



## **HYDRATE DRINKS GROUP LIMITED**

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FY25 Q2 Shareholder Update

## CHIEF EXECUTIVE'S REPORT: FY25 Q2

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It is easy to overlook the many successes of Hydrate in Q2 2025, as much of it has been overshadowed by the globally reported M&S cyber-attack and its direct and indirect impacts on the business and its cash flow. As this will be covered by the Head of Finance's report, I would like to share some of the team's success stories during Q2 and the many exciting developments ahead of Hydrate.

Our relationship with Aldi has been a huge success, highlighting that our method of partnership and product development is highly valued by retailers. We have successfully secured eight new contracts, with one of them already successfully launched and performing ahead of expectations. Our largest contract to date will launch imminently in October, significantly diversifying and derisking our customer and product portfolio. Our success in the UK, has seen us invited to a European tender process, which, if secured, would see our geographic footprint expand significantly and potentially double our revenue. Success here, provides the opportunity to tender for contracts within the Americas, which could position Hydrate as a global industry leader.

There has been significant interest in the market about stevia, with many competitors looking at stevia-based products again and many customers seeking to move to stevia alternative. We have started onboarding with Tesco, Sainsbury's and Morrisons and are developing several private-label products for all three, including Hydrate's signature flavoured waters, popularised by our success with M&S. Sainsbury's are also actively discussing a major Hydrate brand launch in 2026. Morrison's Chief Executive has shown particular interest in stevia and will be visiting the Innovation Centre later in the year. Beyond the major retailers, we have also secured two new private-label contracts with Holland & Barrett, a leading UK health and wellness retailer, who are also interested in launching a major Hydrate brand in 2026.

The quality of our products continues to improve, winning blind taste tests against established competitors. Our service levels with existing customers are now 100% on time and in full. This is a huge improvement from last year and something we will continue to do for all our customers moving forwards.

The progress with our existing customers and our new contract wins show a truly transformational period of growth ahead of Hydrate. The scale and strategic nature of these contracts provide both immediate and long-term benefits. There is genuine excitement and energy within the marketplace for our products.

## HEAD OF FINANCE'S REPORT: FY25 Q2

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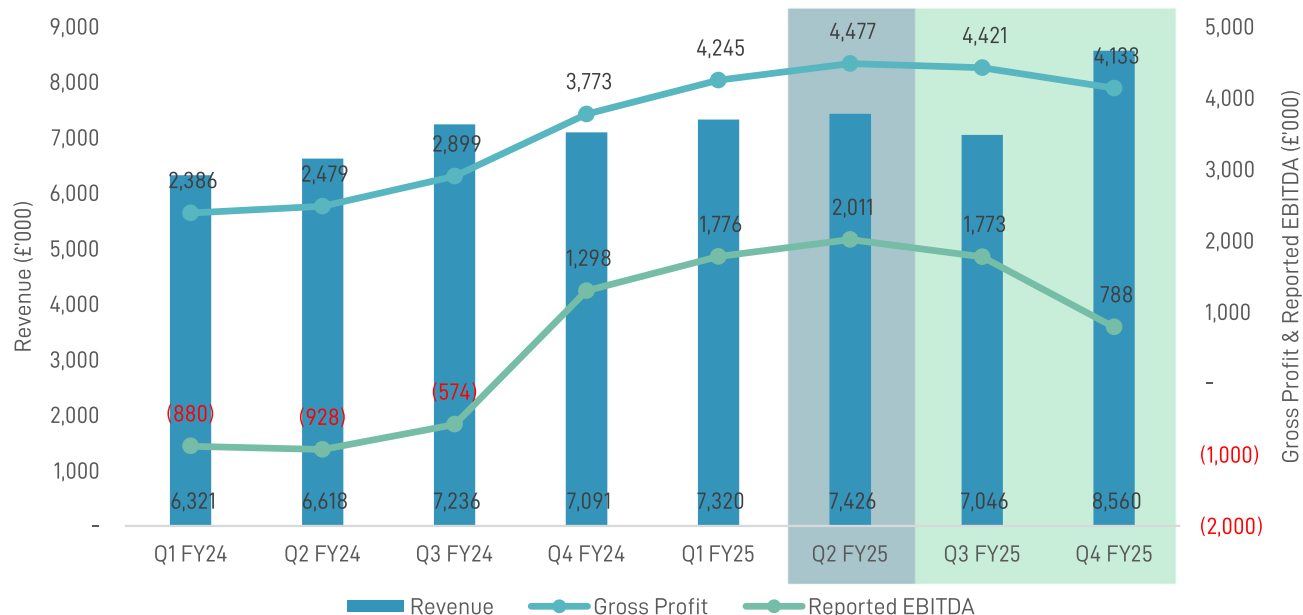
The M&S cyber-attack has been widely recorded in the media and cost Hydrate c£0.5m in lost revenue during Q2. This had a profound impact on cash flow, and the company continues to work closely with M&S and its suppliers to rectify this matter. M&S sales only accounted for c£1m of revenue in Q2 delivering modest gross profit margin, however the lost revenue significantly impacted overall performance compared to budget.

The launch of the private-label Retro Sodas range with Aldi has been hugely successful, with c£0.3m of new revenue. Alongside this, Aldi listed one of Hydrate's own brands, Dirty Laundry, which accounted for c£0.1m of revenue. This new relationship with Aldi is proving highly successful and Hydrate continues to be awarded new private-label supply contracts. Aldi revenue delivered strong gross profit in Q2. The lower margins achieved are heavily impacted by using a contract manufacturer to ensure continuation of supply as Hydrate continues to improve its manufacturing and operational efficiency. The team is working on bringing this manufacturing in-house to increase this margin significantly and expects this process to be completed by the end of FY25.

Overheads remain stable at c£1m per quarter. Overall, the M&S cyber attack has significantly impacted Q2 performance and resulted in an EBITDA loss of £0.3m.

