

Company Announcement
ASX: HPC

DATE: 30/01/2026

Q4 FY25 Quarterly Report and Appendix 4C: Consistent Topline Sales with Strategic Inventory Build to Underpin Growth

HIGHLIGHTS

- Quarterly net sales of US\$540,000 – consistent with prior quarters
 - Follows material sales uplift for HydraLyte Variety Pack over prior two quarters through emerging US distributors including Cardinal and Medline – Inventory of that item depleted in November, impacting Q4 FY25 sales
 - Variety Pack restock scheduled for early February CY26, with new inventory expected to contribute to stronger March quarter sales
 - Sales growth from recently launched products, led by HydraLyte Plus Metabolic Support, now consistently generating up to \$10k a month in incremental revenues
 - Net cash used in operating activities of US\$619,000 in line with broader long-term improvement in operating cash usage
 - Additional cost cutting planned for US operations, expected to contribute to ongoing improvements in quarterly operating cashflows
 - Cash balance at quarter-end of US\$1.11m providing liquidity to support near-term operations, with management continuing to evaluate strategic options to unlock value
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Hydration solutions company **The Hydration Pharmaceuticals Company Limited (ASX: HPC) (“HydraLyte USA” or “the Company”)** is pleased to provide the following update on its operational and financial performance for the three-month period ended 31 December 2025 (the “quarter”).

Management commentary:

CEO Mr Oliver Baker said: *“The December quarter was a period of operational focus with new products entering the market, an unexpected sales uplift across an established product, alongside new manufacturing partners coming on to meet changing demand. We expect the new sales with emerging US distributors Medline and Cardinal to continue into CY26 and plan delivery of new inventory from a more secure supply chain in the coming weeks to meet ongoing demand. Alongside this, a number of additional cost cutting initiatives are being implemented across US operations, alongside the ongoing review of value accretive M&A opportunities.”*

Review of Operations

Sales & Commercial Performance

Hydralyte USA recorded quarterly net sales of US\$540,000 for the December 2025 quarter, impacted by the out-of-stock on a key product item that saw a surge in demand across the US summer and into the December quarter.

Restocking of the Variety Pack is scheduled to be completed in early February CY26, with the demand from new customers expected to return when the item is back in stock. Management anticipates that this is a new area of growth to unlock in 2026.

Product Expansion & Revenue Drivers

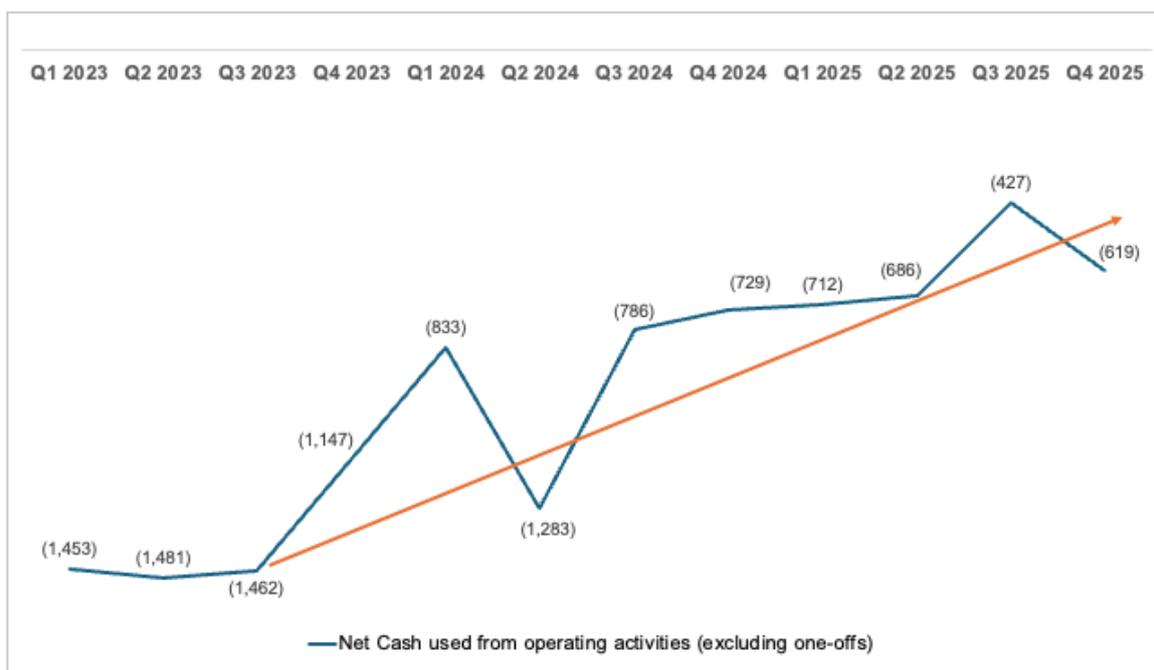
During the quarter, the Company continued to benefit from incremental sales contributions from newly launched products, led by Hydralyte Plus Metabolic Support. This product has demonstrated encouraging early traction, consistently generating up to US\$10,000 per month in incremental revenue. Management views this performance as validation of Hydralyte’s product innovation strategy and its ability to extend the brand into adjacent functional health segments.

