

# 2023 Highlights Appendix 4E



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## Executive Summary

### Results for the Full-Year Period ending 31 December 2023:

- Revenue Up 10% to US\$10,041,184
- Loss after tax attributable to members improved 24% to US\$8,102,378
- Net loss for the period attributable to members improved 24% to US\$8,102,378
- Net cash used in operating activities improved 41% to US\$5,729,705

### Highlights:

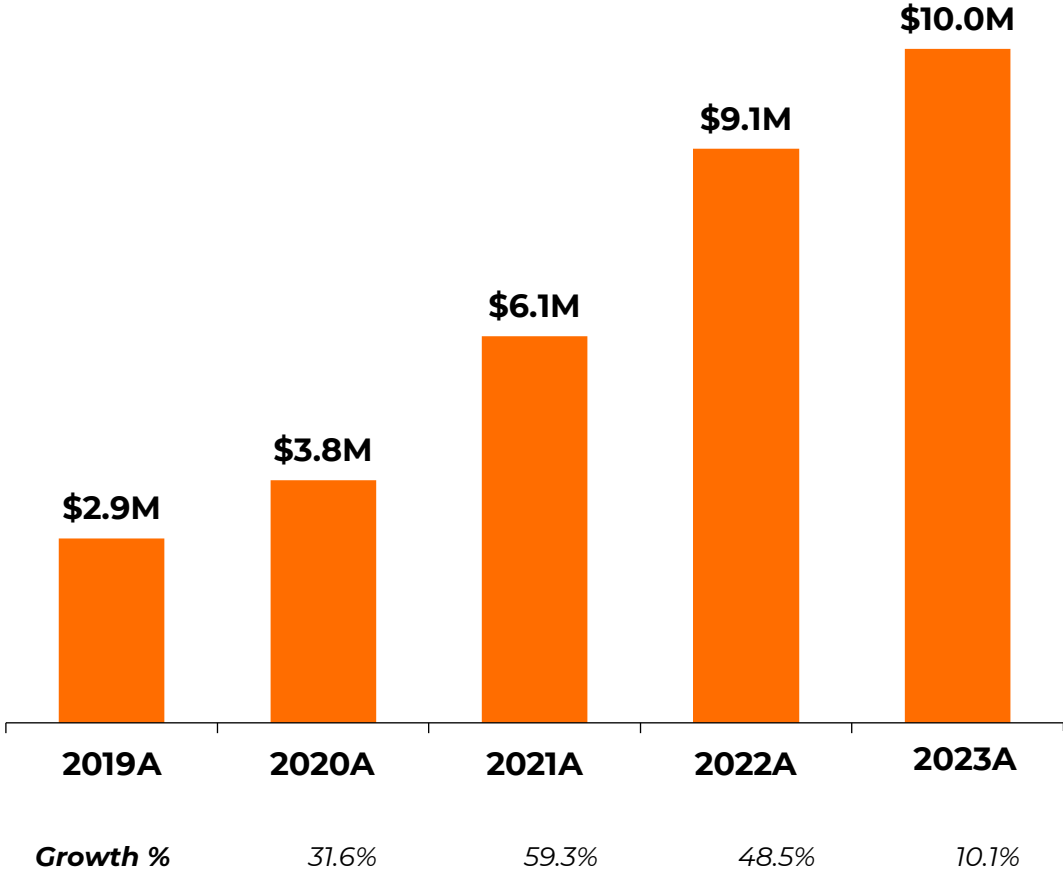
- 2ppt increase in Gross Margin to 54% resulting in a 15% increase in Gross Profit from US\$4.7M to US\$5.4M
- Sales and Marketing expenses decreased by US\$2.4M
- Marketing as a percentage of sales decreased to 39% down from 74% in FY22
- Net cash used in operating activities down 41% to US\$5.7M
- Underlying EBITDA Loss of (US\$6.6M) – after adjusting items including share based payment expenses
- Proposed variation in agreement with Pure Asset Management provides financial flexibility while Company pursues potential strategic transactions

