriate times whilst the Meeting is in progress.

A complete guide to registering your attendance and voting at the virtual Meeting is available to view and download from <https://www.automicgroup.com.au/virtual-agms/>.

Shareholders who submit direct votes prior to the Meeting will be deemed to have appointed the Chair as their proxy and representative for the purposes of determination of quorum.

Creating an Account with the Share Registry

- To create an account with the Share Registry, please go to the Automic website (<https://investor.automic.com.au/#/home>), click on ‘register’ and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**)) to create an account with Automic.

Further information and support on how to use the platform is available on the Share Registry website – www.automic.com.au. It is recommended that you register to use the registry website well in advance of the Meeting to save time on the day of the Meeting. Should you have any difficulties, you can contact the registry by telephone on 1300 288 664 (within Australia) and +61 2 9698 5414 (overseas).

A complete guide to registering your attendance and voting at the virtual meeting is also available to view and download from <https://www.automicgroup.com.au/virtual-agms/>.

Corporate representatives

A Shareholder that is a body corporate may appoint an individual to act as its representative at the Meeting by providing a duly executed certificate of appointment of corporate representative (**Certificate**). Unless otherwise specified in the Certificate, the representative may exercise all or any of the powers that the body corporate may exercise at the Meeting or in voting on a Resolution. A Certificate is available upon request from the Share Registry.

Appointments must be lodged in advance of the Meeting with the Company’s Share Registry.

BUSINESS OF THE ANNUAL GENERAL MEETING

Ordinary business

1. Financial Statements and Reports

To receive and consider the Annual Report of the Company for the financial year ended 31 December 2023, including the financial statements, Directors' Report, the Remuneration Report and the auditor's report.

2. Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding** resolution:

“THAT, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 31 December 2023.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any Restricted KMP Voter. However, a Restricted KMP Voter may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a Restricted KMP Voter and either:

- the Restricted KMP Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- the Restricted KMP Voter is the Chair and the appointment of the Chair as proxy:
 - does not specify the way the proxy is to vote on this Resolution; and
 - expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director – Ms Margaret Hardin

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **Ordinary Resolution**:

“THAT Margaret Hardin having retired from office as a Director in accordance with Rule 8.1(f) of the Constitution and ASX Listing Rule 14.4, and being eligible, having offered herself for re-election, be re-elected as a Director of the Company.”

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

4. Resolution 3 - Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **Special Resolution**:

“THAT, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having the additional capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 over a 12 month period from the date of the Meeting, at a price no less than that determined pursuant to ASX Listing Rule 7.1A.3 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in the issue of equity securities under this Resolution or a person who may obtain a material benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed or any Associates of those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Note: As at the date of this Notice, the Company is not proposing to make any issue of equity securities under ASX Listing Rule 7.1A. Accordingly, no Shareholders are excluded from voting on this Resolution.

The Chair intends to vote all undirected proxies in favour of this Resolution.

5. Resolution 4 - Approval of Equity Incentive Plan

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

“THAT, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, Shareholders approve the Company's Employee Incentive Plan on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, any person who is eligible to participate in the EIP, or any of their Associates. However, the Company need not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair of the Meeting to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Further, a vote must not be cast on this Resolution by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel acting as a proxy if their appointment does not specify the way the proxy is to vote on this Resolution. However, a vote may be cast by such persons if:

- it is cast by a member of the Key Management Personnel or their Closely Related Parties as a proxy for a person who is entitled to vote on this Resolution, in accordance with the directions on the proxy form; or
- it is cast by the Chair (who is a member of the Key Management Personnel) as a proxy and the proxy appointment expressly authorises the Chair to exercise the proxy even though this resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Further, pursuant to section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Company's Employee Incentive Plan or their Associates, otherwise the participant or potential participant will not be able to access the benefit of this Resolution in relation to their future retirement. However, a vote may be cast by such a person if:

- the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- it is not cast on behalf of the person or an Associate of the person.

The Chair intends to vote all undirected proxies in favour of this Resolution.

6. Resolution 5 – Approval of issue of Warrants

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **Ordinary Resolution**:

“THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of the Third Tranche Warrants to PURE Asset Management Pty Ltd as trustee for The Income and Growth Fund (or nominee(s)) on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of PURE Asset Management or a person who may obtain a material benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed or any Associates of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

7. Resolution 6 - Ratification of Agreement to Issue Shares

*To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **Ordinary Resolution**:*

“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the agreement to issue up to 40,000,000 fully paid ordinary shares to PURE Asset Management Pty Ltd as trustee for The Income and Growth Fund (or nominee(s)) on the terms and conditions as set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of PURE Asset Management or a person who may obtain a material benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed or any Associates of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the direction given to the Chair as specified in the Voting Form; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

8. Other Business

To transact any other business which may legally be brought before the Meeting.

Dated: 18 April 2024
By order of the Board
Victoria Nadalin
Company Secretary
The Hydration Pharmaceuticals Company Limited

EXPLANATORY MEMORANDUM

1. Financial Statements and Reports

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Report of the Company for the financial year ended 31 December 2023 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at <https://hydralyte.com/pages/investors>

Shareholders will be given a reasonable opportunity to ask questions and make comments on the reports, and on the management of the Company, and to ask questions of the auditor.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

The Corporations Act requires that, at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and other Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report. The Chair must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at two consecutive annual general meetings, at least 25% of the votes cast on a resolution in respect of a remuneration report vote against the adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to a vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting. If a Spill Resolution is put to shareholders, all of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting each person whose election or re-election as a director of the company was approved will continue as a director of the company.

2.3 Previous voting results

At the Company's previous annual general meeting, the votes cast against the Remuneration Report considered at that annual general meeting were less than 25% of votes cast. Accordingly, a Spill Resolution is not required for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Person appointed as proxy	Where directions are given on Voting Form	Where no directions are given on Voting Form
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of proxy if expressly authorised to do so under the Voting Form ⁴
Other	Vote as directed	Able to vote at discretion of proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that Key Management Personnel.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of the Chair.

