

Company Announcement
ASX: HPC

DATE: 02/12/2022

Successful launch of co-branded product with entrepreneur and brand ambassador Shay Mitchell

HIGHLIGHTS

- **Product launch expected to further accelerate existing growth trajectory across Amazon USA and broader North American ecommerce channels**
 - **Co-branded launch follows an extensive period of collaboration with Ms Mitchell, who provided direct input on key details such as flavour choice and packaging design**
 - **Product launch to be accompanied by major marketing initiatives, including two-day promotional event hosted by Ms Mitchell in Florida**
 - **Online sales to be complemented by bricks & mortar distribution, with product ranging already secured at major US retailer RiteAid**
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Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC) (“Hydralyte North America” or “the Company”)** is pleased to advise it has successfully launched its co-branded stockkeeping unit (SKU) alongside brand ambassador and entrepreneur, Ms Shay Mitchell (refer ASX announcement: 29 March 2022 and 18 May 2022).

The new product is being sold through Hydralyte North America’s ecommerce channels, as well as Amazon USA. RiteAid, a major US retailer, will stock the product in the coming weeks, while additional ranging across additional retail outlets will occur in the coming weeks.

The initial launch through online channels provides Hydralyte North America with the opportunity to leverage its established customer base, which has grown considerably in the past 12 months. Amazon US sales rose 62% on the prior corresponding period during Q3 FY2022, with customer subscriptions increasing 5% to 12% per month during FY2022.

Ms Mitchell’s co-branded SKU has been launched in two sizes; a six-stick box designed for traditional retail outlets, as well as a larger 18 stick value pack for more convenient and higher margin sales across ecommerce channels (refer images overleaf).

The launch follows an extensive period of production development in direct collaboration with Ms Mitchell, which involved flavour testing, packaging design, manufacturing, and consultation on online and in-person marketing strategies.

The launch will be complemented by a two-day marketing event, hosted by Ms Mitchell in Florida. The marketing installation is positioned to bring together 16 of America’s top influencers, each of which have large individual social media follower bases and has the potential to deliver considerable

value from social media posts and brand awareness. The one-off costs associated with the event have already been realised by the Company (refer ASX announcement: 31 October 2022).

It is expected that Ms Mitchell will also be able to leverage her established social media presence to boost awareness of the new product launch. As a gauge of Ms Mitchell's popularity in the Company's core target markets, her social media presence currently stands at 34.9m Instagram followers, 2.9m Twitter followers, 4.18m YouTube subscribers and 7.3m followers on TikTok¹.

Management commentary:

Chief Executive Officer Mr Oliver Baker said: *"The launch of our co-branded product with Shay follows extensive period of collaboration and goodwill between her and the Company. That development process directly shaped the way we have brought the product to market, with attention to specific details such as flavouring options and packaging design. We are excited about the final product and look forward to initial consumer feedback."*

"Strategically, the market timing of our launch with Ms Mitchell gives the Company an exciting opportunity to capitalise on the recent growth of our ecommerce distribution channels. Sales via the Hydralyte North America website and Amazon USA have accelerated rapidly during FY2022 and offer a logical starting point for the launch of these SKUs to further amplify our online sales trajectory."

"Online sales will be complemented by traditional retail outlets. The Company has secured ranging for the product with Ms Mitchell in major US retailer RiteAid and is in well progressed discussions with other bricks and mortar retailers to scale its distribution footprint in line with anticipated demand."



Images: Ms Mitchell's co-branded lemon squeeze SKU

ENDS

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

For further information:

Henry Jordan
Six Degrees Investor Relations
0431 271 538
henry.jordan@sdir.com.au

ⁱ As at 1 December 2022

