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THE HYDRATION PHARMACEUTICALS COMPANY LIMITED ACN 620 385 677

NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER

OFFER BOOKLET

1 for 5 Pro Rata Non-Renounceable Entitlement Offer
at an Offer Price of $0.01 per New Share
to raise a maximum of approximately $610,000 (before costs)

The Entitlement Offer closes at 5.00pm (Melbourne time) on Friday, 11 April 2025

The Entitlement Offer is being lead managed by Evolution Capital Pty Ltd.

The Entitlement Offer is not underwritten.

This Offer Booklet and together with the accompany Entitlement and Acceptance Form (which is available online) are important documents that require your immediate attention. They should be read in their entirety. If, after reading the Offer Booklet and Entitlement and Acceptance Form, you have any questions, you should contact your stockbroker, solicitor, accountant or other professional adviser. This Offer Booklet is not a prospectus and has not been (and will not be) lodged with the Australian Securities and Investments Commission.

Not for distribution of release in the United States or to U.S. persons.

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Important Information

This Offer Booklet is issued by The Hydration Pharmaceuticals Company Limited (ACN 620 385 677) (**Hydralyte USA**, the **Company** or **HPC**) and is dated Thursday, 27 March 2025.

This Offer Booklet and the accompanying Entitlement and Acceptance Form are important and should be read in their entirety before you decide whether or not to participate in the Entitlement Offer. In particular, you should consider the risk factors outlined in section 4 of this Offer Booklet.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer described in this Offer Booklet, which is not contained in this Offer Booklet. Any information or representation not contained in this Offer Booklet may not be relied on as being authorised by the Company in connection with the Entitlement Offer.

Not a Prospectus

The Entitlement Offer to which this Offer Booklet relates complies with the requirements of section 708AA of the Corporations Act. Accordingly, neither this Offer Booklet nor the Acceptance Form is a prospectus for the purposes of the Corporations Act. These documents do not contain all of the information that a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus. They are not required to be, and will not be, lodged with ASIC.

This Offer Booklet should be read in conjunction with the Company's other periodic and continuous disclosure announcements to ASX available at www.asx.com.au.

By paying for your New Shares through BPAY or EFT in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Offer Booklet and you have acted in accordance with and agreed to the terms of the Entitlement Offer detailed in this Offer Booklet. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved.

An investment in New Shares is considered highly speculative.

No overseas registration

This Offer Booklet does not, and is not intended to, constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit a public offering of the New Shares, in any jurisdiction outside of Australia and New Zealand.

Accordingly this Entitlement Offer is not being extended to, and no New Shares will be issued to, Shareholders having registered addresses outside Australia and New Zealand (unless the Company, at its discretion, determines than an offer can be made outside those jurisdictions in compliance with applicable securities laws). This Offer Booklet is not being sent to those Shareholders.

Future Performance and Forward Looking Statements

Neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made under this Offer Booklet.

Some statements in this Offer Booklet are in the nature of forward looking statements. Forward-looking statements may be identified by words such as "aim", "intend", "should", "expect", "estimate" and similar expressions. Such statements are not statements of fact and are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and

unknown risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Company, the Directors and management. Accordingly, actual results may differ materially from those expressed or implied in such statements.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither the Company nor any other person gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur.

Past Performance

Investors should note that past performance, including the past share price performance of the Company, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) the future performance of the Company including its future share price.

Financial amounts

All numbers in this Offer Booklet are in Australian dollars and any financial data is presented as at the date stated in this Offer Booklet.

Times and dates

Times and dates in this Offer Booklet are indicative only and may be subject to change. All times and dates refer to Melbourne time. Refer to the "Key Dates" section of this Offer Booklet for more details.

Entitlement Offer non-renounceable

The rights to subscribe for New Shares pursuant to the Entitlement Offer are non-renounceable. Therefore, you cannot trade entitlements on the ASX and you cannot transfer or otherwise dispose of them.

If you are in any doubt as to these matters you should first consult with your stockbroker, solicitor, accountant, financial adviser or other professional adviser.

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Chairman's Letter

Thursday, 27 March 2025

Dear Shareholder

As a valued shareholder of The Hydration Pharmaceuticals Company Limited (**Hydralyte USA** or the **Company**), I am pleased to offer you the opportunity to participate in a non-renounceable pro rata entitlement offer of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of $0.01 per New Share (**Offer Price**) to raise a maximum of approximately $610,000 (before costs) (**Entitlement Offer**).

As announced on Tuesday, 18 March 2025, the Company has undertaken a successful placement of New Shares at the Offer Price to raise $650,000 (before costs) (**Placement**).

A total of 60 million New Shares (for proceeds of $600,000) was issued to Mr Joseph Constable (or nominee) and the balance of the New Shares (5 million New Shares for proceeds of $50,000) was issued to another investor.

The Placement completed on Wednesday, 26 March 2025.

Mr Constable is an experienced public company executive who will also join the Board of Hydralyte USA as a Non-Executive Director.

The Company is delighted to welcome Mr Constable as a new substantial shareholder and Director.

Offer Price and Use of Funds

The Offer Price of $0.01 represents a:

- 11.1% premium to the closing price of Shares on 17 March 2025 (of $0.009), being the last trading day prior to the announcement of the Capital Raising; and
- 7.5% premium to the volume weighted average price of Shares during the 15 trading days where trades were recorded up to and including 17 March 2025 (of $0.0093).

Funds from the Capital Raising will provide additional financial flexibility for Hydralyte USA to capitalise on the recent sales momentum from its continuing US operations, with the pending rollout of new product launches for high-margin SKUs and consolidation of its recent growth trends via established ecommerce channels in the US market.

Details of the Entitlement Offer

Under the Entitlement Offer, Eligible Shareholders have the opportunity to subscribe for 1 New Share for every 5 existing Shares held at 7.00pm (Melbourne time) on Monday, 24 March 2025 (**Record Date**) at the Offer Price of $0.01 per New Share.

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Acceptance Form that accompanies this Offer Booklet. Eligible Shareholders who apply for 100% of their Entitlement are also entitled to apply for New Shares in excess of their Entitlement under the Shortfall Facility.

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The Entitlement Offer is non-renounceable and therefore your Entitlements will lapse and your Shareholding will be diluted if you do not wish to take up some or all of the New Shares representing your Entitlement.

The Entitlement Offer is not underwritten. Accordingly, if the Company does not receive applications for all of the New Shares offered under the Entitlement Offer it will not raise the maximum proceeds sought to be raised under the Entitlement Offer (of approximately $610,000).

PURE Arrangements

PURE Asset Management Pty Ltd as trustee for The Income and Growth Fund (**PURE**) currently holds approximately 16.5% of the Company's Shares.

PURE also holds the following warrants:

- 14.9 million warrants, which expire on 3 November 2026 and have a minimum exercise price of the lower of $0.0533 and a 20% discount to the share price realised as a result of any change of control transaction (**Tranche 1 Warrants**); and
- 85.0 million warrants (**Tranche 2 Warrants**), which expire on 27 March 2028 and have a minimum exercise price of the lower of:
    - $0.02;
    - a 20% discount to the share price realised as a result of any change of control transaction; and
    - an anti-dilution price adjustment price.

PURE has agreed to amend the terms of the Tranche 2 Warrants such that the anti-dilution price adjustment mechanism will be removed. Accordingly, once the amendment takes effect there will be no anti-dilution price adjustment price and the exercise price of the Tranche 2 Warrants will not be adjusted downwards as a result of the Capital Raising (or any future capital raising), except as provided in the ASX Listing Rules. An analogous agreement was reached in connection with the Tranche 1 Warrants in July 2023 and HPC shareholders approved the amendments to the Tranche 1 Warrants at a general meeting held on 26 September 2023.

The amendment is subject to Shareholder approval and completion of the Capital Raising.

Shareholder approval for the amendment to the exercise price of the Tranche 2 Warrants will be sought at the 2025 Annual General Meeting (to be held on Wednesday, 28 May 2025). Until then, PURE has agreed not to exercise the Tranche 2 Warrants.