## FINANCIAL PERFORMANCE: FY25 Q2 PROFIT & LOSS

LTM Run Rate Profit & Loss

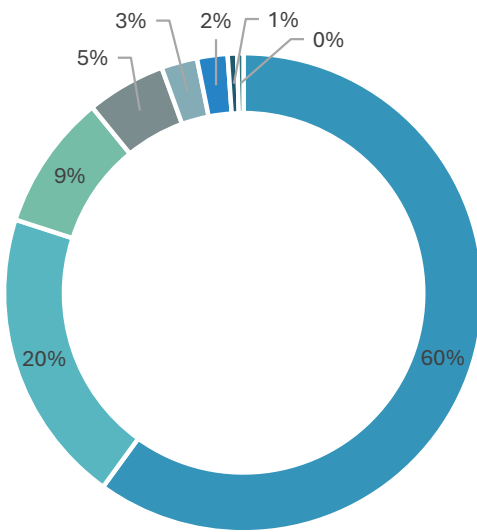


Hydrate Drinks Group Limited Profit and Loss Account (£'000)	Q2 FY25	Q2 FY24	Var	Var (%)	Budget FY25	Var	Var (%)
Revenue	1,699	1,594	105	6.6%	3,266	(1,567)	-48.0%
Cost of sales	(1,062)	(1,189)	127	-10.7%	(2,115)	1,053	-49.8%
<b>Gross Profit</b>	<b>637</b>	<b>405</b>	<b>232</b>	<b>57.3%</b>	<b>1,151</b>	<b>(514)</b>	<b>-44.7%</b>
<i>Gross Profit Margin %</i>	<i>37.5%</i>	<i>25.4%</i>			<i>35.2%</i>		
Salaries & wages	(527)	(452)	(75)	16.7%	(543)	16	-3.0%
Site operating costs	(330)	(373)	43	-11.5%	(314)	(16)	5.1%
Marketing	(20)	(11)	(10)	87.8%	(23)	2	-9.4%
Other	(67)	(112)	45	-40.3%	(46)	(21)	45.4%
<b>Total Overheads</b>	<b>(945)</b>	<b>(948)</b>	<b>3</b>	<b>-0.3%</b>	<b>(926)</b>	<b>(18)</b>	<b>2.0%</b>
<b>EBITDA</b>	<b>(308)</b>	<b>(543)</b>	<b>235</b>	<b>-43.3%</b>	<b>225</b>	<b>(533)</b>	<b>-236.8%</b>
<i>EBITDA Profit Margin %</i>	<i>-18.1%</i>	<i>-34.1%</i>			<i>6.9%</i>		
R&D Capitalisation	433	577	(144)	-25.0%	-	433	0.0%
<b>Reported EBITDA</b>	<b>125</b>	<b>34</b>	<b>91</b>	<b>267.9%</b>	<b>225</b>	<b>(100)</b>	<b>-44.4%</b>

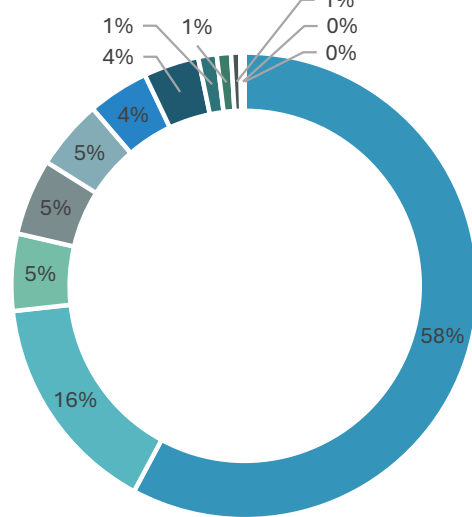
- Gross profit margin increase driven by shift in product mix towards high margin flavoured waters contracts
- Salaries & wages increase (£75k, 16.7%) driven by increase in production hours and new head office recruitment

Profit & Loss KPI	FY25 Q2	Balance Sheet KPI	FY25 Q2	Cash Flow KPI	FY25 Q2
Year-on-year Revenue Growth	6.6%	Current Ratio	45.4%	Cash flow margin	19.3%
Quarter-on quarter Revenue Growth	(9.2)%	Quick Ratio	17.5%	Operating Cashflow Ratio	9.0%
Gross Profit Margin	37.5%	Debt/Equity Ratio	24.1%	Cash Conversion Rate	(32.4)%
Year-on-year Gross Profit Growth	57.3%	Asset Turnover Ratio	11.4%	Capital Discipline	(0.5)%
Quarter-on-quarter Gross Profit Growth	(27.0)%	Debt Ratio	55.4%	Interest Cash Coverage Ratio	212.6%
Reported EBITDA Margin	7.4%	Debtor Days	24		
Year-on-year EBITDA Growth	267.9%	Creditor Days	151		
Quarter-on-quarter EBITDA Growth	(59.5)%	Stock Days	75		

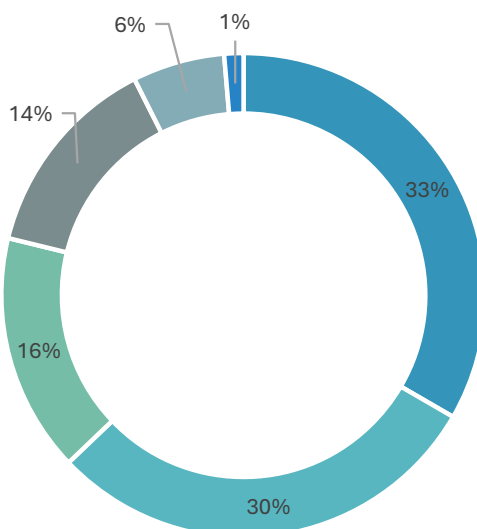
## FINANCIAL METRICS: FY25 Q2 REVENUE ANALYSIS

FY25 Q2 Revenue by Customer  
(£'000)

