

# HYDRATE

## Hydrate Drinks Group

**FY24 Final Results and Profit & Loss Summary**

Ian Minton, CEO of Hydrate Drinks Group, commented:

Dear Shareholders,

I want to take this opportunity to reflect on 2024, a year that tested our resilience both as a business and as a leadership team, but also demonstrated our ability to adapt, grow and position ourselves for the bright future ahead of us.

2024 saw Hydrate Drinks Group ("Hydrate" or "HDG") achieve £7.1m in revenue, a 28% year-on-year increase. This was underpinned by strong demand for our private label and branded products and supported by the successful execution of several contract manufacturing agreements. We secured new listings across major UK retailers, including Marks & Spencer ("M&S"), Asda, Booths, and Lidl, and launched multiple new product ranges, including two new children's flavoured waters. These wins reflect the strength of our product portfolio and the trust we have built with our strategic retail partners.

Operationally, we scaled production to meet increasing demand, moving to a 24/5 schedule in Q3 and subsequently to a 24/7 model in January 2025. This was a critical step in Hydrate's development, but it also exposed ongoing challenges with our bottling line, which remains a key focus as we work to stabilise production and optimise throughput. To protect our core bottling capacity, we made the strategic decision to outsource certain canning volumes, ensuring we could continue to service our key customers without disruption.

Financially, the business delivered clear progress. Full-year gross profit reached £3.8m, up 80% year-on-year, with overall Gross Margin improving to 53%. We also reduced full-year operating expenditure by 20% to £2.4 million. This supported a full-year EBITDA profit of £1.3m, a significant turnaround from the £1.0m EBITDA loss recorded in FY23.

While we made clear progress in 2024, we are aware that there is still much to do to unlock the full potential of this business. Thank you for your continued support as we work to build a stronger, more resilient Hydrate.

Warmest Regards

Ian Minton

Chief Executive



## Executive Summary

### Financial Performance:

- **Revenue:** £7.1m, a 28% year-on-year increase, driven by strong demand for private-label and branded products supported by successful contract manufacturing.
- **Gross Profit:** £3.7m, up 80% from FY23, with margin improving to 53%, reflecting a strategic focus on high-margin product lines.
- **Operating Expenditure:** £2.4m, reduced by 20% year-on-year through disciplined cost management and operational efficiencies.
- **EBITDA:** £1.3m, a substantial turnaround from a £1.0m EBITDA loss in FY23, underpinned by improved margin performance and cost control.

### Operational Milestones:

- Transitioned to 24/5 production at the end of 2024 and to 24/7 in the beginning of 2025 to meet increased customer demand, significantly scaling capacity.
- Achieved BRCGS AA+ certification following a successful unannounced audit, reinforcing the Group's commitment to food safety and operational excellence.

### Commercial Achievements:

- Expanded retail footprint with new listings at Marks & Spencer, Asda, Booths, and Lidl, supporting growth in both branded and private label sales.
- Successfully launched two children's flavoured water SKUs as part of the ongoing partnership with M&S, enhancing the Group's product portfolio.
- Secured long-term, high-margin private label contracts across energy, wellness, and hydration categories, supporting sustainable revenue growth.

### Product Development:

- Introduced multiple new SKUs, including naturally sweetened ranges like Dirty Laundry (mocktails) and Enhance (clean energy drinks), aligning with the growing demand for better-for-you beverages.
- Reformulated several existing lines to remove artificial sweeteners, supporting the Group's mission to lead the clean-label drinks category.

## FY24 Financial Performance

## Hydrate Drinks Group Limited Summary P&amp;L FY24

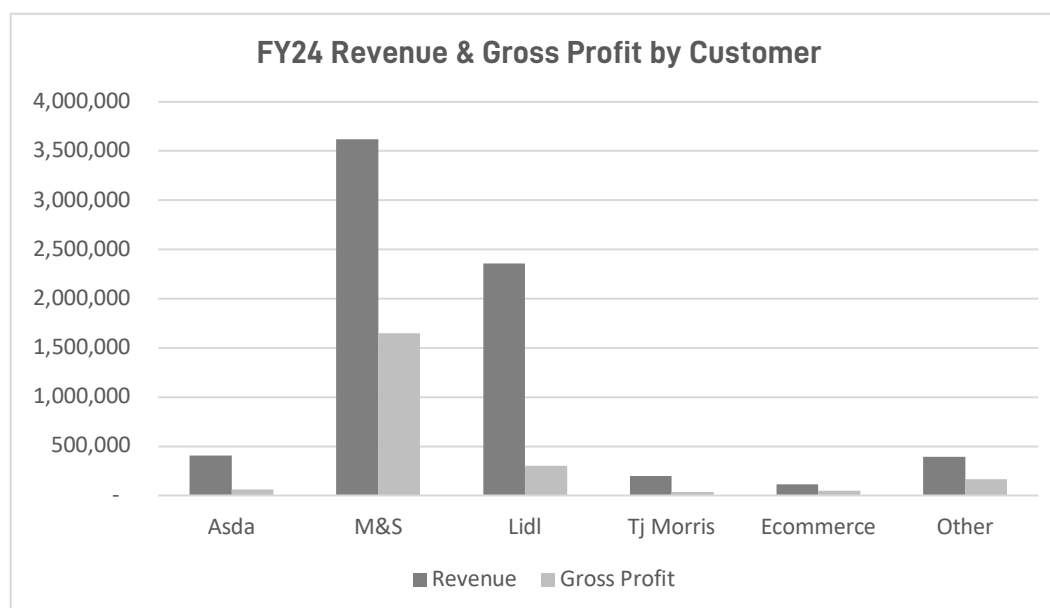
	FY24 Actual	FY24 Forecast	Var	Var %	FY23 Actual	Var	Var %
Revenue	7,091	8,834	(1,743)	-20%	5,554	1,537	28%
Gross Profit	3,772	3,046	726	24%	2,101	1,671	80%
Gross Profit Margin %	53%	34%	19%	54%	38%	15%	41%
Overheads	(2,474)	(3,452)	978	-28%	(3,090)	616	-20%
EBITDA	1,298	(406)	1,704	-420%	(989)	2,287	-231%
EBITDA Margin %	18%	-5%	23%	-498%	-18%	36%	-203%