PURE has also committed to subscribe for its full entitlement under the Entitlement Offer, representing approximately ~$122,000 of proceeds (before costs).

Other information

This Offer Booklet contains important information, including:

- instructions on how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates; and
- instructions on how to take up all or part of your Entitlement via BPAY or EFT.

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A personalised Entitlement and Acceptance Form, which details your Entitlement and provides instructions of how to participate in the Entitlement Offer, accompanies this Offer Booklet. Details on how to access the Entitlement and Acceptance Form will be provided to Eligible Shareholders.

The Entitlement Offer closes at 5.00pm (Melbourne time) on Friday, 11 April 2025, unless extended by the Company.

Please read in full the details on how to submit your Application. For further information regarding the Entitlement Offer, please call the Share Registry on 1300 288 664 or + 612 9698 5414 (outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) on Monday to Friday during the Entitlement Offer period.

Please note that the Company will not be printing / despatching hard copies of the Offer Booklet (and Acceptance Form). Instead, an electronic copy of the Offer Booklet and your Entitlement and Acceptance Form is available and accessible by you (using your Securityholder Reference Number or HIN)) at the following link: https://investor.automic.com.au.

You should also consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions regarding whether or not to participate in the Entitlement Offer.

On behalf of the Board of Hydralyte USA, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely

Adem Karafili
Chairman
The Hydration Pharmaceuticals Company Limited

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Key Details

Summary of the Entitlement Offer & Placement	
Entitlement Offer Ratio	1 New Share for every 5 Shares held by Eligible Shareholders on the Record Date
Offer Price	$0.01 (1 cent) per New Share
Maximum number of New Shares to be issued under the Entitlement Offer assuming 100% subscribed	~60.98 million New Shares
Maximum amount to be raised under the Entitlement Offer before costs assuming 100% subscribed	~$610,000
Number of New Shares issued under the Placement	65,000,000 New Shares
Amount raised under the Placement at the Offer Price (before costs)	$650,000
Capital Structure	
Shares on issue as at Monday, 17 March 2025 (announcement of the Entitlement Offer and Placement)	304,913,073
New Shares issued under the Placement	65,000,000 New Shares
New Shares to be issued under the Entitlement Offer (assuming 100% subscribed, subject to rounding)	60,982,614 New Shares
Total Shares on issue following completion of the Capital Raising (assuming the Entitlement Offer is 100% subscribed)	430,895,687 Shares
Options on issue on completion of the Capital Raising	
Options expiring 1 March 2029 exercisable at $0.016	16,627,220
Options expiring 29 August 2028 exercisable at $0.0432	14,737,976
Options expiring 31 December 2025 exercisable at $0.07	46,612,138
Various options expiring from 1 December 2026 to various dates in 2029, exercisable from $0.2882 to $1.3382	8,687,561
Pure Warrants on issue on completion of the Capital Raising	99,942,533
Performance Rights on issue on completion of the Capital Raising	1,068,134

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Key Dates

The indicative timetable for the Capital Raising is as follows:

Event	Date (2025)
Announcement Date Company announces the Placement and Entitlement Offer	Tuesday, 18 March 2025
Lodgement of Appendix 3B	Wednesday, 19 March 2025
Record Date	7.00pm (Melbourne time) on Monday, 24 March 2025
Settlement of the Placement Company lodges Appendix 2A	Tuesday, 25 March 2025
New Shares issued under the Placement Company lodges notice under section 708A	Wednesday, 26 March 2025
Opening Date	Thursday, 27 March 2025
Company makes Offer Booklet available to Eligible Shareholders	Thursday, 27 March 2025
Closing Date	5.00pm (Melbourne time) on Friday, 11 April 2025
Announcement of results of Entitlement Offer	Wednesday, 16 April 2025
Settlement of the Entitlement Offer	Thursday, 17 April 2025
Issue of New Shares Company lodges Appendix 2A	Tuesday, 22 April 2025
Trading of New Shares	Wednesday, 23 April 2025
Despatch of holding statements for New Shares	Wednesday, 23 April 2025

This timetable is indicative only and subject to change. The Company may vary these dates subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right to withdraw or not proceed with the Entitlement Offer at any time before the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

The commencement of quotation New Shares is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

Is this Offer Booklet relevant to you?

This Offer Booklet is relevant to you if you are an Eligible Shareholder.

"**Eligible Shareholders**" are those persons who:

- are registered as a holder of Shares as at the Record Date, being 7.00pm (Melbourne time) on Monday, 24 March 2025;
- have a registered address in Australia or New Zealand, or are otherwise Shareholders who the Company has determined are eligible to participate in the Entitlement Offer;
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States), unless otherwise determined by the Company; and
- are eligible under all applicable securities laws to receive and participate in the Entitlement Offer.

In this Offer Booklet, references to "you" are references to Eligible Shareholders and references to "your Entitlement" (or "your Acceptance Form") are references to the Entitlement (or Entitlement and Acceptance Form) of Eligible Shareholders.

Enquiries

For further information (including if you would like a replacement Acceptance Form), please call the Share Registry on 1300 288 664 or + 612 9698 5414 (outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser.

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1 Details of the Entitlement Offer

1.1 Overview

The Company is making a pro rata, non-renounceable offer of 1 New Share for every 5 Shares held by Eligible Shareholders registered at 7.00pm (Melbourne time) on the Record Date, being Monday, 24 March 2025.

The Offer Price is $0.01 (1 cent) per New Share.

The Offer Price of $0.01 represents a:

- 11.1% premium to the closing price of Shares on 17 March 2025 (of $0.009), being the last trading day prior to the announcement of the Capital Raising; and
- 7.5% premium to the volume weighted average price of Shares during the 15 trading days where trades were recorded up to and including 17 March 2025 (of $0.0093).

The Entitlement Offer will raise a maximum of approximately $610,000, assuming all of the New Shares offered under the Entitlement Offer are subscribed for.

The Entitlement Offer is not underwritten, so if there is a Shortfall the Company may not raise the full amount sought under the Entitlement Offer.

There is no minimum subscription to participate in the Entitlement Offer.

An Acceptance Form setting out your Entitlement accompanies this Offer Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement. Eligible Shareholders who subscribe for all of their Entitlement may apply for New Shares in excess of their Entitlement under the Shortfall Facility (refer to section 1.5).

The rights to subscribe for New Shares pursuant to the Entitlement Offer are non-renounceable. Therefore, you cannot trade Entitlements on the ASX and you cannot transfer or otherwise dispose of them. If you do not take up all of your Entitlements your shareholding may be diluted (depending on the level of acceptances from other Eligible Shareholders).

Eligible Shareholders should be aware that an investment in the Company involves risks. The key risks identified by the Company are set out in section 4 of this Offer Booklet.

1.2 Purpose of Entitlement Offer

The Entitlement Offer will raise a maximum of approximately $610,000 (before costs associated with the Entitlement Offer) and the Placement has raised proceeds of $650,000.

Funds from the Capital Raising will provide additional financial flexibility for Hydralyte USA to capitalise on the recent sales momentum from its continuing US operations, with the pending rollout of new product launches for high-margin SKUs and consolidation of its recent growth trends via established ecommerce channels in the US market.

1.3 Eligibility to participate

The Entitlement Offer is being made to all Eligible Shareholders. The number of New Shares to which each Eligible Shareholder is entitled is shown in the accompanying, personalised Acceptance Form.

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Directors and other related parties who are Eligible Shareholders may participate in the Entitlement Offer (but not the Shortfall Facility).

Any Shareholder that is not an Eligible Shareholder will be an Ineligible Shareholder. The Company reserves the right to determine whether a shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By making a payment via BPAY or EFT you will be taken to have represented and warranted that you satisfy each of the criteria to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice on how to proceed.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in foreign jurisdictions.

The Directors reserve the right to reject any Application that they believe comes from a person who is not an Eligible Shareholder.