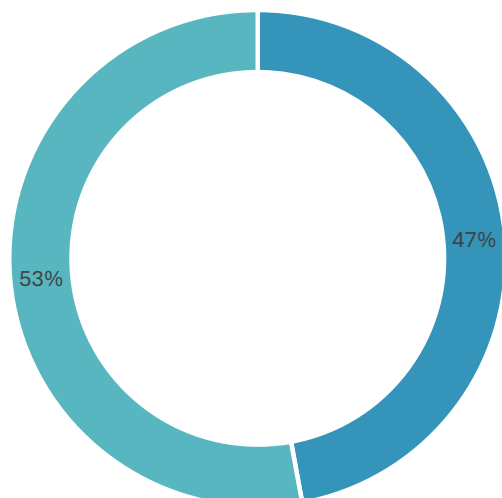
- Marks & Spencer
- Lidl
- Home Bargains
- Metro Drinks
- Aldi
- Asda
- Amazon
- Shopify

FY25 Q2 Revenue by Brand  
(£'000)

- Marks & Spencer
- Eden Bay
- Carrick Glen
- Folkingtons
- Aldi
- Dirty Laundry
- Asda
- Skinny Tonic
- Deluxe
- Happy Soda
- Enhance
- Other

FY25 Q2 Revenue by Format  
(£'000)

- 250ml Can
- 150ml Can
- 500ml RPET
- 200ml RPET
- 1L RPET
- 500ml Glass

FY25 Q2 Revenue by Manufacturing Line  
(£'000)

- Canning Line
- Bottling Line

## FINANCIAL PERFORMANCE: FY25 Q2 BALANCE SHEET

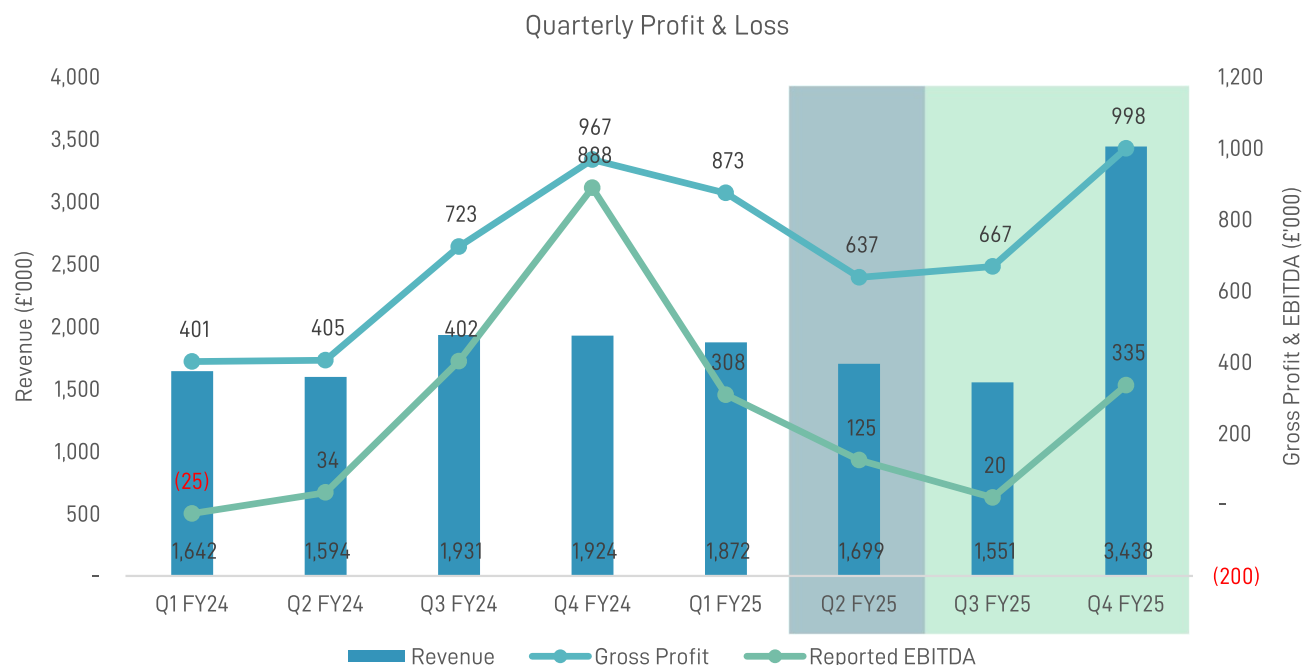
Hydrate Drinks Group Limited Balance Sheet (£'000)	Q2 FY25	Q2 FY24	Var	Var (%)	Q1 FY25	Var	Var (%)
Tangible assets	7,681	7,947	(266)	-3.3%	7,905	(224)	-2.8%
Intangible assets	4,990	2,919	2,070	70.9%	5,171	(181)	-3.5%
Fixed Assets	12,671	10,866	1,805	16.6%	13,076	(405)	-3.1%
Bank	182	13	169	1286.8%	83	100	120.6%
Trade debtors	453	779	(326)	-41.8%	978	(526)	-53.7%
Other debtors & prepayments	127	268	(141)	-52.5%	224	(97)	-43.3%
Stock	885	982	(97)	-9.9%	1,201	(317)	-26.4%
Current Assets	1,647	2,041	(394)	-19.3%	2,487	(839)	-33.8%
Total Assets	14,318	12,907	1,411	10.9%	15,562	(1,244)	-8.0%
Trade creditors	(1,778)	(2,977)	1,199	-40.3%	(2,394)	616	-25.7%
Other creditors & accruals	(1,848)	(699)	(1,149)	164.2%	(1,536)	(312)	20.3%
Deferred tax	(672)	(996)	324	-32.5%	(672)	-	0.0%
Loans & financing	(3,637)	(5,707)	2,070	-36.3%	(3,596)	(41)	1.1%
Total Liabilities	(7,935)	(10,379)	2,444	-23.5%	(8,198)	262	-3.2%
Net Assets	6,383	2,529	3,854	152.4%	7,364	(982)	-13.3%
Share Capital & Share Premium	15,115	10,844	4,271	39.4%	15,211	(96)	-0.6%
Retained Earnings	(8,732)	(8,315)	(417)	5.0%	(7,847)	(886)	11.3%

