743 Prospect Street
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Company Announcement — ASX: HPC

30 October 2026

Quarterly Activities Report and Appendix 4C — quarter ended 30 September 2026

Hydralyte LLC records maiden monthly profit; quarterly operating loss cut 85%

HIGHLIGHTS

- **Operating loss down 85%:** Hydralyte LLC operating loss of US$66,900 for the quarter (Q3 CY25: US$446,500). Net loss after tax of US$35,700, down 92%, after US$31,100 of other income in September.
- **Maiden monthly profit:** Hydralyte LLC recorded an operating profit of US$4,300 in August 2026 on revenue of US$234,000 — the first month in which the business has recorded an operating profit.
- **Cost base reset:** total operating expenses down 58% to US$313,900. Operating costs excluding advertising fell 62% to US$143,400, or approximately US$48,000 per month (Q3 CY25: US$124,000 per month).
- **Advertising efficiency:** advertising and marketing spend cut 54% to US$170,600, or 26% of revenue (Q3 CY25: 44%). Revenue per advertising dollar increased 71% to US$3.90 (Q3 CY25: US$2.28).
- **Gross margin held at 65%** (Q3 CY25: 66%), with a 73% gross margin in August.
- **Revenue of US$665,200, down 22%** on the prior corresponding period. September was affected by stock-outs in the retail channel, which have now been rectified. Adjusting for lost September retail sales, the underlying decline was approximately 15%, against a 54% cut in advertising spend.
- **Net operating cash outflow down 27% to US$249,500** (Q2 CY26: US$343,500). The quarter included US$158,600 of payments for inventory and packaging to restore stock availability for the December quarter, and US$50,000 of settlements of prior-period invoices.
- **Cash of US$173,400 as at 30 September 2026.** The Company in October announced a pro-rata rights issue to fund the business through to sustainable profitability — see Funding below.

The Hydration Pharmaceuticals Company Limited (ASX: HPC) ("HPC" or "the Company") provides its quarterly activities report and Appendix 4C for the three months ended 30 September 2026 ("Q3 CY26" or "the quarter"). Hydralyte LLC is the Company's wholly owned US operating subsidiary, which sells Hydralyte products through Amazon, retail pharmacy (via Emerson Healthcare) and direct-to-consumer channels.

Trading performance — Hydralyte LLC

Unaudited Hydralyte LLC management accounts for the quarter compared with the prior corresponding period are summarised below. Both periods include all Hydralyte LLC staff costs, including US-based employees.

Hydralyte LLC (US$000)	Q3 CY25	Q3 CY26	Change
Revenue	851.5	665.2	(21.9%)
Gross margin[1]	65.8%	65.1%	(0.7 pts)
Advertising and marketing	(373.5)	(170.6)	54% lower
as % of revenue	43.9%	25.6%	18.3 pts lower
Staff costs	(221.8)	(66.8)	70% lower
Other operating costs	(151.0)	(76.6)	49% lower
Total operating expenses	**(746.4)**	**(313.9)**	**58% lower**
Operating loss	**(446.5)**	**(66.9)**	**85% reduction**
Other income	–	31.1	
Net loss after tax	**(446.5)**	**(35.7)**	**92% reduction**

[1] Gross margin is net revenue (after marketplace fees, coupons, trade terms and returns) less product cost and inbound freight, consistent with management reporting.

The monthly profile of the quarter shows the effect of the lower cost base, and of the September stock-outs:

Hydralyte LLC (US$000)	Jul 26	Aug 26	Sep 26	Q3 CY26
Revenue	277.8	234.0	153.5	665.2
Gross margin	65.9%	73.3%	49.7%	65.1%
Advertising and marketing	(63.0)	(59.9)	(47.7)	(170.6)
Total operating expenses	(118.3)	(99.2)	(96.4)	(313.9)
Operating profit / (loss)	**(11.4)**	**4.3**	**(59.8)**	**(66.9)**
Net profit / (loss) after tax	**(11.4)**	**4.3**	**(28.6)**	**(35.7)**

August was the first month in which Hydralyte LLC has generated an operating profit. July was close to breakeven. September's result reflects the loss of almost all retail channel revenue for the month while stock was replenished, with missed sales of approximately US$59,000 together with inbound freight on the new inventory; it is not representative of the underlying run-rate.

Revenue and stock availability

Revenue of US$665,200 was 21.9% below the prior corresponding period, impacted by out of stocks which resulted in lost sales for the quarter of approximately US$59,000. Amazon revenue was US$438,400 (Q3 CY25: US$554,100) and retail channel revenue via Emerson Healthcare was US$146,000 (Q3 CY25: US$212,700). Retail channel revenue was US$96,600 in July and

US$49,300 in August, but close to nil in September as the channel was out of stock pending the arrival of new inventory.

Adjusting September retail revenue for missed sales based on what customers requested versus what could be supplied, underlying revenue for the quarter would have been approximately US$724,000, a decline of approximately 15% — against a 54% reduction in advertising and marketing spend. Stock has now been received, and the Company enters the December quarter fully stocked across its channels.

Cost base and advertising efficiency

The cost-reduction program initiated earlier in 2026 is now fully reflected in the quarterly numbers. Total operating expenses fell 58% to US$313,900 (Q3 CY25: US$746,400):

- **Advertising and marketing** fell 54% to US$170,600, from 44% of revenue to 26%. Spend has been concentrated on the highest-returning Amazon placements, with low-return channels (Meta, TikTok, DSP) largely discontinued. Each dollar of advertising generated US$3.90 of revenue, compared with US$2.28 a year earlier.
- **Staff costs** fell 70% to US$66,800 following the restructure of the US team.
- **Other operating costs** fell 49% to US$76,600, reflecting lower contractor, subscription, travel and office costs.