1.4 Entitlements and acceptance

The choices available to Eligible Shareholders in respect of the Entitlement Offer are described in section 2.

The Entitlement of Eligible Shareholders to participate in the Entitlement Offer will be determined on the Record Date and is set out on the Acceptance Form accompanying this Offer Booklet.

Shareholders who subscribe for their Entitlement in full may apply for New Shares in excess of their Entitlement under the Shortfall Facility (see section 1.5 below).

The Entitlement Offer is non-renounceable and accordingly Entitlements may not be purchased, sold or transferred.

1.5 Shortfall Facility

(a) *Shortfall Facility*

The Entitlement Offer incorporates a Shortfall Facility under which Eligible Shareholders can apply for New Shares in excess of their pro rata Entitlement (**Additional New Shares**). The issue of Additional New Shares will be dependent on there being a Shortfall in the take up of pro rata entitlements under the Entitlement Offer.

Eligible Shareholders who wish to apply for Additional New Shares under the Shortfall Facility can do so by paying for the number of Additional New Securities they wish to apply for when making their Application.

There is no maximum number of Additional New Shares that an Eligible Shareholder may apply for.

(b) *Allocation of Shortfall among applicants under the Shortfall Facility*

In the event that the Shortfall is equal to or greater than the number of Additional New Shares applied for under the Shortfall Facility, all of the Additional New Shares applied for under the Shortfall Facility will be allocated to applicants under the Shortfall Facility (to the extent permitted by law).

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In the event that the Shortfall is less than the number of Additional New Shares applied for under the Shortfall Facility, scale back will apply to applicants under the Shortfall Facility. The scale-back among those applicants will be considered and determined by the Board at its discretion, taking into account the total Shortfall, the number of Additional New Shares applied for and each applicant's current shareholding.

(c) *No certainty regarding allocations*

There can be no guarantee of the number of Additional New Shares available to Eligible Shareholders under the Shortfall Facility.

Eligible Shareholders who apply for Additional New Shares under the Shortfall Facility will be bound to accept any lesser number of Additional New Shares allocated to them in accordance with the allocation procedure described above. If you do not receive all of the Additional New Shares you applied for, any excess application monies will be returned to you without interest.

The Board's decision as to the allocation of Additional New Shares will be final and binding.

(d) *How to apply for Additional New Shares*

Eligible Shareholders who wish to apply for Additional New Shares should follow the instructions in the Acceptance Form and make payment for the Additional New Shares via BPAY or EFT. Any Additional New Shares that are applied for must be paid for at the same time, and in the same way, that the New Shares to be issued pursuant to the acceptance of Entitlements are paid for.

1.6 Placement of Shortfall

If there is a Shortfall after completion of the Entitlement Offer (and the Shortfall Facility), the Company reserves the right to place any Shortfall with any professional or sophisticated investors who may elect to subscribe for New Shares. Any Shortfall must be issued within 3 months of the Closing Date and at a price per New Share that is no less than the Offer Price.

The Directors reserve the right to issue any Shortfall at their discretion.

1.7 Underwriting

The Entitlement Offer is not underwritten. Accordingly, the Company may not raise the maximum proceeds (of approximately $610,000) sought under the Entitlement Offer.

1.8 Capital Structure following completion of the Entitlement Offer

The capital structure of the Company following completion of the Entitlement Offer is set out in the 'Key Details' section of this Offer Booklet.

1.9 Optionholders

Optionholders will not be entitled to participate in the Entitlement Offer unless they:

- are entitled to exercise their options under the terms of their issue and do so, so that they are registered as holders of Shares prior to the Record Date; and
- participate in the Entitlement Offer as a result of being a holder of Shares registered on the register of the Company at the Record Date.

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1.10 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with existing Shares. The rights and liabilities attaching to the New Shares are set out in Hydralyte USA's constitution, a copy of which is available by request by calling the Company Secretary on +61 3 9614 2444 at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Entitlement Offer period. It is also available on the ASX website (www.asx.com.au).

1.11 Quotation and Allotment

The Company will apply to the ASX for quotation of the New Shares.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares.

Allotment of New Shares under the Entitlement Offer will only be made after permission for their quotation on the ASX has been granted.

Application Monies will be held by the Company on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

1.12 Issue and Despatch

The expected dates for issue of New Shares offered by this Offer Booklet and despatch of holding statements is expected to occur on the dates specified in the in the 'Key Dates' section of this Offer Booklet.

Eligible Shareholders who have elected to receive communications from the Company by email will be emailed the Offer Booklet at their nominated email address.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements do so at their own risk.

1.13 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a holding statement that sets out the number of New Shares allotted to them under this Offer Booklet. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.14 Further information

Eligible Shareholders can obtain a copy of this Offer Booklet from the Hydralyte USA website at www.hydralyte.com or by calling the Share Registry on 1300 288 664 or +612 9698 5414 (outside Australia) at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the offer period. Persons who access the electronic version of this Offer Booklet should ensure that they download and read the entire Offer

Booklet. The electronic version of this Offer Booklet will not include an Acceptance Form. A replacement Acceptance Form can be requested by calling the Share Registry.

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2 How to apply

2.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled is shown on the accompanying Acceptance Form.

Eligible Shareholders may:

(a) apply for all of your Entitlement and, if you do, apply for Additional New Shares under the Shortfall Facility (refer to Section 2.2);

(b) apply for part of your Entitlement, in which case the balance will lapse (refer to Section 2.3); or

(c) do nothing and allow all of your Entitlement to lapse (refer to Section 2.4).

If you have more than one registered holding of Shares, you will be sent more than one Acceptance Form and you will have a separate Entitlement for each separate holding.

2.2 How to access your Entitlement and Acceptance Form

The Company will not be printing / despatching hard copies of the Offer Booklet and Entitlement and Acceptance Form. Instead, an electronic copy of the Offer Booklet and your Entitlement and Acceptance Form is available and accessible by you (using your Securityholder Reference Number or HIN)) at the following link: https://investor.automic.com.au.

To download your Entitlement and Acceptance Form, you have the following three choices:

I already have an online account with the Automic Share registry	I don't have an online account with Automic and wish to register for one	I don't have an online account with Automic – but wish to use Automic for this Entitlement Offer only
https://investor.automic.com.au Select: "Existing Users Sign In". Once you have successfully signed in, click on "Documents and Statements". Download the Offer Booklet and Entitlement and Acceptance Form. Submit your payment using the payment details provided on your personalised Entitlement and Acceptance form. **Do not return your Entitlement and**	https://investor.automic.com.au/#/signup Select *HPC* from the dropdown list in the ISSUER field. Enter your holder number SRN / HIN (from your latest Holding Statement). Enter a single identifying word from your holder name. Enter your Postcode (Australia) or Country of Residence (Outside Australia). Tick box "I am not a robot", then 'Next' and complete any prompts. Once you have successfully signed in, click on "Documents and Statements". Download the Offer Booklet and Entitlement and Acceptance form. Submit your payment using the payment details provided on your personalised Entitlement and Acceptance form. **Do not return your Entitlement and**	https://investor.automic.com.au/#/loginsah Select *HPC* from the dropdown list in e ISSUER field. Enter your holder number SRN / HIN (from your latest Holding Statement). Enter a single identifying word from your holder name. Enter your Postcode (Australia) or Country of Residence (Outside Australia). Tick box "I am not a robot", then 'Next' and complete any prompts. Once you have successfully signed in, click on "Documents and Statements". Download the Offer Booklet and Entitlement and Acceptance form. Submit your payment using the payment details provided on your personalised Entitlement and Acceptance form.

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I already have an online account with the Automic Share registry	I don't have an online account with Automic and wish to register for one	I don't have an online account with Automic – but wish to use Automic for this Entitlement Offer only
Acceptance Form.	**Acceptance Form.**	**Do not return your Entitlement and Acceptance Form.**

2.3 Taking up all of your Entitlement and participating in the Shortfall Facility

If you wish to take up your Entitlement in full, and apply for Additional New Shares in the Shortfall Facility, follow the instructions set out in the Acceptance Form.