### Consolidated Financials

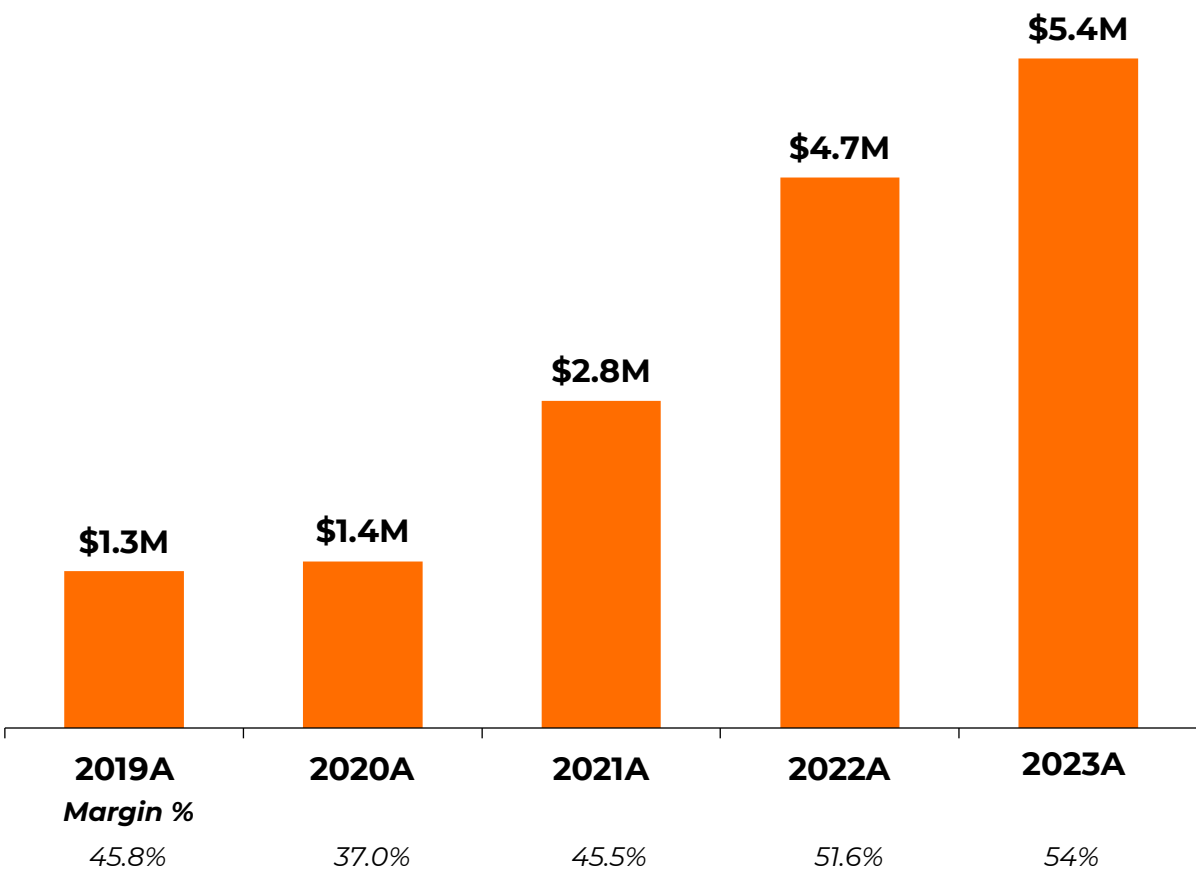


# Consistent Revenue Growth (USD)

### Net Sales



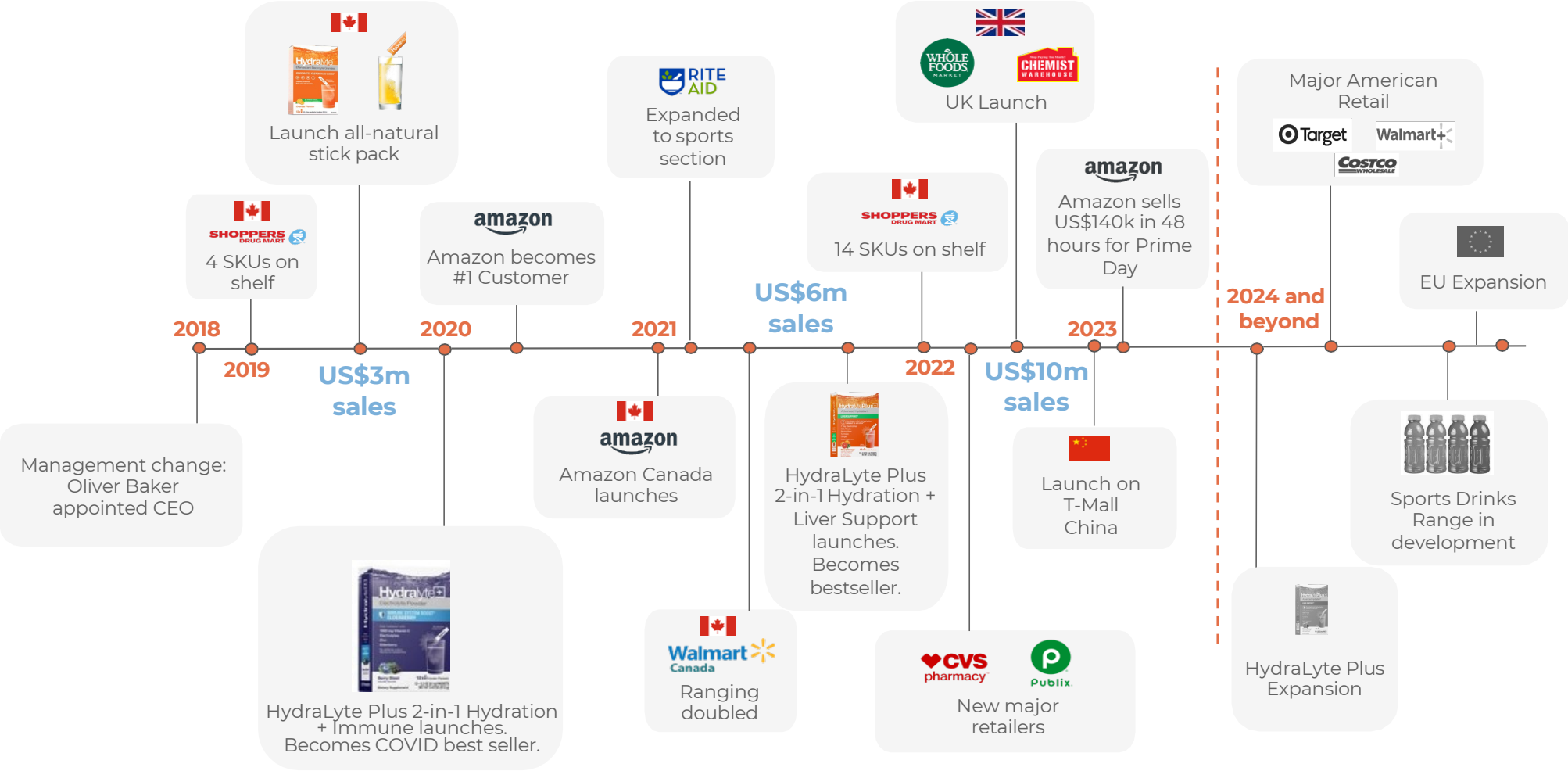
### Gross Profit



2023 was focused on cost cutting and margin improvement. Company financial profile has been further strengthened

A TRACK RECORD OF DELIVERING SALES GROWTH

# Defined opportunities exist to expand brand



## Outlook

- Focused on higher conversion and higher margin products and has multiple new products currently in development.
- With key brand investments completed during FY22, the Company continued to execute a number of initiatives to reduce operating expenditures and preserve cash in FY23, which included a reduction in marketing spend.