- Trade creditors decrease (£1,199k, 40.3%) driven by repayment of aged debt in FY24
- Other creditors & accruals increase (£1,149k, 164.2%) driven by timing of HMRC VAT and PAYE balances

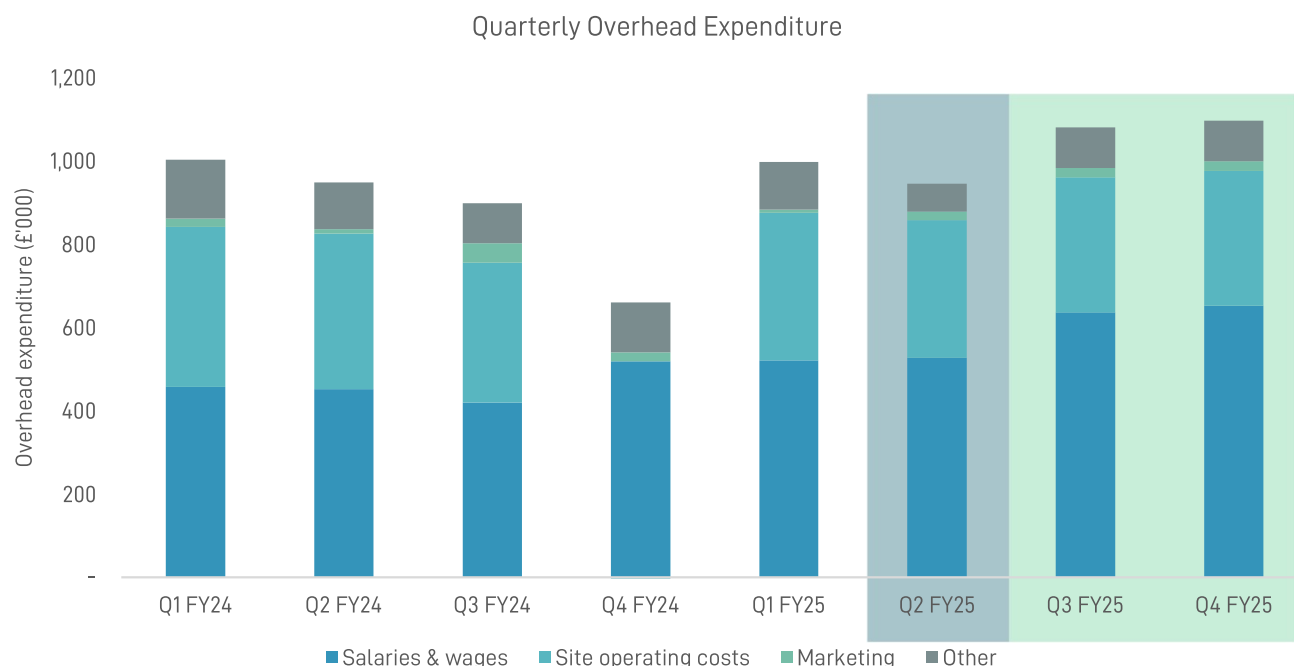
## FINANCIAL PERFORMANCE: FY25 Q2 CASH FLOW

Hydrate Drinks Group Limited Cash Flow Statement (£'000)	Q2 FY25	Q2 FY24	Var	Var (%)	Q1 FY25	Var	Var (%)
EBITDA	(308)	(543)	235	-43.3%	(124)	(183)	147.5%
Tax paid & other adjustments	(0)	247	(247)	-100.0%	0	(0)	-171.6%
Cash from operating activities (before w/c)	(308)	(296)	(12)	4.0%	(124)	(183)	147.5%
Change in trade debtors	526	128	397	310.1%	(333)	858	-257.9%
Change in other debtors & prepayments	97	55	42	75.6%	20	77	388.4%
Change in stock	317	188	129	68.7%	(111)	428	-385.0%
Change in trade creditors	(616)	(180)	(436)	242.5%	417	(1,032)	-247.6%
Change in other creditors & accruals	312	(270)	582	-215.6%	273	39	14.2%
Change in deferred tax	-	-	-	0.0%	-	-	0.0%
Cash from operating activities	328	(374)	702	-187.5%	142	186	131.2%
Capital expenditure & research & development	(19)	(338)	319	-94.4%	(3)	(16)	530.1%
Cash from investing activities	(19)	(338)	319	-94.4%	(3)	(16)	530.1%
Loan repayments	41	755	(714)	-94.6%	(189)	230	-121.7%
Interest payments	(154)	(57)	(97)	170.4%	(85)	(69)	81.7%
Capital redemption & dividends	(96)	6	(102)	-1619.9%	-	(96)	0.0%
Cash from financing activities	(209)	704	(914)	-129.7%	(274)	65	-23.7%
Cash balance b/f	83	21	61	285.1%	218	(135)	-62.1%
Net change in cash	100	(8)	108	-1299.8%	(135)	235	-173.6%