Please make payment by BPAY or EFT so that cleared funds are received **no later than 5.00pm (Melbourne time) on Friday, 11 April 2025**.

2.4 Taking up part of your Entitlement and electing for the balance to lapse

If you wish to take up part of your Entitlement and allow the rest to lapse, make payment via BPAY or EFT for the number of New Shares you wish to take up by following the steps set out in the Acceptance Form.

If payment is made through BPAY or EFT and the Company receives an amount that is less than the Offer Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as the Reduced Amount will pay for in full.

The portion of your Entitlement not taken up will lapse without further action by you.

2.5 Allow your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse. Your percentage shareholding in the Company may be diluted (depending on the level of acceptances from other Eligible Shareholders).

2.6 Payment for your Entitlement

Eligible Shareholders may only make payment for New Shares via BPAY or EFT.

Please follow the instructions on the Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that by paying by BPAY or EFT:

- you do not need to submit the Acceptance Form but are taken to make the declarations on that Acceptance Form; and
- you are deemed to have applied for such whole number of New Shares which is covered in full by your Application Monies, whether that number is less than or equal to your Entitlement.

When paying by BPAY please make sure you use the specific Biller Code and your unique customer reference number (CRN) which can be found on the back of your Acceptance Form. If the amount paid is more than the total Application Monies for your

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Entitlement (and any application under the Shortfall Facility), the excess will be remitted to you (without interest) as soon as practicable after the Closing Date.

It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Melbourne time) on Friday, 11 April 2025, the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Payment by cheque and money order will not be accepted.

2.7 Eligible Shareholders in New Zealand

Eligible Shareholders in New Zealand who do not have access to BPAY who wish to apply for New Shares should contact the Share Registry.

2.8 Eligible Shareholder declarations

A payment made through BPAY or EFT or any other means constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Booklet and, once lodged or paid, cannot be withdrawn. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete an Application, is final.

By making a payment by BPAY or EFT or any other means, you will be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you are an Eligible Shareholder and:

(a) you have read and understand this Offer Booklet and your Acceptance Form in their entirety;

(b) you agree to be bound by the terms and conditions of the Entitlement Offer, the provisions of this Offer Booklet and the accompanying Acceptance Form, and the Constitution;

(c) you authorise the Company to register you as the holder(s) of New Shares allotted to you;

(d) all details and statements in the Acceptance Form are complete and accurate;

(e) you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Acceptance Form;

(f) once the Company receives your payment of Application Monies, you may not withdraw your Application or funds provided except as allowed by law;

(g) you agree to apply for and be issued up to the number of New Shares for which you have submitted payment of any Application Monies, at the Offer Price per New Share;

(h) you authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Acceptance Form;

(i) you declare that you are the registered holder(s) at the Record Date of the Shares indicated on the Acceptance Form as being held by you;

(j) the information contained in this Offer Booklet and your Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;

(k) this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;

(l) you acknowledge the statement of risks in the "Risk factors" section of this Offer Booklet (refer to section 4), and that investments in the Company are subject to risks, not all of which are disclosed in this Offer Booklet;

(m) you acknowledge that none of the Company or its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;

(n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;

(o) you authorise the Company to correct any errors in your Acceptance Form or other form provided by you;

(p) for the benefit of the Company, you are not an Ineligible Shareholder and you are eligible to participate in the Entitlement Offer;

(q) the law of any place does not prohibit you from being given this Offer Booklet and the Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;

(r) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;

(s) you acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold, directly or indirectly, in the United States absent registration except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

(t) you have not and will not send any materials relating to the Entitlement Offer to any person (including nominees or custodians) where to do so would breach applicable laws; and

(u) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale is illegal.

2.9 Nominees, Trustees and Custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement does not breach regulations in the relevant overseas jurisdiction. These shareholders should seek independent advice as to how they should proceed.

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Making payment for New Shares will be taken by the Company to constitute a representation that there has been no breach of those regulations.

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3 Purpose and effect of the Entitlement Offer

3.1 Purpose and effect

The Entitlement Offer will raise gross proceeds of up to approximately $610,000 before costs.

The Placement has raised gross proceeds of $650,000 before costs.

Funds from the Capital Raising will provide additional financial flexibility for Hydralyte USA to capitalise on the recent sales momentum from its continuing US operations, with the pending rollout of new product launches for high-margin SKUs and consolidation of its recent growth trends via established ecommerce channels in the US market.

3.2 Capital Structure following completion of the Entitlement Offer

Assuming all Entitlements are taken up (either through the Entitlement Offer or the Shortfall Facility) the Entitlement Offer will comprise the issue of 60.98 million New Shares (subject to rounding) to raise approximately $610,000.

On completion of the Entitlement Offer and Placement, the capital structure of the Company is as set out in the 'Key Details' section of this Offer Booklet.

3.3 Potential effect of the Entitlement Offer on control of the Company

The effect of the Entitlement Offer on control of the Company will depend on a number of factors including:

- the offer ratio of New Shares offered under the Entitlement Offer;
- the level of Eligible Shareholder participation;
- which Eligible Shareholders participate;
- the level of participation in the Shortfall Facility; and
- the ability for the Company to place any Shortfall with professional and sophisticated investors identified by the Company.

The issue of New Shares under the Entitlement Offer is not expected to have a material effect or consequence on the control of the Company given:

- the Entitlement Offer is structured as a pro-rata issue;
- the Entitlement Offer is not underwritten;
- the Entitlement Offer ratio is 1 New Share for every 5 existing Shares, meaning that a maximum of 20% of the Company's issued capital will be issued under the Entitlement Offer;
- the Entitlement Offer is being undertaken in conjunction with the Placement, which involved the issue of 65,000,000 Shares (which are not entitled to participate in the Entitlement Offer); and

- the current level of holdings of substantial holders (based on substantial holding notices that have been given to the Company and lodged with ASX on or before the date of this notice).

3.4 Effect on shareholdings of Shareholders

The Entitlement Offer will have the effect of diluting the percentage shareholdings of Shareholders who do not participate in the Entitlement Offer (including under the Shortfall Facility). In particular:

(a) Shareholders who do not take up their full pro rata Entitlement under the Entitlement Offer may have their percentage shareholding in the Company diluted following the issue of New Shares under the Entitlement Offer (depending on the level of acceptances from other Eligible Shareholders);

(b) Shareholders who take up their full pro rata entitlement under the Entitlement Offer will maintain their percentage shareholding;

(c) Shareholders who take up their full pro rata entitlement under the Entitlement Offer and receive Additional New Shares under the Shortfall Facility, will increase their percentage shareholding in the Company to the extent they receive Additional New Shares under the Shortfall Facility; and

(d) the proportional shareholdings of Ineligible Shareholders will be diluted as those Shareholders are not entitled to participate in the Entitlement Offer.

Shareholders have also had their shareholdings diluted as a result of the Placement.

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4 Key risks

4.1 Introduction

Eligible Shareholders should consider the specific and general risk factors described below, together with information contained elsewhere in this Prospectus and consult their professional advisers before deciding whether to apply for New Shares and/or Options pursuant to this Prospectus.

There are specific risks which relate directly to the Hydralyte USA's business and an investment in New Securities. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of its securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

4.2 Company Specific Risks

(a) Hydralyte USA is focused on the United States market

Subsequent to the sale of the Company's non-US assets to Prestige Consumer Healthcare (refer ASX announcement of 2 October 2024), the Company's sole focus is on the United States market. The Company is restricted from being involved in a competing business in the whole world, other than the United States. This limits the Company's future growth options.

As a result, Hydralyte's future success is dependent on success in the United States and the Company is exposed to US micro-economic and macro-economic trends and regulations (for example, tariffs on the importation of overseas-manufactured goods).

(b) Hydralyte USA's is a small player in a competitive industry

Hydralyte USA operates in a highly competitive geographic and product market, particularly with regards to prices, brand recognition and new product introductions.

