



# HYDRATE

## Frequently Asked Questions

### **Q: What are the details of the Rights Issue?**

The details of the Rights Issue and the oversubscription period are summarised in the table below.

Offer price per full share £0.20 (equivalent to £0.02p per split share in your VC Crowd portfolio)

Fundraising price per full share £0.39

Number of shares under offer 15,000,000

Target raise £3,000,000

Entitlement ratio Proportional to existing shareholding

Record date 22 August 2025

Offer opening date **27 August 2025**

Offer closing date **3 October 2025**

### **Q: What are the important dates I need to be aware of as part of the Rights Issue?**

The Board has prepared an indicative timetable of all the major dates associated with the Rights Issues as set out below.

#### **Tuesday 27 August**

Issuance of this Letter to all Shareholders AND Rights Issue offer period opens (Offer opening date)

#### **Thursday 25 September**

Shareholder Webinar and Q&A held by Ian Minton and the Board of Hydrate

#### **Friday 3 October**

Rights Issue offer period closes for VC Crowd members (Offer closing date)

### **Q: What is a Rights Issue?**

A rights issue is an offer to existing shareholders to subscribe for additional new shares in the Company in proportion to their existing shareholding, usually at a discounted price.

### **Q: Why is the Company undertaking a Rights Issue now?**

The Company has successfully tendered for and won several new and significant contracts with a major UK retailer and has many more pipeline discussions with

existing and new customers. The Company needs to raise funds for the working capital required to deliver these contracts, alongside supporting the growth plans for 2026.

**Q: How much is the Company aiming to raise?**

The Company is seeking to raise approximately £3,000,000 through the issue of new shares.

**Q: What will the proceeds of the Rights Issue be used for?**

The Company will use the funds to purchase the working capital required to deliver the successfully won new and significant contracts, alongside supporting the growth plans for 2026.

**Q: What are the terms of the Rights Issue?**

Existing shareholders are entitled to participate in subscribing for new ordinary shares in proportion to their existing shareholding percentage as at the record date. The shares are issued at £0.20 per share, and based on the target of £3,000,000, up to potentially 15,000,000 new shares are to be issued. Oversubscription is available at the Board's discretion.

By way of example, if a shareholder has 100,000 full shares in the Company at the record date, representing ~0.202% of the existing ordinary share capital, they will be entitled to purchase up to 30,296 new ordinary full shares at £0.20p per share (equivalent to 302,960 split shares at £0.02p as recorded in the VC Crowd back office). This carries a maximum cost of £6,059.40.

Another example. If a VC Crowd member has 5,000 shares in Hydrate Drinks showing in their portfolio (the equivalent of 500 full shares), they are entitled to  $500/3.3$  new full shares = 151.515. Seeing as it's not possible to apply for fractional shares in the rights issue, this would be rounded to 151 shares. The cost would be  $151 \times £0.20 = £30.20$ .

**Q: How did you calculate the Fundraising Price per Share?**

The Fundraising Price per Share is calculated based on a pre-money 6x Reported EBITDA multiple. This is multiplied by the FY26 forecast Reported EBITDA and afterwards the closing FY26 net debt is deducted. FY26 forecast financial performance represents the full year impact of the new contracts tendered for and won by the Company. This is a widely accepted mechanism for valuing a company as a going concern. This is an internal valuation estimate to consider the open market valuation of the Company.

**Q: Who is eligible to participate in the Rights Issue?**

All existing shareholders of the Company (recorded on the Company's register of members) as of the record date are eligible to participate.

**Q: What is the record date and why does it matter?**

The record date determines which shareholders are entitled to receive rights to subscribe for new shares. Only shareholders registered as of this date can take part.

**Q: How many shares am I entitled to subscribe for?**

You are entitled to subscribe for 1 new share for every 3.3 shares based on your

shareholding at the record date.

**Q: Can I subscribe for more or less shares than I am entitled to?**

Yes, shareholders may apply for any amount of shares up to their maximum share entitlement as part of the Rights Issue. By applying for less than your maximum amount, you automatically renounce your rights over the remaining shares not subscribed for. These renounced shares become available for oversubscription.

**Q: How does oversubscription work?**

Oversubscription allows shareholders to apply for additional shares beyond their maximum entitlement as part of the Rights Issue, subject to availability.

Oversubscription, depending on how many of the initially offered 15,000,000 new ordinary shares are taken up:

Once the offer period closes and all shareholders have confirmed their participation, any unsubscribed shares will become available for oversubscription by existing shareholders who have indicated their interest in oversubscription.

Overfunding is at the discretion of the Board, and shares will be allocated based on demand and availability.

**Q: How do I accept the offer and apply for shares as part of the Rights Issue?**

VC Crowd will provide a facility to apply for shares in the back office in due course.

**Q: How do I pay for the shares?**

Arrange payment of £0.02 per split share for the number of split shares you wish to subscribe for by bank transfer.

**Q: What is the deadline for accepting the offer?**

**Cleared funds** must be received by Premium Nominees by midnight GMT on 3rd October 2025.

**Q: What happens if I miss the deadline?**

If your payment has not cleared before the deadline, your entitlement will lapse, and you will not receive any new shares. Your rights will, by default, be renounced and available for all other existing shareholders to take up through oversubscription. To avoid this from happening, please ensure all payments are made with sufficient time ahead of the offer closing date.

**Q: Can I transfer or sell my rights to another existing shareholder?** No.

**Q: Can I transfer or sell my rights to another party that is not an existing shareholder?**

No.

**Q: When will new shares be allotted?**

The new shares will be formally allotted following a Board meeting held after the

closing date. To allow time for reconciliations and for oversubscription, this Board meeting is expected to take place on or after 31 October 2025.

**Q: Will the new shares rank equally with my existing shares?**

Yes. The new ordinary shares will rank pari passu in all respects with the existing ordinary shares, including rights to dividends and voting.

**Q: Will my percentage ownership in the Company change?**

Yes and No. A Rights Issue is specifically designed to protect the percentage ownership of existing Shareholders.

If you and all other existing shareholders take up their maximum share entitlement as part of the Rights Issue, your percentage ownership in the company should not change. In this circumstance, the only variation in shareholding percentage would occur because fractional shares cannot be issued.

However, should you or any other shareholder not take up their maximum entitlement as part of the Rights Issue, your percentage holding may change.

To afford you the maximum protection of your percentage ownership in the Company and minimise dilution, you should take up your full entitlement (or more through oversubscription).

**Q: Are any shareholder resolutions required for this rights issue? Yes.**

An ordinary resolution was passed on Friday 16 May 2025, at midnight GMT, that authorised the Directors of the Company, under section 551 of the Companies Act 2006, to allot shares in the Company up to an aggregate nominal amount of £10,000,000. This authorisation expires five years from the date of passing the resolution unless renewed, varied or revoked earlier by the Company.

**Q: Where can I find a copy of the Articles of Association?**

Copies of the Articles of Association can be found on Companies House

**Q: Will this be reported to Companies House?**

Yes. A Return of Allotment of Shares (Form SH01) will be filed with Companies House.

**Q: Who can I contact if I have any further questions?**

Please contact [support@vccrowd.com](mailto:support@vccrowd.com)