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Voting Form notes that it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. Resolution 2 – Re-election of Director – Ms Margaret Hardin

3.1 General

Rule 8.1(f) of the Constitution sets out that to the extent that the ASX Listing Rules require an election of directors to be held and no director would otherwise be required to submit for election or re-election who wishes to retire, the director who has been longest in office since their last election will stand for re-election. Further, Rule 8.1(i) of the Constitution notes that the retirement of a director and the re-election of a director under the Constitution takes effect at the conclusion of the meeting at which the retirement and re-election occurs.

In accordance with Rule 8.1(f) and Rule 8.1(i) of the Constitution, Ms Margaret Hardin will retire as Director at the Meeting and, being eligible, will stand for re-election.

If Resolution 2 is passed, Ms Margaret Hardin will continue to be a Director and remain on the Board. If Resolution 2 is not passed, Ms Margaret Hardin will cease to be a Director effective as of the end of the Meeting.

Personal particulars for Ms Margaret Hardin are set out below.

3.2 Margaret Hardin

Ms Hardin is a global products senior executive, with extensive experience. She has previously scaled two consumer goods companies to generate more than US\$100m in revenue, and currently advises founders on growth opportunities. Most recently, Ms Hardin was CEO of ERGObaby Carrier Inc. During her time with the group, she revived product innovation while managing an omni-channel distributor, retail and ecommerce model across over 60 countries and 19 company-owned websites. Prior to ERGObaby Carrier Inc., Ms Hardin was CFO during the early stages of US baby and accessories company Munchkin and was progressively promoted to President and COO. She grew the company to a major brand leader in the juvenile industry, where she led sales, acquisitions, brand partnerships and marketing efforts. She oversaw the opening of sales operations in Canada and launched the EMEA headquarters. Ms Hardin also serves on the board of New Mexico State University Foundation and its Investment Committee.

3.3 Board Recommendation

The Board (other than Margaret Hardin who has abstained from making a recommendation on Resolution 2 due to his personal interest) recommends that you vote in favour of Resolution 2. Each Director currently intends to vote their respective shareholdings in favour of Resolution 2.

4. Resolution 3 – Approval of 10% Placement Capacity

4.1 General

ASX Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue equity securities (which term has the meaning given to it in the ASX Listing Rules) to up to 10% of its issued capital over a period up to 12 months after its annual general meeting (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the capacity to issue securities under ASX Listing Rule 7.1 without shareholder approval.

If Shareholders approve this Resolution, the number of equity securities the Company may issue under its 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.3 below). This Resolution is a Special Resolution.

4.2 ASX Listing Rule 7.1A

The ASX Listing Rules provide that an entity that satisfies both of the following tests as at the date of the Meeting (**Eligible Entity**) may seek shareholder approval under ASX Listing Rule 7.1A:

- (a) the entity is not included in the S&P/ASX 300 Index; and
- (b) the entity's market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) is not greater than \$300,000,000.

The Company is not included in the S&P/ASX 300 Index and accordingly, as at the date of this Notice, the Company is an Eligible Entity for these purposes.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further shareholder approval. The number of equity securities the Company may issue under its 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.3 below).

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder provided for in ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in ASX Listing Rule 7.1 (**15% Placement Capacity**).

4.3 Number of class of equity securities issued under 10% Placement Capacity

Any equity securities issued in reliance of ASX Listing Rule 7.1A must be:

- in the same class as an existing class of quoted equity securities. The Company currently has one class of equity securities on issue which are quoted, being Shares; and
- issued for cash consideration which is not less than 75% of the 15-day VWAP of equity securities in that class, as set out in further detail in section 4.4.2 of this Explanatory Memorandum.

ASX Listing Rule 7.1A.2 provides that an eligible entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the period of approval, a number of equity securities calculated in accordance with the following formula:

(A x D) – E

Where:

A is the number of shares on issue at the commencement of the Relevant Period:

- (1) plus the number of shares issued in the Relevant Period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (2) plus the number of shares issued in the Relevant Period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued before the commencement of the Relevant Period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved, or taken to have been approved under ASX Listing Rules 7.1 or 7.4,
- (3) plus the number of shares issued in the Relevant Period under an agreement to issue securities within ASX Listing Rule 7.2 Exception 16 where:
 - (i) the agreement was entered into before the commencement of the Relevant Period; or
 - (ii) the agreement or issue was approved, or taken under these rules to have been approved, under ASX Listing Rules 7.1 or 7.4,
- (4) plus the number of any other shares issued in the Relevant Period with approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.4,
- (5) plus the number of partly paid shares that became fully paid in the Relevant Period; and
- (6) less the number of shares cancelled in the Relevant Period.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by the holders of shares under ASX Listing Rule 7.4.

Relevant Period is:

- if the entity has been admitted to the official list for 12 months or more, the 12-month period immediately preceding the date of the issue or agreement; or
- if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.

4.4 Information required by ASX Listing Rule 7.1A

ASX Listing Rule 7.3A requires the following information to be provided in relation to this Resolution:

4.4.1 10% placement period

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and ceasing to be valid on the first to occur of:

- (a) 12 months after the date of the Annual General Meeting;

- (a) the time and date of the Company's next annual general meeting; or
- (b) the time and date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking).

4.4.2 Minimum Price

Any equity securities issued under the 10% Placement Capacity must be in an existing class of quoted equity securities and issued for cash consideration. The minimum price at which the equity securities may be issued under the 10% Placement Capacity is 75% of the VWAP of equity securities in that class, calculated over the 15 trading days on which trades in that class were recorded on the ASX immediately before:

- (a) the date on which the price at which the equity securities are to be issued is agreed by the Company and the recipient of the securities; or
- (b) if the equity securities are not issued within 10 trading days of the date in paragraph (a) above, the date on which the equity securities are issued.

4.4.3 Purpose of an issue under 10% Placement Capacity

The Company may issue equity securities under the 10% Placement Capacity as cash consideration in which case the Company intends to use funds raised for either or both of working capital purposes or to fund growth opportunities.