The Company currently has a small share of the Healthy Hydration Solutions Market in the United States and will need to boost its brand and product recognition in what is a highly competitive industry in order to grow its market share and meet its future growth objectives. Should any of Hydralyte USA's current or future competitors participate more aggressively on price, product, innovation or other means, or if Hydralyte USA is unable to attain its targeted level of brand and product recognition, this is likely to have a material adverse impact on the Company's future financial performance and prospects.

(c) Reliance on third party supply chain and risk of increased costs

Hydralyte USA relies on its supply chain to manufacture and distribute its products.

Hydralyte USA may experience disruptions and/or cost increases to its supply chain, including as a result of input cost inflation, tariffs, war, labour shortages, natural disasters or disruptions to shipping routes.

Similar factors could also affect the distribution of Hydralyte USA's products, which may lead to increased costs, loss of margin or an inability to procure sufficient quantities of manufactured goods in a timely fashion to meet demand.

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Hydralyte USA's relationships with its existing suppliers are not exclusive, and its suppliers also have relationships with third parties (including Hydralyte USA's competitors). If a third-party supplier ceases supplying products or services to Hydralyte USA in a timely manner and an alternative supplier is not readily available to produce identical products at similar cost levels, Hydralyte USA may not be able to source alternative products immediately or, if it can do so, it may be on less favourable terms. This could have an adverse impact on the Company's inventory levels, ability to meet current and anticipated future consumer demand, and on the operating and financial performance of the Company.

There is no guarantee that the Company will be able to pass on increased costs associated with the above factors to its customers (particularly if any costs increases are material). Hydralyte USA may be required to increase the prices of its products to pass on cost increases, which may affect the affordability of the Company's products and reduce sales. Furthermore, the ability and speed with which Hydralyte USA can respond to cost increases by adjusting the prices charged to its customers or sourcing more competitively priced materials may be limited and may result in lower margins on the sale of its products.

(d) **Reliance on sales channels such as retailers and online distribution partners**

Hydralyte USA distributes a significant number of its products to end consumers through various sales channels, in particular online via Amazon's Marketplace. The Company depends on continued access to its sales channels in order to connect with its customers. There can be no guarantee that the Company's relationships with key channel partners will continue, or, if they do continue, that they will operate on the same terms and, in respect of retailers, that they will purchase the same, similar or greater quantities of Hydralyte USA's products as they have historically.

(e) **Intellectual property risks**

Hydralyte USA regards its brands, trademarks, domain names, trade secrets, propriety information and similar intellectual property (IP) as important to its success.

(i) Limited IP rights in products

Due to the nature of the Company's products, the breakdown of active ingredients and product recipes remains broadly consistent across all competitor products and is generally clearly signposted on a product's packaging. In addition, Hydralyte USA's product formulation is built on the WHO formulation for optimal absorption, which is publicly known information. Accordingly, there is limited scope for Hydralyte's products to obtain IP protection for product formulations.

(ii) Inability to protect Licensed IP and other IP

The Company's IP is at risk of unauthorised use or disclosure. While the Company holds registered trade marks for the Hydralyte brand in various jurisdictions, much of its other IP is not protected (or capable of being protected) through other forms of registered intellectual property rights (such as patent or design registrations). To enforce its IP rights, the Company may have to commence expensive and time consuming legal proceedings against third parties who infringe its rights.

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(f) **No contracts with customers**

Hydralyte USA generates its revenue from uncontracted customer relationships, using the Company's or the customer's standard terms and conditions and purchase orders and invoices. These supply arrangements, which are consistent with the typical terms of supply for participants in the FMCG industry, typically have no minimum volume requirements and can be varied or terminated by the customer on short notice (or no notice) and without penalty. The Company may be unable to maintain its uncontracted relationships on commercially viable terms, which could materially adversely affect its revenue and profitability.

(g) **Foreign exchange rate risk**

The Company's financial statements are presented in United States dollars, and the Company and its subsidiaries must translate its assets, liabilities, revenue and expenses into United States dollars for external reporting purposes.

(h) **Reliance on key personnel**

Hydralyte USA depends on the talent and experience of its personnel as an important asset. There may be a negative impact on Hydralyte USA if any of its key personnel leave (in particular, the Chief Executive Officer). It may be difficult to replace them, or to do so in a timely manner or at comparable expense. Additionally, any key personnel of the Company who leave to work for a competitor may adversely impact the Company.

Hydralyte USA's ability to attract and retain personnel will have a direct impact on its ability to deliver its project commitments. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of the Company.

(i) **Risks associated with IT systems**

In addition to the sale of products via its sales channels, Hydralyte USA operates its own websites for direct purchases from and distribution to customers. Accordingly, the Company's websites, databases, IT, warehouse systems and management systems, and those of its key online sales channels and suppliers, are critically important to its success in attracting and retaining customers and maximising sales conversions from those customers.

Despite Hydralyte USA's best efforts to ensure the safe collection, storage and protection of customer data, there is a risk that a data breach may occur, or a third party may gain access to the confidential information of Hydralyte USA's customers or its internal systems. This could result in a breach of law by Hydralyte USA, or a breach of customer agreements, and may attract significant media attention and damage the Company's reputation and brand.

(j) **Brand or reputation damage**

Hydralyte USA's business is dependent on its reputation with customers and consumers, and its 'Hydralyte' branding is of significant value to the business. The reputation and value associated with 'Hydralyte' branding and related intellectual property could be adversely affected by a number of factors, including:

- quality issues with Hydralyte USA's products;
- failure or delay in supplying products;

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- disputes or litigation with third parties, employees, suppliers or customers; or
- adverse media coverage (including social media) or publicity about Hydralyte USA's products or processes.

A material adverse impact to the reputation of Hydralyte USA or its brands could negatively affect public perception of Hydralyte USA, demand for its products, customer loyalty and reputation. This could have a material adverse impact on Hydralyte USA's financial and operating performance and future prospects.

(k) **Product liability and recalls**

As a retailer of products designed for human consumption, Hydralyte USA could be subject to product liability claims if the use of its products is alleged to have resulted in injury.

Hydralyte USA engages highly reputable manufacturers with quality control policies, and takes all reasonable precautions to ensure that its products are free from contamination or defects. However, events outside of Hydralyte USA's control could occur. In the event that contamination, mislabelling, misbranding or another such quality control issue occurs in respect of a Hydralyte USA product, this may lead to business interruption, product recalls or liabilities to customers.

(l) **Failure to effectively manage inventory**

Hydralyte USA may fail to accurately forecast or manage its inventory levels, including if the Company's inventory management system fails or provides inaccurate information. This may result in the Company incurring additional costs and losing revenue.

If Hydralyte USA manufactures excess product that it cannot sell in a timely manner, the excess product may need to be sold at a discount, otherwise the excess product may become obsolete and Hydralyte USA may be required to bear the costs of the surplus product and recognise inventory write-down costs. Alternatively, Hydralyte USA may experience disproportionate demand and supply for specific products, or 'out of stock' issues. This may result in lost sales, less than forecast margins and damage to the Company's reputation or brand, which may have a material adverse effect on the Company's financial and operational performance.

(m) **Changes in consumer trends and preferences**

Hydralyte USA's business is focused on the sale of a range of liquid, tablet, powder and effervescent healthy hydration products in the United States. This market is subject to continually evolving consumer trends, demands and preferences, including shifts in the beliefs, tastes and dietary habits of end consumers. If Hydralyte USA misjudges or fails to predict consumer preferences or fails to convert market trends into appealing product offerings on a timely basis, this may result in lower revenue and margins and could adversely impact Hydralyte USA's future financial performance.

(n) **Failure to execute growth plans**

There is a risk that Hydralyte USA may be unable to manage its future growth successfully. The ability to hire and retain skilled personnel as outlined above may be a significant obstacle to growth.

