

Company Announcement
ASX: HPC

DATE: 30/04/2026

Q1 FY26 Quarterly Report and Appendix 4C: Inventory replenishment underpins net sales growth on reduced operating expenditure

HIGHLIGHTS

- Quarterly net sales of US\$600k, up 11% on the prior quarter (Q4 FY25: US\$540k)
 - Variety pack inventory replenished ahead of peak US summer trading months, with products sent to emerging US distributors including Cardinal and Medline
 - HydraLyte Plus range continuing to gain traction, with repeat ecommerce sales of Liver Support and Metabolic Support products contributing to revenue growth
 - ~US\$230k in net sales recorded in April 2026, underpinning confidence in a strong June quarter as US summer demand builds
 - Net cash used in operating activities of US\$613k (US\$587k on a normalised basis), improving on the prior quarter
 - Cost reduction program from headcount reductions, outsourcing of marketing and admin functions to deliver savings US\$70k-\$80k per quarter from Q2 FY26
 - Strategic M&A opportunities progressing well, with management continuing to evaluate options to unlock value for shareholders
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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 March 2026 (the “quarter”).

Management commentary:

CEO Mr Oliver Baker said: *“The March quarter reflected improving operational momentum, with inventory replenishment supporting the return of Variety Pack sales through key US distributors and a solid start to April ahead of the peak summer period. This, alongside continued traction in our HydraLyte Plus range, provides confidence in near-term revenue growth.*

We also implemented a targeted cost reduction program, delivering approximately US\$25,000 per month in savings through headcount and Board changes, alongside a further US\$70,000 to US\$80,000 per quarter from outsourcing marketing and administrative functions. These initiatives materially lower our fixed cost base and are expected to drive improved operating efficiency as they fully annualise.

Our focus remains on converting this momentum into sustained revenue growth, improving cash flow and progressing financing and strategic initiatives to strengthen the balance sheet and support long-term value creation.”

Review of Operations

Sales and key revenue drivers

Hydralyte USA recorded quarterly net sales of US\$600,000 for the March 2026 quarter, up from US\$540,000 during the December 2025 quarter.

Net sales generated during the period were underpinned by increased sales of the Company's Variety Pack product, through emerging US distributors including Cardinal and Medline, following completion of key inventory replenishments in Mid-February (refer ASX announcement: 17 February 2026). Net sales were also supported by traction generated from the Company's Hydralyte Plus range, which included ongoing, repeat sales of the Liver Support and Metabolic Support products through ecommerce channels.

To date, Hydralyte has generated approximately US\$230,000 in net sales during April 2026, marking a strong start to the quarter. The Company expects revenue growth to continue during the current quarter, as additional Variety Pack orders are received and demand increases during the peak US summer months.

Cost saving initiatives implemented

During the quarter, the Company implemented a number of cost saving initiatives, which will deliver ongoing cost savings of approximately US\$25,000 per month, protecting existing cash reserves. These cost saving initiatives are anticipated to take full effect from April CY26 and included the resignation of Ms Margaret Hardin as a Non-executive Director. The Board thanks Ms Hardin for her service and contribution to the Company and wishes her well in her future endeavours.

The Company also implemented a reduction in overall headcount, resulting in the redundancy of two additional staff members, effective 19 February 2026. Further, the Company has continued to review its marketing and administrative functions. These services have now been outsourced to lower cost providers and agencies.