**Revenue**

Hydrate delivered full-year revenue of £7.1 million in FY24, a 28% increase year-on-year. This growth was driven primarily by the M&S flavoured water range and by the successful delivery of a number of contract manufacturing agreements across the energy and wellness categories.

**Gross Profit**

Full-year gross profit reached £3.8m, with gross margin % also increasing from 38% in FY23 to 53% in FY24. This represents not only a growth in volume, but also the strategic shift to prioritise higher margin bottled products, particularly within the M&S range.

**Operating Expenditure**

Operating costs for FY24 totalled £2.4m, down 20% year-on-year. The reduction was driven by tighter overhead control, lower energy costs, and improved production efficiency. Despite increased output and a move to 24/7 operations, costs were contained through disciplined spend management and targeted resource planning. This leaner cost base provides a solid platform for profitable growth as volume scales.

**EBITDA**

Hydrate reported a full-year EBITDA profit of £1.3m, representing a significant improvement from the £1.0m EBITDA loss recorded in FY23.

## **Operational Update**

2024 was a year of significant operational change for Hydrate as the business scaled production to meet increasing customer demand. The commissioning of the bottling line early in the year was a critical step in Hydrate's journey, enabling the production of new product formats and SKUs, supporting revenue growth across key accounts.

To maximise output, the business moved to a 24/5 production schedule in Q3 FY24, later transitioning to a 24/7 shift model in January 2025 to further support growing customer demand. This shift required substantial investment in our people and their training, and increasing support from our engineers. Our focus is on building a highly skilled and versatile production team, and resilient production infrastructure capable of supporting the company's growth ambitions.

Hydrate also achieved BRCGS AA+ certification following its first unannounced audit, validating the company's commitment to food safety, compliance, and operational excellence. This is a critical milestone, reinforcing customer confidence and supporting future growth. This is a real credit to our Technical and Quality people and their commitment to the highest of standards in our industry.

Hydrate made meaningful progress in improving production efficiency and output consistency, supported by tighter production planning, process optimisation, and a more structured engineering approach. The business also initiated legal proceedings against the original bottling line equipment supplier to recover losses incurred from ongoing performance issues.

Looking ahead, Hydrate remains focused on stabilising its core production lines, improving throughput, and reducing unit costs as it scales volume further in 2025 and beyond.

## **New Business and Sales Update**

FY24 was a transformative year for Hydrate, making significant progress in expanding its customer base, launching new products, and securing high-margin, long-term contracts. The business continued to strengthen its relationship with Marks & Spencer, launching multiple new SKUs and extending our presence in over 300 M&S stores. This partnership has proven to be a cornerstone of Hydrate's commercial strategy, providing a reliable foundation for volume growth and margin improvement. Moving forwards in FY25 the business will seek to replicate this style of partnership with new retail customers.

Beyond M&S, Hydrate broadened its retail footprint, securing new listings with Asda and further diversifying its customer base. This included the introduction of new wellness and flavoured water products, reflecting the growing consumer demand for healthier beverage choices. The successful rollout of Hydrate-owned brands such as Dirty Laundry, a naturally sweetened mocktail range, and Enhance, a clean energy drink, also contributed to a more balanced and resilient revenue mix.

Additionally, the business secured multiple new contract manufacturing agreements across energy, wellness, and hydration categories, aligning with broader industry trends towards better-for-you products. These private label wins have not only diversified Hydrate's customer base but also provided greater stability and scale to its production operations.

Throughout the year, the team made meaningful progress in product innovation, reformulating several existing lines to remove artificial sweeteners and improve taste profiles, supporting Hydrate's mission to lead the clean-label drinks category. These efforts have strengthened the business's product portfolio, setting the stage for further growth in 2025.

Looking ahead, Hydrate remains focused on expanding its branded portfolio, deepening retail penetration, and continuing to win high-margin, high-volume contracts that will strengthen the business's long-term growth potential.

## **Conclusion**

2024 was a year of meaningful progress for Hydrate. The business navigated complex operational challenges, expanded its retail footprint, and delivered a strong financial turnaround. The investments made in production capacity, product innovation, and customer relationships have positioned the company well for future growth.

As we move forward, our focus remains on building a resilient, scalable business that can fully capture the demand for clean-label, better-for-you beverages.

We appreciate your continued support and look forward to working with you as we deliver the next chapter of Hydrate's journey.

If you have any questions or would like any further information, please e mail:

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Team Hydrate Drinks Group