(o) **No track record of profitability**

Hydralyte USA does not have a track record of profit and there is no guarantee that it will ever be profitable. If it does not achieve profitability, it will be unable to pay dividends in the future and capital growth may be less likely.

(p) **Additional capital requirements**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Capital Raising. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or scale back its research and development and/or clinical trials as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

4.3 General risks

(a) **Economic conditions**

Hydralyte USA's performance will depend to a certain extent on a number of macro-economic factors outside its control which may impact the spending power and habits of its customers. These factors include, among other things, economic growth, unemployment rates, consumer confidence, taxation, inflation, interest rates and the availability and cost of credit. In addition, consumer spending may be affected by a range of factors including higher levels of inflation. Any significant or prolonged decrease in consumer spending could adversely affect the demand for the Company's products.

(b) **Share price fluctuation**

The Shares will trade on ASX at a price higher or lower than the Offer Price. The price at which the Shares trade will be affected by the financial performance of the Company and by external factors unrelated to the operating performance of the Company, including movements on international financial markets, the level of interest rates and exchange rates, general domestic and international economic conditions and government policies relating to taxation and other matters. There can also be no guarantee that there will be an active market in the Shares. There may be relatively few potential buyers or sellers of Shares on the ASX at any time.

All of the above factors may increase the volatility of the market price of the Shares.

(c) **Changes in laws and regulations**

The advertising, distribution, labelling, production, safety, sale, and transportation in the United States of the Company's currently marketed products are subject to various United States regulations, state food and drug laws; state consumer protection laws; competition laws; various federal, state and local environmental protection laws; and various other federal, state, and local statutes and regulations. These include tariffs on overseas-manufactured goods. Changes to such laws and regulations could increase costs or reduce Hydralyte USA's net operating revenues. In addition, failure to comply with environmental, health or safety requirements and other applicable laws or regulations could result in the assessment of damages, the imposition of penalties, suspension of production, changes to equipment or processes, or a cessation of operations at the Company's manufacturers' facilities, as well as damage to Hydralyte USA's image and reputation, all of which could harm the Company's operating and financial prospects.

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(d) **Tax risks**

There can be no certainty that the current taxation regime in the United States, Australia or in overseas jurisdictions within which the Company plans to operate in the future will remain in force or that the current levels of corporation taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Company, which may have a material adverse effect on the Company's financial position.

(e) **Litigation risk**

There is a risk that Hydralyte USA may in future be the subject of or required to commence litigation. There is, however, no litigation, mediation, conciliation or administrative proceeding taking place, pending or threatened against the Company. If the Company was to become involved, whether as claimant or defendant, in significant litigation then liability for damages and/or legal costs could result that might have a material adverse effect on the Company's operations, financial performance and prospects.

(f) **Force majeure events may occur**

Events may occur that negatively impact the Company's financial performance, operations or the price of Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences. Climate change will furthermore increase the likelihood of events such as floods, droughts, fires, heatwaves and cyclones.

These events could impact Hydralyte USA by causing increased costs, closures, disruption to operations, lack of access, damage to warehouse or stock, impacts on supply and transportation of product, among other things. The Company has only a limited ability to insure against some of these risks.

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5 Important information

5.1 Information and Representations

This Offer Booklet (including the enclosed Acceptance Form) has been prepared by the Company.

There may be additional announcements made by the Company after the date of this Offer Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration of whether to take up, sell or transfer or do nothing in respect of, your Entitlement. Therefore, it is prudent that you check whether any further announcements have been made by the Company (by visiting the ASX website at www.asx.com.au, or the Company's website at www.hydralyte.com) before submitting your Application, or selling or transferring your Entitlement.

No party other than the Company has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer not contained in this Offer Booklet.

Any information or representation not contained in this Offer Booklet may not be relied on as having been authorised by the Company in connection with the Entitlement Offer.

5.2 Lead Manager Mandate

The Capital Raising is being lead managed by the Lead Manager, Evolution Capital Pty Ltd, pursuant to a mandate letter between the parties dated 18 March 2025 (**Lead Manager Mandate**).

In consideration for its services to the Company, the Lead Manager will receive a fee of:

- $25,000; plus
- 3.0% of the cash proceeds raised under the component of the Placement that was placed to Mr Joseph Constable; plus
- 6.0% of the cash proceeds raised under the component of the Placement that was placed to a third party; and
- 6.0% of the cash proceeds of the Shortfall placed to institutional investors by the Lead Manager.

The Company and the Lead Manager may each terminate the Lead Manager Mandate by giving seven days' notice to the other.

The Company agrees to indemnify and hold harmless the Lead Manager, its related bodies corporate and their affiliates, officers, directors, employees, agents and advisers (each an **Indemnified Party**), against any loss arising directly or indirectly from a breach by the Company of the Lead Manager Mandate or applicable law. These indemnities do not apply to any loss suffered by an Indemnified Party to the extent that the loss results from the recklessness, wilful misconduct, gross negligence or breach of the Lead Manager Mandate by the Lead Manager or its Indemnified Parties.

The Company and the Lead Manager have also given certain standard representations, warranties and undertakings.

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5.3 Not a prospectus

Neither this Offer Booklet nor the Acceptance Form is a prospectus for the purposes of the Corporations Act and has not been lodged with ASIC. These documents do not contain the type of information which would be required to be included in a prospectus.

Accordingly, the level of disclosure contained in this Offer Booklet is significantly less than required under a prospectus and Eligible Shareholders should consider all relevant facts and circumstances, including their knowledge of the Company and all disclosures made to the ASX and should consult their professional advisors before deciding to accept the Entitlement Offer.

5.4 Trading New Shares

It is expected that trading on the ASX of New Shares to be issued under the Entitlement Offer will commence on Wednesday, 23 April 2025 on a normal settlement basis.

5.5 Foreign Jurisdictions – restrictions and limitations

This Offer Booklet has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country outside Australia.

New Zealand Shareholders

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered address in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand) or the Financial Markets Conduct Act 2013 (New Zealand). This document is not an investment statement or prospectus or product disclosure statement under New Zealand law and is not required to and may not, contain all the information that an information statement or prospectus or product disclosure statement under New Zealand law is required to contain.

United States Shareholders

This Entitlement Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

5.6 Ineligible Shareholders

Shareholders who are not Eligible Shareholders are Ineligible Shareholders. The Company reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

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The Company has determined, in reliance of Listing Rule 7.7.1, that it would be unreasonable to extend the Entitlement Offer to Ineligible Shareholders, having regard to:

(a) the small number of Ineligible Shareholders as a proportion of the total Shareholders;

(b) the small number and value of the New Shares which would be offered to Ineligible Shareholders if they were Eligible Shareholders; and

(c) the cost of complying with the legal and regulatory requirements in the overseas jurisdictions.

Accordingly, the Entitlement Offer is not being extended to any Shareholders outside Australia and New Zealand unless those Shareholders would be eligible under all applicable securities laws to receive an offer of, and be issued, New Shares under the Entitlement Offer without lodgement, filing or registration of the Entitlement Offer or any document issued in connection with the Entitlement Offer with any regulatory authority.

Where this Offer Booklet has been dispatched to an Ineligible Shareholder and where that jurisdiction's law, code or legislation prohibits or restricts in any way the making of the Entitlement Offer, this Offer Booklet is provided for information purposes only.

5.7 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

5.8 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

5.9 No guarantees of future performance

The Company does not warrant or guarantee the future performance of the Company or any return on any investment made under this Entitlement Offer.

5.10 No investment advice

This Entitlement Offer is being made pursuant to the provisions of the Corporations Act which allow pro rata entitlement offers to be made without a prospectus. This Offer Booklet does not constitute financial product advice and has been prepared without taking into account Eligible Shareholders' investment objectives, financial circumstances or particular needs. The Offer Booklet does not purport to contain all the information that Eligible Shareholders may require to make an informed investment decision regarding, or about the rights attaching to, the New Shares. Before deciding whether to apply for New Shares, each Eligible Shareholder should consider whether the Company is a suitable investment for them in light of their own investment objectives and financial circumstances and should consider seeking professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to invest.