4.4.4 Risk of voting dilution

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive their pro rata interest in the Shares allotted under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below, in the circumstances set out in the table below.

The table below shows the dilution of existing shareholders on the basis of the closing price of the Shares on the ASX on 12 April 2024 (**Closing Price**) and the number of Shares for variable A, calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the date of this notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) has increased by 50% and by 100% and the economic dilution where the issue price of Shares issued under the 10% Placement Capacity is 50% less than the Closing Price and 100% greater than the Closing Price.

Variable A in ASX Listing Rule 7.1A.2		Dilution		
		\$0.007	\$0.013	\$0.026
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
Current Variable A = 265,141,804	10% voting dilution (Shares to be issued under 7.1A)	26,514,181	26,514,181	26,514,181
	Funds raised	\$172,342.18	\$344,684.35	\$689,368.71
50% increase in Current Variable A = 397,712,706	10% voting dilution (Shares to be issued under 7.1A)	39,771,271	39,771,271	39,771,271
	Funds raised	\$258,513.26	\$517,026.52	\$1,034,053.05
100% increase in Current Variable A = 530,283,608	10% voting dilution (Shares to be issued under 7.1A)	53,028,361	53,028,361	53,028,361
	Funds raised	\$344,684.35	\$689,368.69	\$1,378,737.39

The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above has been prepared on the basis of the following assumptions:

- For personal use only
- (a) the Issue Price set out in the table is the closing price of the Shares on the ASX on 12 April 2024;
 - (b) the Company issues the maximum possible number of equity securities under the 10% Placement Capacity;
 - (c) no options or rights convertible into Shares are exercised;
 - (d) the Company has not issued any equity securities during the 12 months preceding the date of the Annual General Meeting that were not issued under an exception in ASX Listing Rule 7.2 or which were not approved under ASX Listing Rule 7.1 or 7.4;
 - (e) the issue of equity securities under the 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

- (a) the market price for the Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (b) the equity securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for the Shares on the date of issue,

both of which may affect the amount of funds raised by the issue.

Shareholders should also note that the calculations in the table do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

4.4.5 Allocation under the 10% Placement Capacity

The allottees of the equity securities to be issued under the 10% Placement Capacity will depend on prevailing market conditions and will be determined on a case by case basis. However, the allottees of equity securities could consist of current Shareholders, new investors or both, provided that such allottee is not a Related Party of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (a) the purpose of the issue, including the Company's intentions to raise funds;
- (b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (c) the number of issues the Company intends to make and the time frame over which they will be made;
- (d) the effect of the issue of the equity securities on the control of the Company;
- (e) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (f) prevailing market conditions; and
- (g) advice from corporate, financial and broking advisers (if applicable).

4.4.6 Previous approval under ASX Listing Rule 7.1A

The Company has previously obtained approval under ASX Listing Rule 7.1A. For the purposes of ASX Listing Rule 7.3A.6, the Company confirms that during the 12 months preceding the date of the Meeting the Company did not issue any equity securities under ASX Listing Rule 7.1A.2.

4.4.7 Voting exclusion statement

A voting exclusion statement is included in the Notice. As at the date of the Notice, the Company has not approached any existing Shareholder, security holder or an identifiable class of existing security holders to participate in any issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholder's votes will be excluded under the voting exclusion in the Notice.

4.5 Board Recommendation

The Board recommends that you vote in favour of this Resolution.

5. Resolution 4 – Approval of Equity Incentive Plan

5.1 General

Prior to the Company's admission to the Official List of the ASX in December 2021, the Company adopted an equity incentive plan (**EIP**). Since that time, the Company has reviewed the terms of the EIP to ensure that its administration is appropriate for the Company, having regard to the requirements of the Corporations Act and the ASX Listing Rules and amended to the EIP were approved by Shareholders at the 2023 AGM.

5.2 Corporations Act

Shareholders are being asked to approve the EIP for all purposes under the Corporations Act, including but not limited to:

- Termination Benefits

Sections 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with section 200E, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or position of employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

The EIP allows the Board, in its discretion, to afford persons ceasing employment with the Company certain benefits under the EIP. The term "benefit" has a wide operation and may include the Board exercising its discretion to permit the exercise of options or retention of performance rights granted under the EIP (**EIP Benefit**).

For a section 200B benefit to be allowed, section 200E requires that this Notice provide Shareholders with either the value of the proposed benefits or, where the value of the proposed benefits cannot currently be ascertained, the manner in which the value of the proposed benefits is calculated, and the matters, events and circumstances that will, or are likely to, affect the calculation of the value.

In the circumstance of a possible EIP Benefit, the value of the termination benefits that the Board may give under the EIP cannot be determined in advance, as many of the factors that will or are likely to affect that value will not be known until the time the benefit is decided to be awarded (if at all). The Board has not determined whether it will exercise discretion to grant any EIP Benefits or in what circumstances it will exercise its discretion.

Specifically, the value of the EIP Benefit will depend on a number of factors, including the Company's share price at the time of the EIP Benefit and the number of Securities to which the Board will apply such EIP Benefit (if any). Shareholders should note the possible EIP Benefit is restricted to the exercise of options or retention of performance rights post-cessation of employment and does not change the exercise price, or number of Shares which are subject to the exercise or conversion, of the options and performance rights.

5.3 ASX Listing Rule 7.2, Exception 13

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**15% Placement Capacity**).

ASX Listing Rule 7.2, Exception 13(b) provides that ASX Listing Rule 7.1 does not apply to issues of securities under an employee incentive scheme if, within three years before the date on which the securities are issued, shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If this Resolution is passed, the Company will be able to issue securities under the EIP to eligible participants without affecting the Company's ability to issue securities under the Company's 15% Placement Capacity. The Board believes this will provide the Company with the flexibility necessary to raise additional capital under its 15% Placement Capacity as and when appropriate and provide long term incentives to its current and future staff.