The Company continues to assess additional product extension opportunities that leverage Hydralyte’s strong brand recognition, established distribution network and existing customer base, with a focus on driving higher-margin, repeat-purchase revenue streams.

Cashflow & Operating Efficiency

Net cash used in operating activities for the December quarter was US\$619,000, which included marketing and inventory costs associated with the new product launches along with a new sales broker partnership. This outcome remains consistent with the Company’s broader, long-term improvement in operating cash usage, reflecting ongoing cost discipline and structural changes implemented across the business.

Further cost reductions associated with the continued streamlining of US operations are planned for the March quarter. These initiatives are expected to contribute to additional reductions in the Company’s operating cost base.



At quarter-end, the Company held a cash balance of US\$1.11 million, providing liquidity to support near-term operations, inventory requirements and ongoing commercial initiatives.

Outlook & Strategic Positioning

Looking ahead, management expects the anticipated uplift in March quarter revenues — driven by inventory normalisation and ongoing product momentum — to be accompanied by improving operating cashflows. In parallel, the Company continues to assess near-term financing facilities and potential strategic transactions, with a focus on strengthening the balance sheet, supporting growth initiatives and maximising shareholder value.

ENDS

This announcement was authorized for release by the Board of HydraLyte North America.

Investors/Media

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Forward Looking Statements:

This ASX release includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Forward-looking statements are based on:

- assumptions regarding the Company's financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations, and beliefs as at the date they are expressed, and which are subject to various risks and uncertainties.

Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guaranteeing of future performance and involve known and unknown risks, uncertainties, and other factors, many of which are beyond the control of HydraLyte North America. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.

The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company's financial condition, status or affairs or any change in the events, conditions, or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this announcement have not been audited, examined, or otherwise reviewed by the independent auditors of the Company.

You must not place undue reliance on these forward-looking statements.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

The Hydration Pharmaceuticals Company Limited

ABN

83 620 385 677

Quarter ended ("current quarter")

31 December 2025

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
1. Cash flows from operating activities		
1.1 Receipts from customers	511	2,322
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(327)	(1,225)
(c) advertising and marketing	(346)	(1,201)
(d) leased assets		
(e) staff costs	(224)	(1,092)
(f) administration and corporate costs	(235)	(1,249)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material) <i>Relates to GST receivable collected from prior periods</i>	65	(376)
1.9 Net cash from / (used in) operating activities	(555)	(2,820)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
(e) intellectual property		
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities		

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		810
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities		(63)
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities		747

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,664	3,217
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(555)	(2,823)

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)		
4.4	Net cash from / (used in) financing activities (item 3.10 above)		747
4.5	Effect of movement in exchange rates on cash held	1	(34)
4.6	Cash and cash equivalents at end of period	1,110	1,110

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	1,100	1,664
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,100	1,664

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$US'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(555)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,110
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	1,110
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.0
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30 January 2026.....

Authorised by:The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.