5.11 Taxation

There may be tax implications associated with participating in the Entitlement Offer and receiving New Shares. The potential tax effects of participating in the Entitlement Offer will vary between investors. The Company considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Offer

Booklet or the subsequent disposal of any New Shares. Consequently, the Company strongly advises that all investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Entitlement Offer.

5.12 Governing Law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Acceptance Forms or payment via BPAY or EFT are governed by the laws applicable in Victoria, Australia. Each Applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

5.13 Privacy

If you submit an Application, you will be providing personal information to the Company (directly or through the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

Shareholders can access, correct and update the personal information that is held about them, by contacting the Share Registry.

Collection, maintenance and disclosure of certain personal information is governed by legislation, including the *Privacy Ac*t 1988 (Cth) and the Corporations Act. You should note that if all information required on the Acceptance Form is not provided, the Company may not be able to accept or process your Application.

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6 Glossary

Term	Meaning
$	Australian dollars.
Acceptance Form	The personalised Entitlement and Acceptance Form accompanying this Offer Booklet.
Additional New Shares	As defined in section 1.5.
Applicant	A person who has applied to subscribe for New Shares under the Entitlement Offer.
Application	An application for New Shares made by an Eligible Shareholder.
Application Monies	The aggregate money payable for New Shares applied for by an Applicant.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it.
Board	The board of Directors of the Company.
Business Day	A business day as defined in the Listing Rules.
Capital Raising	The Placement and the Entitlement Offer.
Company or **Hydralyte USA**	The Hydration Pharmaceuticals Company Limited (ACN 620 385 677).
Corporations Act	*Corporations Act 2001* (Cth).
Closing Date	The Closing Date referred to in the 'Key Details' section of this Offer Booklet.
Director	A director of the Company.
Eligible Shareholder	A Shareholder at the Record Date who is not an Ineligible Shareholder, as described in the Key Dates section of this Offer Booklet.
EFT	Electronic funds transfer.
Entitlement	The number of New Shares that an Eligible Shareholder is entitled to apply for under the Offer (on the basis of 1 New Share for every 5 Shares held on the Record Date).
Entitlement Offer	The 1 for 5 pro-rata non-renounceable rights issue of New Shares at the Offer Price.
GST	Goods and Services Tax (imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth)).
Ineligible Shareholder	A Shareholder at the Record Date who: (a) has a registered address which is not in Australia or New Zealand; (b) is in the United States or is a U.S. Person or acting for the account or benefit of a U.S. Person; or (c) is ineligible under any applicable securities laws to receive an offer under the Entitlement Offer.
Issue Date	The Issue Date referred to in the 'Key dates and Offer details' section of this Offer Booklet.

Term	Meaning
Lead Manager	Evolution Capital Pty Ltd.
Lead Manager Mandate	As defined in section 5.2.
Listing Rules	The official listing rules of the ASX, as amended from time to time.
New Share	A new Share to be issued under the Entitlement Offer.
Offer Booklet	This entitlement offer information booklet in relation to the Entitlement Offer.
Offer Price	$0.01 (1 cent).
Opening Date	The Opening Date referred to in the 'Key Details' section of this Offer Booklet.
Placement	The placement of Shares to sophisticated and institutional investors undertaken by the Company to raise approximately $650,000, which completed on Wednesday, 26 March 2025.
Record Date	7.00pm (Melbourne time) on Monday, 24 March 2025.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of a Share.
Share Registry	Automic Pty Ltd.
Shortfall or **Shortfall Shares**	Those New Shares offered under the Entitlement Offer which are not subscribed for by Eligible Shareholders.
Shortfall Facility	The facility by which Eligible Shareholders who subscribe for their full Entitlement may apply for Additional New Shares, as described in section 1.5.
SKU	Stock-keeping unit.
U.S. Person	As defined in Regulation S under the U.S. Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933 (as amended).

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Corporate Directory

The Hydration Pharmaceuticals Company Limited (ASX:HPC) ACN 620385 677

Directors
Adem Karafili
Margaret Hardin
Nicholas Berry
Joseph Constable (formal appointment pending)

Company Secretary
Victoria Nadalin

Registered Office
C/- CDPlus Corporate Services
Level 13, 440 Collins Street
Melbourne, VIC 3000
Telephone: +61 3 9614 2444
www.hydralyte.com

Share Registry
Automic Pty Ltd
Level 5, 191 St Georges Tce
Perth WA 6000
www.automicgroup.com.au

Telephone: 1300 288 664 or + 612 9698 5414 (outside Australia)

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HydraLyte®

743 Prospect Street
La Jolla CA 92037

Company Announcement
ASX: HPC

DATE: 18/03/2025

Strategic Placement and Rights Issue to Raise up to $1.25m with Appointment of New Director

KEY HIGHLIGHTS

- **Firm commitments to raise $650,000 via strategic placement to Mr Joseph Constable and another investor via the issue of 65m new fully paid ordinary shares at $0.01 per share (Offer Price)**
- **Mr Constable was formerly an Executive Director at Hancock & Gore, and is an experienced company Director – Joseph will be appointed as a Non-Executive Director shortly after completion of the Placement**
- **Additional 1 for 5 Rights Issue to raise up to an additional ~$610,000 at the Offer Price** PURE, the Company's largest shareholder, has committed to subscribe for its full entitlement under the Rights Issue, representing approximately ~$122,000 of proceeds
- **Funds to be deployed to support sales momentum from continuing US operations, with the pending launch of new high margin products and consolidation of recent growth trends via established ecommerce channels**
- **YTD net sales (January and February 2025) from continuing US operations of US$489K (~A$780K) – up 19% on previous corresponding period (PCP)**
- **January and February 2025 YTD gross margin as a percentage of net revenue of 64% – up from 62% for CY2024**
- **Transition Services Agreement with Prestige Consumer Healthcare Inc. completed on 15 February 2025 – Company now solely focused on growth of US business**
- **Significant operational expenditure reductions expected from mid-March 2025**
- **Management expects significant improvements in CY2025 in:**
  - **Gross margin as a percentage of net sales:** Driven by focus on high profitability channels and news, as well as new product launches
  - **Significant reduction in OPEX:** Underpinned by reduced overheads, contract work completion and relocation of CFO duties to Australia

Hydration solutions company **The Hydration Pharmaceuticals Company Limited** (**ASX: HPC**) (**"Hydralyte USA" or "the Company**") advises that it has received firm commitments to raise $650,000 via the issue of 65,000,000 fully paid ordinary shares ("Shares") priced at the Offer Price of $0.01 per Share ("Placement").

A total of 60 million Placement Shares (for proceeds of $600,000) will be allocated to Mr Joseph Constable (or nominee), an experienced public company executive who will also join the Board of Hydralyte USA as a Non-Executive Director shortly after completion of the Placement. The balance

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of the Placement Shares (5 million Shares for proceeds of $50,000) will be allocated to another investor.

In addition to the Placement, the Company will also undertake a pro rata entitlement offer ("Rights Issue"), which will seek to raise up to an additional ~$610,000 through the offer to eligible shareholders of 1 new Share for every 5 existing Shares held on the Record Date of Friday, 21 March 2025.

Funds from the capital raise will provide additional financial flexibility for Hydralyte USA to capitalise on the recent sales momentum from its continuing US operations, with the pending rollout of new product launches for high-margin stock-keeping units ("SKUs") and consolidation of its recent growth trends via established ecommerce channels in the US market.

Early-year sales momentum coincides with the completion of the Company's transitional services agreement with Prestige Consumer Healthcare Inc. on 15 February 2025, leaving Hydralyte USA focused solely on US operations.

Details of the Placement and Rights Issue

Hydralyte USA has received firm commitments to raise $650,000 (before costs), via the issue of 65 million new Shares under the Placement at the Offer Price.