- Subsequent to the end of the period, the Company continued to reduce expenditure and has implemented a number of payroll cuts which will reduce staff costs by approximately US\$0.6M per annum.
- This is being undertaken in conjunction with multiple other initiatives which have the potential to further reduce the Company's net operating expenditure during FY24.

# 2024 Savings

~US\$1m ↓  
Across head count and admin





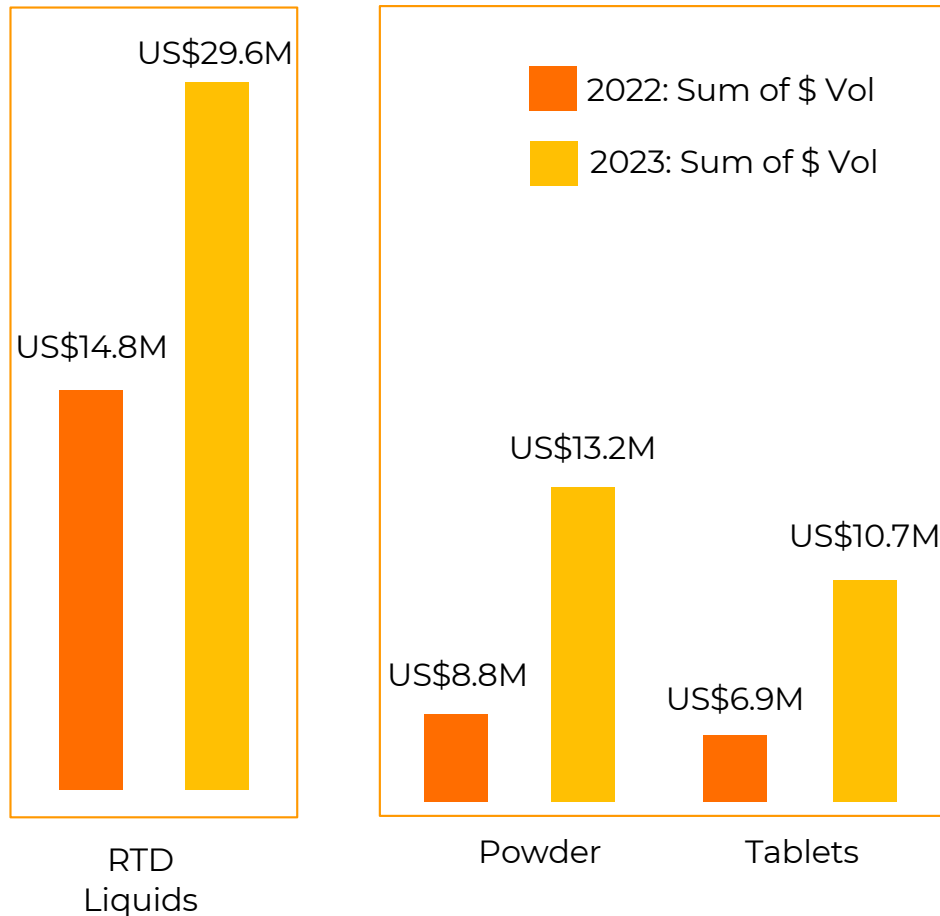
# Major opportunity to extend HydraLyte brand into lifestyle ready-to drink-format in Canada alone

