

Company Announcement
ASX: HPC

DATE: 7 July 2022

Record monthly sales in June underpin Company's largest ever quarterly sales period

KEY HIGHLIGHTS

- **Q2 FY2022 net sales of US\$2.0m, highlighting a 42% rise on the prior corresponding period (PCP) (Q2 FY2021: US\$1.41m)**
 - **Q2 FY2022 result underpinned by record monthly net sales of US\$0.8m in June – a 29% increase on the previous month**
 - **June result demonstrates significant traction in the North American market heading into peak demand season (Q3 2022) during the northern summer**
 - **Q3 FY2022 trading strategy includes extensive summer marketing campaign and new product launches**
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Functional hydration solutions provider, **The Hydration Pharmaceuticals Company Limited (ASX: HPC) (“Hydralyte North America” or “the Company”)** is pleased to advise that it has achieved record monthly net sales of US\$0.8m in June 2022.

The record result in June capped off a major quarter of growth for the Company, which achieved US\$2m in net sales for the first time since inception.

Net sales for the three-month period ending 30 June 2022 ('Q2 FY2022') totaled US\$2.0m – a 42% increase on the previous corresponding period (Q2 FY2021 net sales: US\$1.41m).

The recent sales trajectory highlight the strong traction Hydralyte North America has achieved in its key US and Canada markets, coming into peak demand season during northern hemisphere summer.

June's record monthly net sales result was also limited slightly by inventory shortfalls stemming from supply chain disruptions, which are expected to unwind over the next six weeks through the peak of the summer trading period.

Heading into the peak summer sales season, Hydralyte North America is also executing on an aggressive marketing strategy to capitalise and continue recent growth. The Company's marketing push will include an in-person appearance by brand ambassador Shay Mitchell at an exclusive Hydralyte event in Toronto.

Ms Mitchell is an accomplished actress, entrepreneur and mother. Boasting an Instagram presence three times larger than some of America's most prominent athletes and almost forty times the following of some of Australia's leading online personalities. Notably, Mitchell's footprint across social media has grown rapidly following her recent pregnancy and now stands at 33.7m Instagram followers, 2.9m Twitter followers, 4.23m YouTube subscribers and 7.2mm followers on TikTok¹.

Ms Mitchell will also feature in an extensive digital marketing campaign, which will complement demand for Hydralyte products on Amazon with Prime Day dates confirmed for 12 and 13 July.

Hydralyte North America CEO Oliver Baker said: *"The June quarter marked another important step for Hydralyte North America's growth strategy, with material sales increases recorded on both a quarter-on-quarter and yearly basis. This is despite a challenging operating environment, which has led to supply chain issues and manufacturing concerns for many other companies."*

"Importantly, June marked a record month of sales, confirming that the Company's established footprint in North America leaves it well positioned to capitalise on the high-demand northern summer period."

"In line with that growth, the Company continues to execute on new sales initiatives and creative marketing campaigns to accelerate product turnover and brand awareness. We look forward to updating the market with further sales results and new product launches in the second half of CY2022."

Hydralyte North America's Appendix 4C and associated quarterly activities report will be lodged towards the end of this month.

ENDS

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

Note: Unless specified otherwise, all amounts stated in this announcement are in USD and provided on an unaudited basis.

¹ As at 4 July 2022

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