If this Resolution is not passed, the Company will be unable to issue securities under the EIP without affecting the Company's ability to issue securities under the Company's 15% Placement Capacity.

Accordingly, the Company will be required to:

- issue such securities under the Company's 15% Placement Capacity; or
- consider alternative incentive arrangements for employees which are consistent with the Company's remuneration principles, including providing an equivalent cash incentive.

The following further information is provided for the purposes of ASX Listing Rule 7.2, Exception 13(b):

- (a) a summary of the EIP is set out in Annexure A;
- (b) since the EIP was approved by shareholders on 5 May 2023, the Company has issued 36,475,529 securities under the EIP; and
- (c) the maximum number of securities that may be issued under the EIP following Shareholder approval at the Meeting is 26,514,180 securities, plus a number of securities equal to the number of securities issued under the EIP (either before or after the Meeting) that are cancelled after the date of the Meeting (if any) (for example due to the failure to achieve vesting conditions or cessation of employment) (**Approved EIP Cap**). It is not expected that this amount of securities will be issued under the EIP, rather, this amount is simply provided as the maximum number of securities which may be issued under the Amended EIP in the future for the purposes of ASX Listing Rule 7.2 (Exception 13(b)). and
- (d) a voting exclusion statement in respect of this Resolution is set out in the Notice.

5.4 Board Recommendation

The Board recommends that you vote in favour of this Resolution.

6. Resolution 5 – Approval of issue of Third Tranche Warrants

6.1 General

On 27 March 2024, the Company announced that it had agreed certain material variations to its facility agreement¹ with boutique asset manager and existing substantial shareholder PURE Asset Management Pty Ltd as trustee for The Income and Growth Fund (**PURE or PURE Asset Management**). The Original PURE Facility is secured by a first-ranking general security over all present and after-acquired property of the Company and each Group entity in all relevant jurisdictions (**General Security Deed**). The Company's announcement dated 27 March 2024 summarises the proposed variations to the Original PURE Facility and the General Security Deed.

Under the terms of the variation (**Amended PURE Facility**), Hydralyte has secured A\$1.7m in new funding (**Third Loan**). The Amended PURE Facility also includes two additional tranches, valued at A\$1.5m each, which can be accessed at the discretion of PURE. In conjunction with the Amended PURE Facility, a 'Second Warrant Deed' has been entered into between the Company and PURE.

The Company notes that one of the conditions precedent to the Amended PURE Facility becoming effective (and thus access to the Third Loan under the Amended PURE Facility becoming available, and issue of the Third Tranche Warrants), is the requirement of a waiver of ASX Listing Rule 10.1 in order to vary the Original PURE Facility and General Security Deed without first obtaining shareholder approval under Listing Rule 10.1.

On 2 April 2024, the Company submitted an application to ASX for a waiver of ASX Listing Rule 10.1. As at the date of this Notice, the Company has not received a determination from the ASX. If a waiver of ASX Listing Rule 10.1 is granted, the Company intends to draw down the Third Loan immediately.

Under the Second Warrant Deed, the Company has agreed to issue 85,000,000 warrants to PURE in connection with the Third Loan (**Third Tranche Warrants**), subject to drawing down the Third Loan. The issue of the Third Tranche Warrants is conditional on shareholder approval for the purposes of Listing Rule 7.1.

6.2 ASX Listing Rule 7.1

Broadly speaking, subject to certain exceptions prescribed under ASX Listing Rules 7.2, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**15% Placement Capacity**).

The issue of the Third Tranche Warrants contemplated by Resolution 5 do not fit within any of the exceptions in ASX Listing Rule 7.2. Accordingly, under Resolution 5, the Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 85,000,000 Third Tranche Warrants, subject to the advance of the Third Loan. The effect of Resolution 5 will be to allow the Company to issue the Third Tranche Warrants without using the Company's 15% Placement Capacity.

If Resolution 5 is approved by Shareholders and the Third Tranche Warrants are issued, the Third Tranche Warrants will be excluded in calculating the Company's 15% Placement Capacity, effectively increasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date.

If Resolution 5 is not passed, the Company will not be able to issue the Third Tranche Warrants to PURE. Under the terms of the Amended PURE Facility, if the Third Tranche Warrants are not issued to PURE by 31 May 2024, or if there is a Material Default prior to the issue of the Third Tranche Warrants, the Company would be in default and

¹ See prior announcement relating to the Original PURE Facility dated 17 October 2022.

must indemnify PURE for the full economic value of the Third Tranche Warrants, including a warrant cancellation fee of \$2 million payable by the Company to PURE within 5 business days of receipt of notice from PURE.

6.3 Summary of the issue of Warrants

For the purposes of ASX Listing 7.3, the following information is provided:

- (a) the Warrants will be issued to PURE Asset Management (or its nominee(s)). No related parties of the Company or their Associates will be allotted the Third Tranche Warrants;
- (b) the Company will issue 85,000,000 Warrants;
- (c) the material terms of the Third Tranche Warrants are detailed in **Annexure B**;
- (d) subject to PURE advancing the Third Loan, the Company will issue the Third Tranche Warrants to PURE no later than 3 months after the date of the Meeting;
- (e) the Third Tranche Warrants will be issued in part consideration for the provision of the Third Loan under the Amended PURE Facility. Accordingly, the Company will not receive any cash consideration for the issue of the Third Tranche Warrants;
- (f) the material terms of the Amended PURE Facility under which the Third Tranche Warrants were agreed to be issued are detailed in the announcement released by the Company to the ASX on 27 March 2024 and are detailed in **Annexure B**; and
- (g) a voting exclusion statement is included in this Notice.

6.4 Board Recommendation

The Board recommends that you vote in favour of Resolution 5. Each Director currently intends to vote their respective shareholdings in favour of this Resolution.

7. Resolution 6 – Ratification of Agreement to Issue Shares

7.1 General

Please refer to the general detail in section 6.1 of this Explanatory Memorandum relating to the Amended PURE Facility.