## FINANCIAL METRICS: FY24 FY25 QUARTERLY PROFIT & LOSS

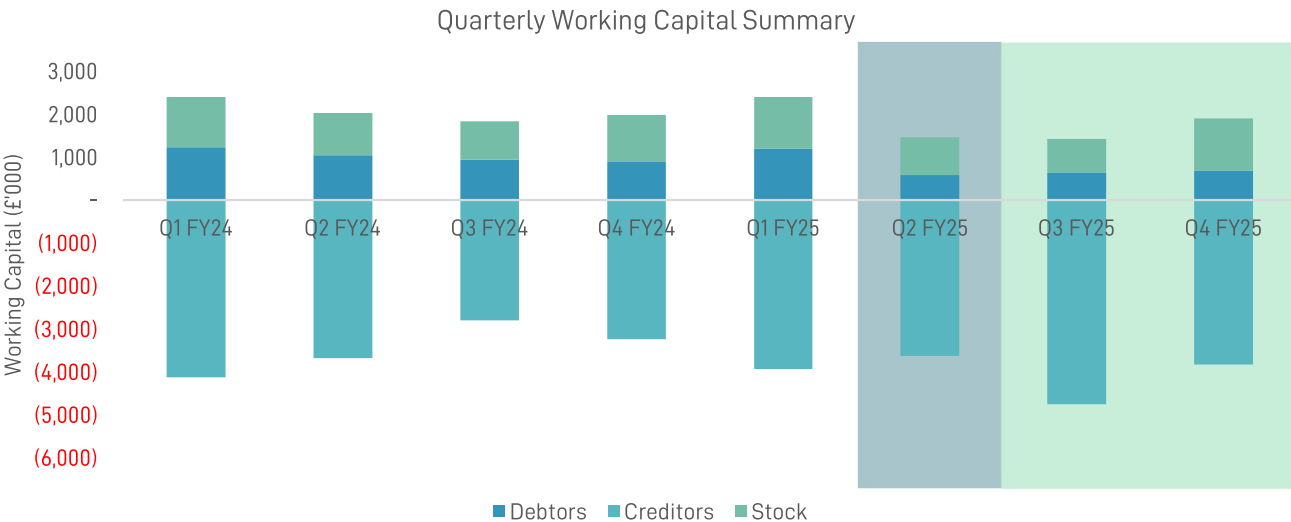
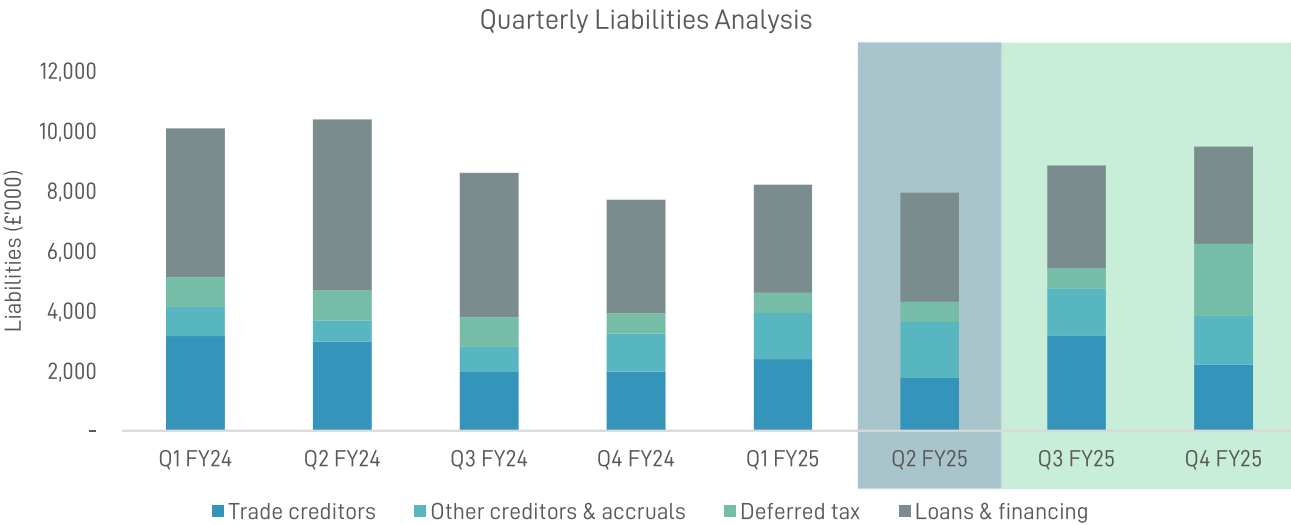
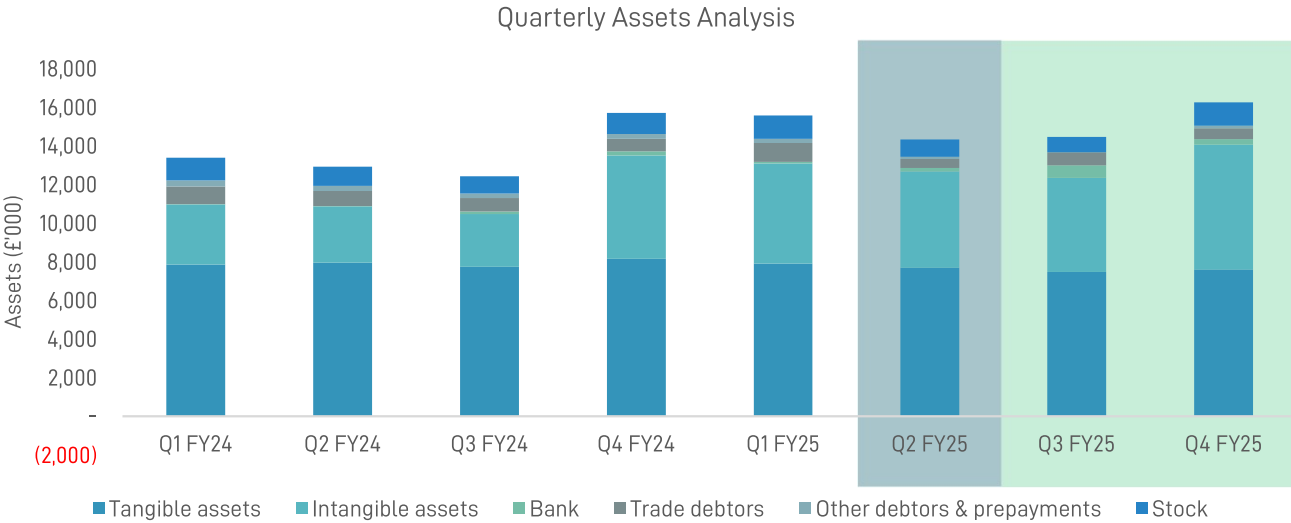


Note: Q4 FY24 includes year-end adjustments. The FY24 R&D year-end adjustment has been reversed out and reported separately and apportioned across the entire year. Reported EBITDA reconciles to the FY24 Statutory Accounts.