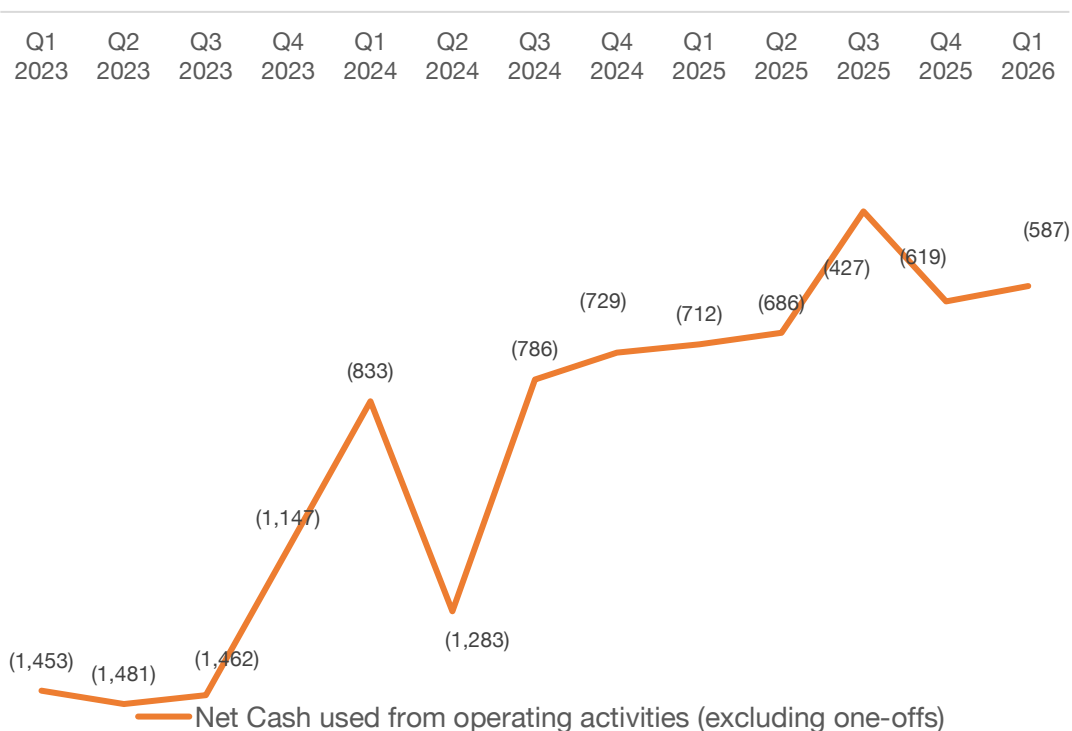
In total, recently implemented measures are expected to deliver a total cost saving of between US\$70,000 to US\$80,000 per quarter moving forward.

Further potential cost reductions associated with the continued streamlining of US operations are being assessed and further implementations have the potential to contribute to additional reductions in the Company's operating cost base.

Cashflow & Operating Efficiency

Net cash used in operating activities for the March quarter was US\$613,000, which included one off payments associated with redundancies. On a normalised basis, net cash used in operating activities totalled US\$587,000, which marks an improvement over the last quarter (December CY25: US\$619,000). 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.

Based on the implementation of ongoing capital management initiatives, the Company expects additional reductions in the Company's operating cost base to materialise over the coming months.



At quarter-end, the Company held a cash balance of US\$514,000, providing liquidity to support near-term operations, inventory requirements and ongoing commercial initiatives.

Outlook & Strategic Positioning

Looking ahead, management expects the anticipated uplift in June quarter revenues, underpinned by inventory normalisation and ongoing product momentum during US peak summer trading, this is expected to be accompanied by improving operating cashflows. In parallel, the Company continues to assess near-term financing options and progress strategic M&A opportunities, 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 March 2026

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	466	466
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(223)	(223)
(c) advertising and marketing	(297)	(297)
(d) leased assets		
(e) staff costs	(220)	(220)
(f) administration and corporate costs	(334)	(334)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
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)	(7)	(7)
1.9 Net cash from / (used in) operating activities	(613)	(613)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
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)		
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		
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		

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,110	1,110
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(613)	(613)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		

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
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	(17)	(17)
4.6	Cash and cash equivalents at end of period	514	514

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	514	1110
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)	514	1,110

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	
<i>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.</i>		

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)	(614)
8.2 Cash and cash equivalents at quarter end (item 4.6)	514
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	0.84
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.84
<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?	
Company expects to improve net operating cash flow this coming quarter due to staff reductions and further reduced operating expenses.	
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?	
Yes, the company is reviewing debt and equity options with the expectation to implement a path by July	
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?	
Yes, based on the above funding alternatives the company expects to be able to continue business operations.	
<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 April 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.