Under the terms of the Amended PURE Facility, the Company is required to prepay to PURE an amount of interest equal to AUD\$742,500 (**Interest Prepayment Amount**) by no later than two Business Days after the date on which PURE notifies the Company that each of the conditions precedent in the Amended PURE Facility² has been satisfied or waived by PURE (**Effective Date**). The Company must satisfy the Interest Prepayment Amount via the issue of fully paid ordinary shares in the Company (**Shares**) to PURE (or its nominee) at the trailing 10-day VWAP immediately prior to the Effective Date (**Interest Prepayment Shares**).

The Company may only issue the Interest Prepayment Shares to PURE (or its nominee(s)) to the extent that PURE's relevant interest in Shares will not exceed 19.99%. As at the date of this Notice, PURE currently holds a relevant interest in 11.4% of the Company's issued Shares (being 30,284,252 Shares as at 27 March 2024).

To the extent that:

- (a) the Company does not have sufficient placement capacity to issue the Interest Prepayment Shares to PURE (or its nominee(s)); or
- (b) the Company is prevented from issuing Interest Prepayment Shares to PURE (or its nominee) to avoid PURE's relevant interest in Shares exceeding 19.99%,

that portion of the Interest Prepayment Amount not capable of being converted into Interest Prepayment Shares shall capitalise.

² The conditions precedent under the Amended PURE Facility are as follows: (i) each of the Amended PURE Facility and the Warrant Deed relating to the Third Tranche Warrants and all ancillary documents being duly executed; (ii) evidence that the Company has made an ASX announcement in form and substance acceptable to PURE in all respects in connection with the Amended PURE Facility; (iii) evidence that the ASX has granted a waiver to the Company in relation to ASX Listing Rule 10.1 on terms acceptable to PURE in relation to the Company's entry into the Amended PURE Facility; (iv) a verification certificate given by 2 directors of each of Hydralyte LLC, Hydration Pharmaceuticals Canada, Inc., Hydration Pharmaceuticals Pty Ltd as trustee for The Hydration Pharmaceuticals Trust and Hydration Therapeutics UK Limited; (v) payment by the Company of any fees or expenses then due under this document or any other Finance Document; (vi) no Default or Review Event subsists or would result from the Amended PURE Facility; and (vii) any other document or information that PURE requires.

7.2 ASX Listing Rule 7.1 and 7.4

Broadly speaking, subject to certain exceptions prescribed under ASX Listing Rules 7.2, ASX Listing Rule 7.1 limits the number of securities that a company may issue, or agree to issue, without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**15% Placement Capacity**).

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of, or agreement to issue, securities, provided the issue did not breach ASX Listing Rule 7.1 at the time of issue.

As at the date of this Notice, the agreement to issue the Interest Prepayment Shares does not fall within any exception in ASX Listing Rule 7.2. The directors consider it prudent to retain flexibility and capacity to issue additional securities in accordance with ASX Listing Rule 7.1 if circumstances require and, accordingly, seek Shareholders' ratification of the agreement to issue the Interest Prepayment Shares. The effect of this Resolution will be to allow the Company to issue the Interest Prepayment Shares without using the Company's 15% Placement Capacity.

If Resolution 6 is passed, it will permit the Company to proceed with the issue of the Interest Prepayment Shares to PURE to the extent that the issue of the Interest Prepayment Shares does not result in PURE's relevant interest exceeding 19.99%. In addition, the issue of (and the agreement to issue) the Interest Prepayment Shares will be excluded in calculating the Company's 15% Placement Capacity, effectively increasing the number of equity securities the Company can issue without obtaining Shareholder approval over the 12-month period following the issue date.

If Resolution 6 is not passed, and the conditions precedent in the Amended PURE Facility are satisfied or waived, the Company will issue the Interest Prepayment Shares to PURE to the extent it has sufficient capacity under ASX Listing Rule 7.1. The balance of the Interest Prepayment Amount that is not able to be prepaid via the issue of the Interest Prepayment Shares under the Company's 15% Placement Capacity will be capitalised in accordance with the terms of the Amended PURE Facility. If Resolution 6 is not passed, and the conditions precedent in the Amended PURE Facility are satisfied or waived, the agreement to issue the Interest Prepayment Shares will be included in calculating the Company's 15% Placement Capacity, effectively decreasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date.

7.3 Summary of the issue of Shares

For the purposes of ASX Listing 7.5, the following information is provided:

- (a) the Company agreed to issue the Interest Prepayment Shares to PURE Asset Management (or its nominee(s)). No related parties of the Company or their Associates will be allotted the Interest Prepayment Shares;
- (b) the Company agreed to issue an amount of Shares, up to an aggregate value of \$742,500 divided by the trailing 10-day VWAP immediately prior to the Effective Date, and capped at the lower of:
 - (i) the number of securities that the Company can issue under its placement capacity under Listing Rule 7.1; and
 - (ii) the maximum number of securities which, when aggregated with the number of Shares in which PURE already has a relevant interest, will not cause PURE's relevant interest in Shares to exceed 19.99%.

The Company seeks approval for the issue of up to 40,000,000 Shares to PURE under Resolution 6.

- (c) the Interest Prepayment Shares are Shares, rank pari passu with the other Shares on issue and are on the same terms as the other Shares on issue;
- (d) within 2 Business Days after the Effective Date, the Company intends to issue the Interest Prepayment Shares immediately, which may be a date prior to the date of the Meeting. In the event that the Interest Prepayment Shares are not issued prior to the date of the Meeting, the Company will issue the Interest Prepayment Shares no later than 3 months after the date of the Meeting;
- (e) the Interest Prepayment Shares will be issued in lieu of cash payment of the Interest Prepayment Amount under the Amended PURE Facility. Accordingly, the Company will not receive any cash consideration for the issue of the Interest Prepayment Shares;
- (f) the material terms of the Amended PURE Facility under which the Interest Prepayment Shares were agreed to be issued are detailed in the announcement released by the Company to the ASX on 27 March 2024 and are detailed in **Annexure B**; and
- (g) a voting exclusion statement is included in this Notice.