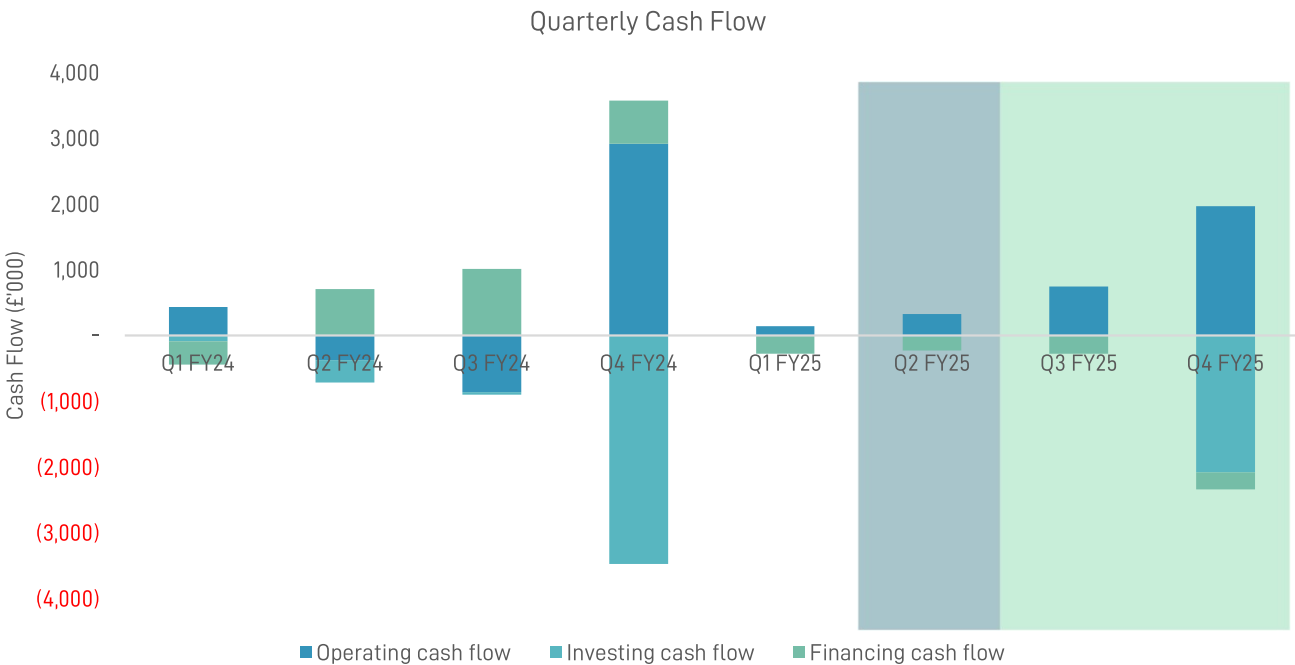


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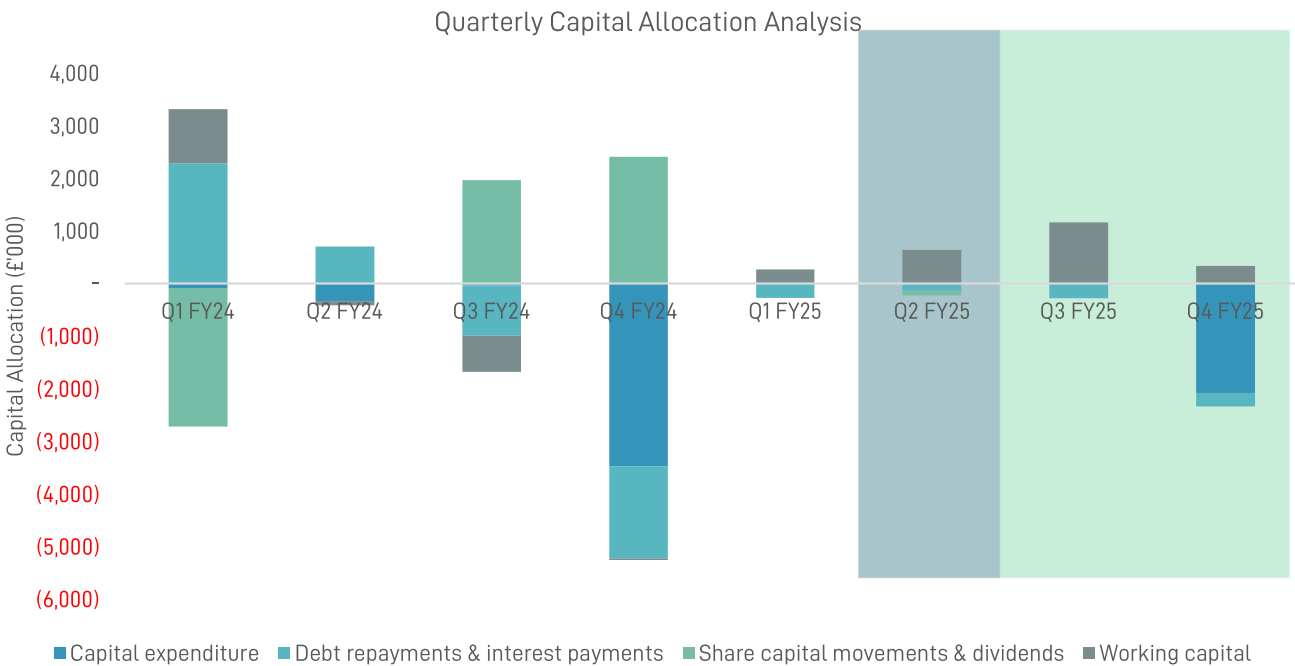
FINANCIAL METRICS: FY24 FY25 QUARTERLY BALANCE SHEET



FINANCIAL METRICS: FY24 FY25 CASH FLOW STATEMENT



**Operating cash flow:** Cash flows relating to the manufacturing and sale of goods; includes working capital and other current asset and liabilities movements  
**Investing cash flow:** Cash flows relating to investment into Fixed Assets (capital expenditure) or Intangible Assets (capitalised R&D)  
**Financing cash flow:** Cash flows relating to the servicing of debt, including principal repayments, and regarding share capital related transactions