## Canada Y-o-Y Performance by format

(Pharmacy and Grocery only)

**Canada Opportunity**

**Canada Current Focus**



To date, HydraLyte has focused on the specialized Hydration categories of powders

HydraLyte has a significant opportunity to enter the lifestyle ready to drink (RTD) category

USA category approaching US\$2bn with majority of new growth now coming from ready to drinks\*

Majority of Category growth has come from Biosteel



\*Estimated 52 weeks specialised hydration category in Food, Drug and Mass accounts + Amazon. Excludes major sports drinks.

# Rapid rehydration just got sustainable.



Coming soon in 3 flavours  
**Original**

Coming soon in 3 flavours  
**Zero Sugar**



Refrigerated Section



Non – Refrigerated Beverages

Significant retailer interest in for new category expansion beyond Hydralyte's core pharmacy shopper

Canada's #1 powder and tablet rapid rehydration brand, soon to be available in on-the-go electrolyte drinks



Great for all ages



More electrolytes



No artificial dyes, flavours or sweeteners



Packaging made from renewable materials

HydraLyte®



# Capital and optionality

## Potential Variation to Facility Agreement with Pure Asset Management

As at the date of this report, the directors and management have substantially agreed to the terms of a variation to the facility agreement with Pure Asset Management, which is expected to be completed and signed in early March 2024.

The Company anticipates that the key terms of the potential variation of the Facility Agreement would be as follows:

- An initial tranche of A\$1.5 million of debt would become available for draw-down shortly after agreeing the variation, planned for early March..
- Two further tranches of A\$1.5 million each would be available for draw-down in the future, subject to Pure Asset Management agreeing to make the tranches available at the time of the draw-down request (in its discretion).
- Please see 4E for detailed terms

The Board cautions that there is no certainty that any variation to the Facility Agreement will be agreed and accordingly there is no certainty that any additional debt will become available from Pure Asset Management. Further, in the event that a variation is agreed there is no certainty that the terms will reflect the description provided above.

## Potential Strategic Transactions

- In addition to the potential arrangements with Pure Asset Management described above, the Board is currently considering a range of strategic transactions to seek to strengthen the Company's financial position and performance.
- The strategic transactions include potential change of control transactions, asset divestments and/or capital raisings.
- The Company has had discussions with a range of potential investors or counterparties in respect of strategic transactions and certain of those discussions are continuing.
- To this end, Two Roads Advisors, a New York-based corporate advisor and investment bank, was appointed in FY23 in order to engage with potential investors and acquirers.
- The Board intends to continue engaging with potential investors or counterparties to seek to agree a strategic transaction or transactions for the benefit of shareholders.
- The Board cautions that, despite the best efforts of the Company, there is no certainty that any strategic transaction will eventuate.
- The Company will update the market as to the progress of any strategic transaction as and when required by the Listing Rules.



TwoRoadsAdvisors  
New York, NY10016  
[www.tworoadsadvisors.com](http://www.tworoadsadvisors.com)

# Appendix



# Why Tetra and how is it more sustainable?

## Customer Trends

**75%**  
of customers 27 -42 consider sustainable packaging before making a purchase. \*

**92%**  
Of customers state that sustainability is important when considering a product.\*\*

## Tetra Pak



- 70% Paperboard
- 25% Plastic with Recycled Polymers

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- Plant Based Caps (Biodegradable)

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- Certified Recycled Polymers

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- Renewable & Recyclable

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- BPA Free

## Carbon Footprint

Tetra Pak Containers are printed in rolls.



Rolls are shipped to bottling plants to be filled.



## Single use plastic bottles



- Plastic:** Polypropylene (PP)

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- ~17m barrels of oil required to meet America's annual demand for bottled water.

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- Recyclable

Empty plastic bottles are created



Empty bottles are shipped to plants to be filled.



\*<https://www.businessnewsdaily.com/15087-consumers-want-sustainable-products.html>  
 \*\*<https://nielseniq.com/global/en/insights/report/2023/the-cpg-sustainability-report/>