7.4 Board Recommendation

The Board recommends that you vote in favour of Resolution 6. Each Director currently intends to vote their respective shareholdings in favour of this Resolution.

Glossary

\$ means Australian dollars.

10% Placement Capacity has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

15% Placement Capacity has the meaning ascribed to it in section 4.1 of the Explanatory Memorandum.

AEST means Australian Eastern Standard Time as observed in Melbourne, Victoria, Australia.

Amended PURE Facility has the meaning ascribed to it in section 6.1 of the Explanatory Memorandum.

Annual Report means the annual financial report of the Company for the year ended 31 December 2023.

Approved EIP Cap has the meaning ascribed to it in section 5.3(c) of the Explanatory Memorandum.

Associate has the meaning given to it in ASX Listing Rule 19.12.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Auditor's Report means the auditor's report contained in the Annual Report.

Board means the current board of Directors.

Chair means the chairperson of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Closing Price has the meaning ascribed to it in section 4.4.4 of the Explanatory Memorandum.

Company or **HPC** means The Hydration Pharmaceuticals Company Limited ACN 620 385 677.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Directors' Report means the directors' report contained in the Annual Report.

Effective Date means the date that PURE notify the Company that each condition precedent set out in clause 2.1 of the Amended PURE Facility has been satisfied (or waived in writing by PURE).

EIP means the Company's Equity Incentive Plan.

EIP Benefit has the meaning ascribed to it in section 5.2 of the Explanatory Memorandum.

Eligible Entity has the meaning ascribed to it in section 4.2 of the Explanatory Memorandum.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Interest Prepayment Amount has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Interest Prepayment Shares has the meaning ascribed to it in section 7.1 of the Explanatory Memorandum.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Meeting or **Annual General Meeting** means the meeting convened by the Notice.

Notice or **Notice of Annual General Meeting** means this notice of Annual General Meeting, including the Explanatory Memorandum and the Voting Form.

Original PURE Facility means the facility agreement between the Company and PURE which is the subject of the Company's ASX announcement dated 17 October 2022.

PURE or PURE Asset Management means Pure Asset Management Pty Ltd as trustee for The Income and Growth Fund.

Related Party has the meaning given to it in ASX Listing Rule 19.12.

Remuneration Report means the remuneration report set out in the Directors' Report contained in the Company's Annual Report.

Resolution means a resolution set out in the Notice.

Restricted KMP Voter is one of the following persons who or on whose behalf a vote on a Resolution must not be cast (in any capacity):

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means the share registry of the Company, being Automic Registry Services.

Shareholder means a holder of a Share.

Special Resolution means that at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) must be in favour of a Resolution for it to be passed.

Spill Meeting has the meaning ascribed to it in section 2.2 of the Explanatory Memorandum.

Spill Resolution has the meaning ascribed to it in section 2.2 of the Explanatory Memorandum.

Third Loan has the meaning ascribed to it in section 6.1 of the Explanatory Memorandum.

Third Tranche Warrants has the meaning ascribed to it in section 6.1 of the Explanatory Memorandum.

Voting Form means the proxy form accompanying the Notice.

VWAP means volume weighted average price.

Annexure A – Summary of material terms of the EIP

Eligibility

Offers may be made at the Board's discretion to employees of the Company (including executive Directors), non-executive Directors, casual employees, contractors and any other person that the Board determines to be eligible to receive a grant under the EIP. The EIP Rules include a sub-plan which applies to Participants who are US residents or employees otherwise subject to United States laws.

Types of securities

The EIP Rules provide flexibility for the Company to grant one or more of the following securities as incentives, subject to the terms of individual offers:

- (a) performance rights, which are an entitlement to receive Shares upon satisfaction of applicable conditions (**Rights**);
- (b) options, which are an entitlement to receive Shares upon satisfaction of applicable conditions and payment of the applicable exercise price (**Options**); and
- (c) restricted shares, which are Shares that are subject to dealing restrictions, vesting conditions or other restrictions or conditions (**Restricted Shares**).

Offers under the EIP

The Board may make offers at its discretion and any offer documents must contain the information required by the EIP Rules. The Board has the discretion to set the terms and conditions on which it will offer Rights, Options and Restricted Shares in individual offer documents. Offers must be accepted by the Participant and can be made on an opt-in or opt-out basis.

EIP limits

Where an offer is made in accordance with the employee share scheme provisions set out in Part 7.12 of the Corporations Act (**ESS Provisions**), the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or in respect of Rights or Options, the total number of Shares which would be issued if those Rights or Options were exercised) will not exceed the prescribed limit under the ESS Provisions. The maximum aggregate number of Shares that may be issued upon the exercise of 'Incentive Stock Options' is 25,000,000 Shares.

Issue price

Unless the Board determines otherwise, no payment is required for a grant of a Right, Option or Restricted Share under the EIP.

Vesting and exercise

Vesting of Rights, Options and Restricted shares under the EIP is subject to any vesting or performance conditions determined by the Board and specified in the offer document.

Options must be exercised by the Participant and the Participant is required to pay the exercise price before Shares are allocated, unless the Company elects to make a cash payment in lieu of allocating Shares (less any exercise price that would have been payable on exercise of Options). The Board may determine in its sole and absolute discretion that a Participant will not be required to provide payment to exercise options, that but on exercise of the Vested Options the Company will only allot and issue or transfer the number of Shares to the Participant that are equal in value to the difference between the Exercise Price (if any) otherwise payable in relation to the Vested Options and the then Current Market Price of the shares as at the time of the exercise (with the number of Shares rounded down).

Upon vesting of a Right or exercise of an Option, the Board must either promptly issue, or make payment in lieu of, the relevant number of Shares to the Participant.

Subject to the EIP Rules and the terms of the specific offer document, any Rights, Options or Restricted Shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.

Cessation of employment

Under the EIP Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment, including that unvested Incentive Securities lapse, vest, are only exercisable for a prescribed period or are no longer subject to certain restrictions. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated if the participating Participant ceases employment.