Operating costs excluding advertising are now running at approximately US$48,000 per month, compared with approximately US$124,000 per month in the prior corresponding period. On this cost base Hydralyte LLC was profitable in August at monthly revenue of US$234,000.

Cash flow

Net cash used in operating activities (Appendix 4C item 1.9) was US$249,500, 27% lower than the June quarter (US$343,500) and 29% lower than the prior corresponding period (US$352,900, which included a one-off receipt of US$74,000).

Receipts from customers were US$541,200 (Q2 CY26: US$554,500), broadly stable despite the September stock-outs. Payments for advertising and marketing fell to US$169,000 (Q2 CY26: US$331,800), staff costs to US$68,700 (US$196,800) and administration and corporate costs to US$207,600 (US$218,500).

Product manufacturing and operating payments increased to US$333,900 (Q2 CY26: US$160,500). This included US$158,600 of payments for inventory prepayments and packaging to restore stock availability, of which US$72,000 settled a packaging invoice relating to stock received in prior quarters. Administration and corporate payments included approximately US$50,000 of settlements of invoices for services provided in prior quarters. Excluding these items, operating cash outflow for the quarter was significantly improved at approximately US$41,000.

Hydralyte LLC's own operating cash outflow was US$124,100 for the quarter, after absorbing the US$158,600 inventory investment. The balance of the Group outflow relates to the costs of the listed parent entity, including directors' fees, insurance, audit, accounting and listing costs, and board transition costs that will not recur.

Cash position and funding

Cash and cash equivalents on 30 September 2026 were US$173,400 (30 June 2026: US$441,600), comprising US$58,100 held by Hydralyte LLC and US$115,300 held by the Australian entities. Payments to related parties and their associates during the quarter were US$26,700 (Q2 CY26: US$44,000), being directors' fees.

The Company has announced a pro-rata non-renounceable rights issue to raise up to A$1.4 million, with Harbour City Corporate appointed as Lead Manager to the offer and any shortfall. The Board will continue to run a disciplined capital management programme while looking at growth opportunities to achieve profitability at a Group level.

Chairman commentary

Chairman Mr Nick Berry said: "The September quarter shows what the reset cost base can do. Hydralyte LLC was profitable in August, close to breakeven in July, and the quarterly operating loss is down 85% on a year ago. Operating costs excluding advertising are now around US$48,000 a month, gross margin has held at 65%, and we are generating US$3.90 of revenue for every advertising dollar against US$2.28 a year ago. While retail stock-outs affected September's performance, investment in inventory during the quarter is intended to improve product availability and support renewed sales momentum, with the business now fully stocked for the December quarter. The rights issue announced in October is intended to continue the positive trajectory the business is on with the aim of achieving sustainable profitability for the group. Shareholders are funding a business that owns the North American rights to an established brand and has now shown it can be profitable on its current cost base. The Board is focused on getting there with discipline."

ENDS

This announcement was authorised for release by the Board of Directors.

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Forward-looking statements

This announcement contains forward-looking statements, including statements regarding stock availability, operating costs, cash flow, the proposed rights issue and future funding. These statements involve known and unknown risks and uncertainties, and actual results may differ materially. They are not guarantees of future performance and should not be relied upon as such. Financial information for Hydralyte LLC in this announcement is unaudited management information.

Appendix 4C

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

Name of entity	
The Hydration Pharmaceuticals Company Limited	
ABN	**Quarter ended ("current quarter")**
83 620 385 677	30 September 2026

Consolidated statement of cash flows		**Current quarter $US'000**	**Year to date (9 months) $US'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	541	1,561
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(334)	(718)
	(c) advertising and marketing	(169)	(798)
	(d) leased assets		
	(e) staff costs	(69)	(486)
	(f) administration and corporate costs	(208)	(761)
1.3	Dividends received (see note 3)		
1.4	Interest received		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)	(11)	(8)
1.9	**Net cash from / (used in) operating activities**	**(250)**	**(1,208)**

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 (9 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**	**0**	**0**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		270
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	(19)	(19)
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**	**(19)**	**251**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	442	1,110
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(250)	(1,208)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	0

Consolidated statement of cash flows		Current quarter $US'000	Year to date (9 months) $US'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(19)	251
4.5	Effect of movement in exchange rates on cash held	0	20
4.6	**Cash and cash equivalents at end of period**	**173**	**173**

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	173	442
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)**	**173**	**442**

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	27
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.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
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**	0
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)	(250)
8.2	Cash and cash equivalents at quarter end (item 4.6)	173
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	173
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	0.69

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.

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?

Answer: No. The company anticipates the cash loss for the coming quarter to continue to decrease in future quarters as the cost savings implemented in the September quarter will further materialise in the December quarter. This quarter was also impacted by the settlement of historical invoices relating to previous quarter activities and the payment of inventory that was received in previous quarters.

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?

Answer: Yes. The Company has launched a rights issue this month to raise a maximum of A$ 1.4 million before costs. The company also has refreshed its placement capacity under listing rule 7.1 giving the ability to raise additional capital if required.

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?

Answer: Yes. The Board expects the Company to continue its operations and meet its business objectives on the basis of the cost reductions already implemented, the settlement of historical invoices and the continued level of customer receipts and the funding steps described in 8.6.2.

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.

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 October 2026 .....

Authorised by: .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.