## QUARTERLY PROFIT & LOSS

Hydrate Drinks Group Limited Profit and Loss Account (£'000)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Revenue	1,642	1,594	1,931	1,924	1,872	1,699	1,551	3,438
Cost of sales	(1,241)	(1,189)	(1,208)	(957)	(999)	(1,062)	(884)	(2,440)
<b>Gross Profit</b>	<b>401</b>	<b>405</b>	<b>723</b>	<b>967</b>	<b>873</b>	<b>637</b>	<b>667</b>	<b>998</b>
<i>Gross Profit Margin %</i>	<i>24.4%</i>	<i>25.4%</i>	<i>37.4%</i>	<i>50.3%</i>	<i>46.6%</i>	<i>37.5%</i>	<i>43.0%</i>	<i>29.0%</i>
Salaries & wages	(457)	(452)	(419)	(519)	(521)	(527)	(636)	(652)
Site operating costs	(384)	(373)	(336)	3	(354)	(330)	(324)	(324)
Marketing	(20)	(11)	(47)	(21)	(8)	(20)	(23)	(23)
Other	(142)	(112)	(96)	(120)	(115)	(67)	(98)	(98)
<b>Total Overheads</b>	<b>(1,003)</b>	<b>(948)</b>	<b>(898)</b>	<b>(657)</b>	<b>(997)</b>	<b>(945)</b>	<b>(1,080)</b>	<b>(1,096)</b>
<b>EBITDA</b>	<b>(602)</b>	<b>(543)</b>	<b>(175)</b>	<b>311</b>	<b>(124)</b>	<b>(308)</b>	<b>(413)</b>	<b>(98)</b>
<i>EBITDA Profit Margin %</i>	<i>-36.7%</i>	<i>-34.1%</i>	<i>-9.1%</i>	<i>16.1%</i>	<i>-6.6%</i>	<i>-18.1%</i>	<i>-26.6%</i>	<i>-2.8%</i>
R&D Capitalisation	577	577	577	577	433	433	433	433
<b>Reported EBITDA</b>	<b>(25)</b>	<b>34</b>	<b>402</b>	<b>888</b>	<b>308</b>	<b>125</b>	<b>20</b>	<b>335</b>
<i>Reported EBITDA Profit Margin %</i>	<i>-1.5%</i>	<i>2.1%</i>	<i>20.8%</i>	<i>46.1%</i>	<i>16.5%</i>	<i>7.4%</i>	<i>1.3%</i>	<i>9.7%</i>

Note: Q4 FY24 includes year-end adjustments. The FY24 R&D year-end adjustment has been reversed out and reported separately and apportioned across the entire year. Reported EBITDA reconciles to the FY24 Statutory Accounts.

## HALF-YEARLY PROFIT & LOSS

Hydrate Drinks Group Limited Profit and Loss Account (£'000)	H1 FY24	H2 FY24	H1 FY25	H2 FY25
Revenue	3,236	3,855	3,570	4,989
Cost of sales	(2,430)	(2,165)	(2,061)	(3,324)
<b>Gross Profit</b>	<b>806</b>	<b>1,690</b>	<b>1,510</b>	<b>1,665</b>
<i>Gross Profit Margin %</i>	<i>24.9%</i>	<i>43.8%</i>	<i>42.3%</i>	<i>33.4%</i>
Salaries & wages	(909)	(938)	(1,048)	(1,288)
Site operating costs	(757)	(333)	(684)	(648)
Marketing	(31)	(68)	(28)	(45)
Other	(254)	(216)	(182)	(195)
<b>Total Overheads</b>	<b>(1,951)</b>	<b>(1,555)</b>	<b>(1,942)</b>	<b>(2,176)</b>
<b>EBITDA</b>	<b>(1,145)</b>	<b>135</b>	<b>(432)</b>	<b>(511)</b>
<i>EBITDA Profit Margin %</i>	<i>-35.4%</i>	<i>3.5%</i>	<i>-12.1%</i>	<i>-10.2%</i>
R&D Capitalisation	1,154	1,154	865	865
<b>Reported EBITDA</b>	<b>9</b>	<b>1,289</b>	<b>433</b>	<b>355</b>
<i>Reported EBITDA Profit Margin %</i>	<i>0.3%</i>	<i>33.4%</i>	<i>12.1%</i>	<i>7.1%</i>

Note: H2 FY24 includes year-end adjustments. The FY24 R&D year-end adjustment has been reversed out and reported separately and apportioned across the entire year. Reported EBITDA reconciles to the FY24 Statutory Accounts.