Clawback and preventing inappropriate benefits

The EIP Rules provide the Board with broad powers to determine that certain Incentive Securities lapse or are deemed to be forfeited and/or a Participant must pay or repay certain monetary amounts if, among other things, the Participant has acted fraudulently or dishonestly or there is a material financial misstatement.

Change of control

The Board may determine that all or a specified number of a Participant's Rights, Options or Restricted Shares will vest or cease to be subject to restrictions on a change of control event in accordance with the EIP Rules.

Reconstructions, corporate action, rights issues, bonus issues etc.

The EIP Rules include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the Participant in respect of their incentives as a result of such corporate actions.

Restrictions on dealing

Prior to vesting, the EIP Rules provide that Participants must not sell, transfer, encumber, hedge or otherwise deal with their Incentive Securities. After vesting, Participants will be free to deal with their Incentive Securities, subject to the Securities Dealing Policy.

Other terms

The EIP contains customary and usual terms of dealing with administration, variation, suspension and termination of the EIP.

For personal use only

Annexure B – Material Terms of Third Tranche Warrants and the Amended PURE Facility the subject of Resolution 5 and Resolution 6

Amended PURE Facility

A summary of the material amendments proposed to the Original PURE Facility is provided in the table below:

Key Term	Original PURE Facility	Amended PURE Facility
Commitment amount	<p>First Loan of \$6.5 million (drawn-down on 10 November 2022).</p> <p>Second Loan of \$5.5 million, available until 31 December 2024 at PURE's discretion.</p>	<p>First Loan of \$6.5 million (drawn-down on 10 November 2022).</p> <p>Second Loan of \$5.5 million, available until 31 December 2024 subject to PURE's discretion.</p> <p>Third Loan of \$1.7 million, available subject to the Amended PURE Facility taking effect.</p> <p>Fourth and Fifth Loans, each of \$1.5 million, available subject to the Amended PURE Facility taking effect and subject also to PURE's discretion, available up until 31 December 2024.</p>
Interest rate	Interest payable quarterly at a rate of 10.0% per annum.	Interest payable quarterly at a rate of 15.0% per annum.
Default interest rate	Default interest rate of 15.0%.	<p>On and from the date of a 'Review Event' or 'Event of Default' (other than a Material Default), 15.0%.</p> <p>If a Material Default occurs, an interest rate of 30.0% will apply on and from drawdown of the Third Loan.</p>
Material Default	Not applicable.	<p>Material Default comprises:</p> <ul style="list-style-type: none"> - non-payment of amounts owing under the Amended PURE Facility (provided that any non-payment prior to 30 June 2024 does not constitute a material default if PURE is satisfied that the Company has taken steps to progress a Sale Transaction; - insolvency of a member of the Company Group; - insolvency proceedings are initiated against a member of the Company Group; and - a creditor's process affects any asset or assets of the Company Group with an aggregate value of \$250,000 or more and is not discharged within 5 business days.
Capitalisation of interest	Not applicable.	<p>The parties agree that:</p> <ul style="list-style-type: none"> - 50% of the interest payable on the First Loan; and - 100% of the interest payable on the Third Loan, <p>may be capitalised and added to the amount owing under the relevant Loan (Capitalised Interest), provided that there is no default or review event subsisting at the time.</p>
Right to convert Capitalised Interest	Not applicable.	<p>Subject to the ASX Listing Rules (including Listing Rule 7.1) and the Corporations Act, the Capitalised Interest must be converted into fully paid ordinary shares (Shares) on the last day of each interest period and issued to PURE (or nominee). This will cease to apply on the earlier of the occurrence of a Material Default and PURE giving written notice to the Company that the Capitalised Interest will not be so converted (at its discretion).</p> <p>Capitalised Interest will be converted to Shares at an effective issue price representing the volume weighted average price of Shares over the 10 trading days on which trades were recorded prior to the date of the conversion (10 Day Trailing VWAP).</p>

Key Term	Original PURE Facility	Amended PURE Facility
		<p>A total of approximately 12 months' worth of Capitalised Interest will be prepaid via the Interest Prepayment Amount to PURE or nominee (see directly below).</p> <p>Any further Capitalised Interest may only be settled via the issue of Shares:</p> <ul style="list-style-type: none"> provided that PURE's relevant interest in Shares does not exceed 19.99% as a result of the issuance (or to the extent permitted under the 'creep' provision in item 9 of section 611 of the Corporations Act); and to the extent that the Company has available capacity under Listing Rule 7.1 at the time (or has sought shareholder approval for the issue under Listing Rule 7.1), failing which the Capitalised Interest will not be settled via the issue of Shares and the amount owing to PURE will increase accordingly.
Prepayment of interest	Not applicable.	<p>The Company is required to prepay PURE an amount of interest equal to \$742,500 (Interest Prepayment Amount).</p> <p>Subject to the ASX Listing Rules (including Listing Rule 7.1) and the Corporations Act, the Company must satisfy the Interest Prepayment Amount via the issue of Shares to PURE (or nominee) at the 10 Day Trailing VWAP (failing which the Interest Prepayment Amount will capitalise).</p> <p>The Company may only issue Shares to PURE (or nominee) in satisfaction of the Interest Prepayment Amount such that PURE's relevant interest in Shares does not exceed 19.99%. PURE currently holds a relevant interest in 11.4% of the Company's issued Shares (being 30,284,252 Shares). The Company expects that it will have sufficient available capacity under Listing Rule 7.1 (current capacity – 39,771,270 Shares) to issue Shares to PURE up to the 19.99% cap. The balance of the Interest Prepayment Amount that is not able to be satisfied via the issue of Shares (without PURE's relevant interest exceeding 19.99%) will be capitalised.</p>
Minimum cash balance	US\$750,000.	AUD\$250,000.
Financial covenant	<p>Review Event: Gross Profit of the Group for a quarter is less than US\$1 million.</p> <p>Event of Default: Gross Profit of the Group for a quarter is less than US\$750,000.</p>	Unchanged.
Prepayment fee	Not applicable.	<p>The Company must pay a Prepayment Fee on the earliest to occur of:</p> <ul style="list-style-type: none"> the Amended PURE Facility being terminated; the amount owing being repaid in full; the amount owing becoming due and payable (including as a result of PURE exercising its rights). <p>The Prepayment Fee is 12 months worth of interest on the Third Loan (and Fourth Loan and Fifth Loan, if applicable), less any interest actually paid on those Loans.</p>
Indemnification in relation to	Not applicable.	If the Warrants are not issued under the Second Warrant Deed (see below) by 31 May 2024, or if there is a Material Default prior to the issue of the Warrants, PURE is indemnified for the