The 65,000,000 Shares will be issued under the Company's available placement capacity, as follows:

- 45,736,960 Shares will be issued utilising all of the Company's available capacity under ASX Listing Rule 7.1; and
- 19,263,040 Shares will be issued utilising part of the Company's available capacity under ASX Listing Rule 7.1A.

As noted above, 60,000,000 of the Shares to be issued under the Placement will be allocated to Mr Joseph Constable and the balance of 5,000,000 Shares will be allocated to another investor.

The Placement will be accompanied by the Rights Issue, which will seek to raise a further up to ~$610,000 through the offer of 1 new Share for every 5 existing Shares held by eligible shareholders, being HPC shareholders on the Record Date (7pm on 21 March 2025) with a registered address in Australia or New Zealand.

The Rights Issue will be conducted at the same Offer Price as the Placement ($0.01).

The Offer Price of $0.01 represents a:

- 11.1% premium to the closing price of HPC shares on 17 March 2025 (of $0.009), being the last trading day prior to the announcement of the capital raising; and
- 7.5% premium to the volume weighted average price of HPC shares during the 15 trading days where trades were recorded up to and including 17 March 2025 (of $0.0093).

The Shares issued under the Placement will not be entitled to participate in the Rights Issue.

Further details of the Rights Issue will be provided to eligible shareholders in the Offer Booklet, which will be made available (together with the accompanying entitlement and acceptable form) on Wednesday, 26 March 2025.

The Placement and Rights Issue is lead-managed by Evolution Capital Pty Ltd.



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Board appointment

The appointment of Mr Constable as a Non-Executive Director significantly strengthens Hydralyte USA's Board at an important juncture, as the Company targets a pathway to cash-flow break-even and profitability from continuing US operations, through online sales of high-margin SKUs and a streamlined cost base.

An experienced corporate executive at both the Board and management level, Mr Constable most recently held the role of Executive Director at Hancock & Gore Limited, an ASX-listed diversified investment company, for four years. Mr Constable is also a member of the Australian Institute of Company Directors.

The Board considers that alongside his strategic investment in the business, Mr Constable's skill-set makes him well suited to help guide the growth strategy for the Company's continuing US operations, following the recent divestiture of its non-US assets.

YTD sales update

Following the divestiture of the Company's non-US assets in Q4 CY2024, the Company is pleased to confirm ongoing sales momentum for high-margin SKU in the US, with a targeted focus on ecommerce channels which resulted in YTD Net sales (January and February 2025) from continuing US operations of US$489,000 (A$779,000) – up 19% on the PCP.

Revenue was underpinned by strong sales of key high-margin SKUs including the Company's Liver Support product. Increased sales of high-margin SKUs has led to a rise in gross margin as a percentage of net revenue to 64% for the first two months of 2025 – this marked an increase on CY2024, which totalled 62%. Additional gross margin increases are expected to flow through on a comparative basis over the first half of CY2025 reflecting the completed discontinuation of low-margin product lines.

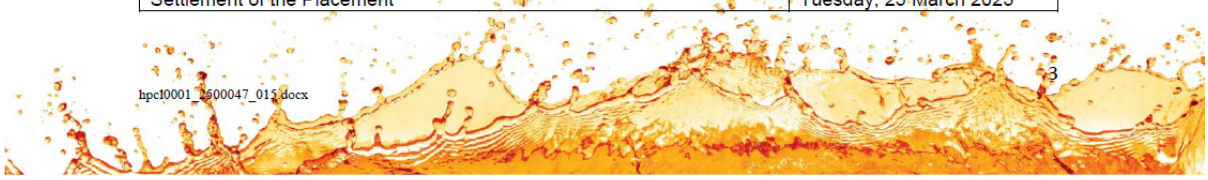
Early-year sales momentum coincides with the completion of the Company's transitional services agreement with Prestige Consumer Healthcare Inc., leaving Hydralyte USA focused solely on US operations. Completion is anticipated to provide the Company with a streamlined platform for growth, alongside considerably reduced operational expenditure.

YTD sales also reflect strong execution of the Company's strategy to generate targeted growth through its established ecommerce channels in the US market, leveraging its IP in the sales and product mix to accelerate uptake of high-margin SKUs.

Alongside its leading Liver Detox SKU, new product development is well advanced with multiple SKU launches expected early Q2 CY2025. Management remains focused on three key areas including increasing net sales from US operations, continuing to reduce operating expenditure via completion of third-party contracts and relocation of financial duties to Australia, and increasing gross margin as a percentage of net sales. These initiatives have been set out with clear performance metrics to provide a benchmark for the group's strategic objective to achieve cash-flow break-even from US operations.

Indicative timetable

Event	Date
Announcement Date Placement and Rights Issue announced and Appendix 3B and notice under section 708AA lodged with ASX	Tuesday, 18 March 2025
Record Date	Friday, 21 March 2025, 7.00pm AEDT
Settlement of the Placement	Tuesday, 25 March 2025



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Event	Date
Company lodges Appendix 2A	
New Shares issued under the Placement Company lodges notice under section 708A	Wednesday, 26 March 2025
Opening Date of the Rights Issue	Wednesday, 26 March 2025
Company makes Offer Booklet available to Eligible Shareholders	Wednesday, 26 March 2025
Closing Date of the Rights Issue	Friday, 11 April 2025, 5:00pm AEDT
Announcement of results of the Rights Issue	Wednesday, 16 April 2025
Settlement of the Rights Issue	Thursday, 17 April 2025
Issue of Shares under the Rights Issue Company lodges Appendix 2A	Tuesday, 22 April 2025
Trading of Shares	Wednesday, 23 April 2025
Despatch of holding statements for the Shares	Wednesday, 23 April 2025

Management commentary:

Chief Executive Officer, Mr Oliver Baker said: *"We are pleased to announce the capital raising, which provides the Company with important capital flexibility as we execute on our US growth strategy, along with the additional funding from our planned Rights Issue. The Placement reflects a vote of confidence by Mr Constable, an experienced professional investment manager, in the Company's growth trajectory. In addition, Mr Constable's appointment as Non-Executive Director will significantly strengthen the composition of the Hydralyte USA board, and we look forward to working with him in pursuit of the Company's US expansion strategy. With strong growth across our continuing US operations, this funding round gives us the opportunity to capitalise on our recent momentum and pursue a pathway to breakeven and profitability."*

PURE Arrangements

PURE Asset Management Pty Ltd as trustee for The Income and Growth Fund ("PURE" or "PURE Asset Management") currently holds approximately 19.99% of the Company's issued shares (which will be diluted as a result of the Placement).

PURE also holds the following warrants:

- 14.9 million warrants, which expire on 3 November 2026 and have a minimum exercise price of the lower of $0.0533 and a 20% discount to the share price realised as a result of any change of control transaction ("Tranche 1 Warrants"); and
- 85.0 million warrants (the "Tranche 2 Warrants"), which expire on 27 March 2028 and have a minimum exercise price of the lower of:
  - $0.02;
  - a 20% discount to the share price realised as a result of any change of control transaction; and
  - an anti-dilution price adjustment price.

PURE has agreed to amend the terms of the Tranche 2 Warrants such that the anti-dilution price adjustment mechanism will be removed. Accordingly, the exercise price of the Tranche 2 Warrants will not be adjusted downwards as a result of this capital raising (or any future capital raising), except as provided in the ASX Listing Rules. An analogous agreement was reached in connection with the Tranche 1 Warrants in July 2023 and HPC shareholders approved the amendments to the Tranche 1 Warrants at a general meeting held on 26 September 2023.

Shareholder approval for the amendment to the exercise price of the Tranche 2 Warrants will be sought at the 2025 Annual General Meeting (to be held on Wednesday, 28 May 2025). Until then, PURE has agreed not to exercise the Tranche 2 Warrants.

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PURE has also committed to subscribe for its full entitlement under the Rights Issue, representing approximately ~$122,000 of proceeds (before costs).

ENDS

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

For further information:
Investors/Media
Henry Jordan
Six Degrees Investor Relations
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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 USA. 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.