## QUARTERLY BALANCE SHEET

Hydrate Drinks Group Limited Balance Sheet (£'000)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
Tangible assets	7,852	7,947	7,727	8,144	7,905	7,681	7,470	7,602
Intangible assets	3,100	2,919	2,738	5,352	5,171	4,990	4,865	6,457
<b>Fixed Assets</b>	<b>10,952</b>	<b>10,866</b>	<b>10,465</b>	<b>13,496</b>	<b>13,076</b>	<b>12,671</b>	<b>12,335</b>	<b>14,059</b>
Bank	21	13	123	218	83	182	649	280
Trade debtors	907	779	706	646	978	453	679	560
Other debtors & prepayments	323	268	231	244	224	127	(40)	127
Stock	1,169	982	896	1,090	1,201	885	787	1,214
<b>Current Assets</b>	<b>2,420</b>	<b>2,041</b>	<b>1,956</b>	<b>2,198</b>	<b>2,487</b>	<b>1,647</b>	<b>2,076</b>	<b>2,181</b>
<b>Total Assets</b>	<b>13,373</b>	<b>12,907</b>	<b>12,421</b>	<b>15,694</b>	<b>15,562</b>	<b>14,318</b>	<b>14,411</b>	<b>16,240</b>
Trade creditors	(3,156)	(2,977)	(1,987)	(1,977)	(2,394)	(1,778)	(3,175)	(2,213)
Other creditors & accruals	(969)	(699)	(809)	(1,263)	(1,536)	(1,848)	(1,573)	(1,612)
Deferred tax	(996)	(996)	(996)	(672)	(672)	(672)	(672)	(2,403)
Loans & financing	(4,951)	(5,707)	(4,799)	(3,785)	(3,596)	(3,637)	(3,426)	(3,240)
<b>Total Liabilities</b>	<b>(10,073)</b>	<b>(10,379)</b>	<b>(8,592)</b>	<b>(7,697)</b>	<b>(8,198)</b>	<b>(7,935)</b>	<b>(8,846)</b>	<b>(9,469)</b>
<b>Net Assets</b>	<b>3,299</b>	<b>2,529</b>	<b>3,830</b>	<b>7,997</b>	<b>7,364</b>	<b>6,383</b>	<b>5,565</b>	<b>6,771</b>
Share Capital & Share Premium	10,838	10,844	12,805	15,211	15,211	15,115	15,115	15,115
Retained Earnings	(7,538)	(8,315)	(8,975)	(7,214)	(7,847)	(8,732)	(9,550)	(8,344)
<b>Total Capital and Reserves</b>	<b>3,299</b>	<b>2,529</b>	<b>3,830</b>	<b>7,997</b>	<b>7,364</b>	<b>6,383</b>	<b>5,565</b>	<b>6,771</b>

## HALF-YEARLY BALANCE SHEET

Hydrate Drinks Group Limited Balance Sheet (£'000)	H1 FY24	H2 FY24	H1 FY25	H2 FY25
Tangible assets	7,947	8,144	7,681	7,602
Intangible assets	2,919	5,352	4,990	6,457
<b>Fixed Assets</b>	<b>10,866</b>	<b>13,496</b>	<b>12,671</b>	<b>14,059</b>
Bank	13	218	182	280
Trade debtors	779	646	453	560
Other debtors & prepayments	268	244	127	127
Stock	982	1,090	885	1,214
<b>Current Assets</b>	<b>2,041</b>	<b>2,198</b>	<b>1,647</b>	<b>2,181</b>
<b>Total Assets</b>	<b>12,907</b>	<b>15,694</b>	<b>14,318</b>	<b>16,240</b>
Trade creditors	(2,977)	(1,977)	(1,778)	(2,213)
Other creditors & accruals	(699)	(1,263)	(1,848)	(1,612)
Deferred tax	(996)	(672)	(672)	(2,403)
Loans & financing	(5,707)	(3,785)	(3,637)	(3,240)
<b>Total Liabilities</b>	<b>(10,379)</b>	<b>(7,697)</b>	<b>(7,935)</b>	<b>(9,469)</b>
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Retained Earnings	(8,315)	(7,214)	(8,732)	(8,344)
<b>Total Capital and Reserves</b>	<b>2,529</b>	<b>7,997</b>	<b>6,383</b>	<b>6,771</b>

## QUARTERLY CASH FLOW

Hydrate Drinks Group Limited Cash Flow Statement (£'000)	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25
EBITDA	(602)	(543)	(175)	2,618	(124)	(308)	(413)	1,633
Tax paid & other adjustments	0	247	0	324	0	(0)	(0)	0
Cash from operating activities (before w/c)	(602)	(296)	(175)	2,942	(124)	(308)	(413)	1,633
Change in trade debtors	466	128	73	60	(333)	526	(227)	119
Change in other debtors & prepayments	51	55	37	(13)	20	97	167	(167)
Change in stock	(49)	188	85	(194)	(111)	317	98	(427)
Change in trade creditors	349	(180)	(989)	(11)	417	(616)	1,397	(962)
Change in other creditors & accruals	219	(270)	109	454	273	312	(275)	39
Change in deferred tax	-	-	-	(324)	-	-	-	1,731
Cash from operating activities	433	(374)	(860)	2,915	142	328	746	1,967
Capital expenditure & research & development	(88)	(338)	(40)	(3,473)	(3)	(19)	-	(2,081)
Cash from investing activities	(88)	(338)	(40)	(3,473)	(3)	(19)	-	(2,081)
Loan repayments	2,339	755	(908)	(1,014)	(189)	41	(211)	(185)
Interest payments	(61)	(57)	(44)	(739)	(85)	(154)	(68)	(71)
Capital redemption & dividends	(2,633)	6	1,961	2,406	-	(96)	-	-
Cash from financing activities	(355)	704	1,009	653	(274)	(209)	(279)	(256)
Cash balance b/f	32	21	13	123	218	83	182	649
Net change in cash	(10)	(8)	109	95	(135)	100	467	(370)
Cash balance c/f	21	13	123	218	83	182	649	280

## HALF-YEARLY CASH FLOW

Hydrate Drinks Group Limited Cash Flow Statement (£'000)	H1 FY24	H2 FY24	H1 FY25	H2 FY25
EBITDA	(1,145)	2,443	(432)	1,220
Tax paid & other adjustments	247	324	0	0
Cash from operating activities (before w/c)	(898)	2,767	(432)	1,220
Change in trade debtors	594	133	193	(107)
Change in other debtors & prepayments	106	24	117	0
Change in stock	138	(109)	206	(329)
Change in trade creditors	169	(1,000)	(199)	435
Change in other creditors & accruals	(51)	564	585	(236)
Change in deferred tax	-	(324)	-	1,731
Cash from operating activities	58	2,055	470	2,714
Capital expenditure & research & development	(426)	(3,512)	(22)	(2,081)
Cash from investing activities	(426)	(3,512)	(22)	(2,081)
Loan repayments	3,094	(1,922)	(148)	(396)
Interest payments	(118)	(783)	(239)	(139)
Capital redemption & dividends	(2,627)	4,367	(96)	-
Cash from financing activities	349	1,662	(483)	(535)
Cash balance b/f	32	13	218	182
Net change in cash	(18)	205	(36)	97
Cash balance c/f	13	218	182	280