Key Term	Original PURE Facility	Amended PURE Facility
Second Warrant Deed		full economic value of the Warrants (including the Warrant Cancellation Fee).
Repayment Date	48 months after utilisation of the First Loan (ie 10 November 2026).	Unchanged.

Third Tranche Warrants

A summary of the material terms of the Third Tranche Warrants is provided in the table below:

Key Term	Detail
Number of Warrants	The Company will issue 85,000,000 Warrants in connection with the Third Loan (Third Tranche Warrants). If the Company draws down funds under the Fourth or Fifth Loans, additional Warrants will be issued.
Conditional on Shareholder approval	The issue of Third Tranche Warrants is conditional on: <ul style="list-style-type: none"> - shareholder approval for the purposes of Listing Rule 7.1; and - PURE advancing the Third Loan to the Company.
Third Tranche Exercise Price	The Third Tranche Warrants will be exercisable for Shares at an exercise price (Third Tranche Exercise Price) representing the lower of: <ul style="list-style-type: none"> - \$0.02; - a 20.0% discount to the price of any change of control transaction; and - an 'anti-dilution price adjustment' price (see below).
Anti-dilution price adjustment	If the Company makes an issue of equity securities (or a series of consecutive issuances of equity securities in any period not exceeding 12 months), and the diluted amount of those equity securities (in aggregate) exceeds 15% of the number of Shares on issue immediately before the announcement of the issue or first issuance, the anti-dilution price adjustment price of the Warrants will be calculated in accordance with the following formula: <p>$(A + B) / C$</p> <p>where:</p> <p>A is the market capitalisation of the Company on the trading day prior to the announcement of the issue of equity securities;</p> <p>B is the number of equity securities the subject of the issue multiplied by their issue price; and</p> <p>C is the number of Shares on issue immediately before the announcement of the issue of equity securities plus the diluted amount of the issued equity securities.</p> <p>The anti-dilution price adjustment does not apply to the issue of Shares as a result of the exercise of a convertible security (or option) on issue as at the date of the Second Warrant Deed.</p>
Warrant Cancellation Fee	If a Material Default occurs under the Facility Agreement, PURE may elect to have the Company cancel the Third Tranche Warrants (and any Fourth and Fifth Tranche Warrants) for a Warrant Cancellation Fee of \$2 million. The Company must pay the Warrant Cancellation Fee within 5 business days of receipt of notice from PURE.
Expiry	The Third Tranche Warrants expire and lapse if not exercised by the 4 year anniversary of the date of the Second Warrant Deed (being 27 March 2024).
Other terms	The Third Tranche Warrants: <ul style="list-style-type: none"> - do not confer any entitlement to dividends or other distributions, nor any right to attend or vote at a general meeting of the Company; - have no entitlement to participate in a new issue of capital offered to shareholders without first being exercised;

Key Term	Detail
	<ul style="list-style-type: none">- will not be quoted on ASX, however the Company will apply for quotation of the Shares issued on exercise of the Warrants; and- contain standard adjustment terms, consistent with the ASX Listing Rules, in the event of a bonus issue, pro rata issue, reorganisation or reconstruction of capital. <p>The Company may not issue any shares other than fully paid ordinary shares while the Warrants are on issue (absent PURE's consent).</p>

The Hydration Pharmaceuticals Company Limited | ABN 83 620 385 677

Your vote or proxy voting instruction must be received by **11.00am (AEST) on Wednesday, 22 May 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR VOTE OR APPOINT A PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – HOW YOU WISH TO VOTE - SELECT ONE OPTION ONLY

Direct Vote - If you mark the box to select a direct vote you should indicate your direct voting instruction in step 2 by marking either FOR, AGAINST or ABSTAIN for each item. If you do not mark a voting instruction for any or all resolutions your vote will be invalid.

Appoint a proxy - If you wish to appoint a proxy to attend the Meeting and vote on your behalf DO NOT tick the box for a direct vote. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Voting Forms together. If you require an additional Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Voting Form:

Online

Use your computer or smartphone to vote online or appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au/>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1 - How you wish to vote**Direct Vote:**

Record my/our votes in accordance with the directions in step 2 below

PLEASE NOTE: You must mark FOR, AGAINST or ABSTAIN on each resolution for a valid direct vote to be recorded.

APPOINT A PROXY:I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of The Hydration Pharmaceuticals Company Limited, to be held virtually at **11.00am (AEST) on Friday, 24 May 2024** hereby:

Appoint the Chair of the Meeting (Chair) OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

VIRTUAL PARTICIPATION AT THE MEETING:

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where shareholders will be able to watch, listen, and vote online.

To access the virtual meeting:

1. Open your internet browser and go to **investor.automic.com.au**
2. Login with your username and password or click "register" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**

Further information on how to do this is set out in the Notice of Meeting. The Explanatory Notes that accompany and form part of the Notice of Meeting describe the various matters to be considered.

STEP 2 - Your voting direction

Resolutions	For	Against	Abstain
1 <input type="checkbox"/> Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 <input type="checkbox"/> Re-election of Director – Ms Margaret Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 <input type="checkbox"/> Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 <input type="checkbox"/> Approval of Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 <input type="checkbox"/> Approval of issue of Warrants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 <input type="checkbox"/> Ratification of Agreement to Issue Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 – Signatures and contact details

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY)

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).