



Annual Results

for the year to 30th September 2024

Andrew Magson - Non-Executive Chair
Matt Hamblin - CEO
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- Accelerating revenue growth
- Business improvement initiatives
- Outlook

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Introduction to Hardide



- Recovery in H2 trading momentum is continuing into FY25
- Adjusted EBITDA * positive performance of £0.5m in H2 at a 19% margin
- Trading cash flow break even in H2 and cash flow positive towards the year end
- Cash break-even point lowered by over 30% in last 2 years to just over £5m sales pa
- Current year trading in line with expectations : Q1 revenue £1.3m (FY24 Q1: £1.1m)
- Cash of £0.7m at 30 September 2024 increased to £1.0m by 31 December 2024
- New aerospace contract announced in December expected to add at least £0.5m to FY25 revenues and c.£6-8m over expected 10-year lifespan
- Fresh approach to driving revenue growth led by new management

* Adjusted EBITDA stated prior to £0.4m of non-recurring, mainly restructuring, costs in H2 of FY24

Income Statement Development

£m	H2 FY24	H1 FY24	FY24	FY23
Revenue	2.6	2.1	4.7	5.5
Gross profit	1.4	0.9	2.3	2.6
Gross margin %	54%	41%	48%	48%
Overheads	(0.9)	(1.4)	(2.3)	(2.9)
Adj. EBITDA	0.5	(0.5)	-	(0.1) *
Non-recurring	(0.4)	-	(0.4)	-
EBITDA	0.1	(0.5)	(0.4)	(0.1)
Depreciation	(0.4)	(0.4)	(0.8)	(0.9)
Financing	(0.1)	(0.1)	(0.2)	(0.2)
PBT	(0.4)	(1.0)	(1.3)	(1.2)

* Non-recurring costs in H2 of FY24 comprised restructuring and restricted share option accruals.
FY23 EBITDA benefited from £0.2m of property lease gains

Revenue analysis:

£m	FY24 (£m)	FY23 (£m)	% change	FY24 % total	FY23 % total
Energy	1.9	3.4	-45%	40%	63%
Industrial	1.9	1.7	+12%	40%	30%
Aerospace	0.9	0.4	+100%+	20%	7%
Total	4.7	5.5	-14%	100%	100%

- Energy: impacted by de-stocking (Russia/Ukraine conflict and US land drilling) and some legacy work ending earlier in the FY. Some recovery in demand in H2 and Q1 FY25. Proactive engagement with new and existing customers. New projects under discussion.
- Industrial: de-stocking earlier in the period, recovered to double digit growth.
- Aerospace: significant growth with good forward visibility. Recently announced contract will begin with benefit in Q2 this FY and beyond.

Accelerating revenue growth

A fresh approach

A change in approach to sales growth / business development under new management with focus on short to medium term revenue realisation:

- Sector agnostic, but with disciplined commercial screening of opportunities
- Clear differentiation and value proposition versus competition (erosion / corrosion resistant, challenging operating environments, non-line of sight application, REACH compliant)
- Seek to fill existing spare capacity (over £5m available of £10m+ in total) as soon as possible, with better use of the skill sets of our people
- Stand alone use of pre-coating (nickel strike) line and laboratory service capability
- Increase customer funded development work, tooling, NRE and capital equipment
- Specialist digital marketing using an outsourced partner for lead generation
- Cultural evolution – more commercial, entrepreneurial, results driven. Some new team members being added
- All supplemented by more regular commercially focused approach to key account management and communication with key *end user* customers (demand pull)

Accelerating revenue growth

3 business streams

Development of CVD coatings as a service

- Key account management – relationships with end users – “pull through” demand
- Further aerospace development – range and customer development
- Oil and gas – live opportunities with a market leading OEM & their Tier 1’s

Enhanced products

- Components for thermal spray equipment – between 3 and 20 times better lifespan
- Being tested by some major global coatings companies

Bespoke solution selling and additional opportunities

- Solution selling to win differentiated customer specifications for CVD coatings - first customer funded development project in semi-conductor industry recently completed
- Develop North American business leveraging Martinsville’s spare capacity
- Potential to sell, lease and licence capacity to customers
- Development of new markets in emerging technologies
 - including current grant funded developments in hydrogen manufacture and storage

FY24

- Significant overhead reductions
- Costing review, pricing and margin improvement
- Better recovery of input cost inflation
- Cash break even point of revenues has reduced by over 30% in the last 2 years to just over £5m

Ongoing

- Process gas and energy cost usage reduction
- Productivity improvements and cross-skilling
- Demand balance and ops capability matching between UK and USA plants
- Working with customers to optimise volume / cost per part balance, thereby improving the commercial value proposition

Hardide benefits from a unique, patented advanced coatings technology

With the business now trading at EBITDA and cash positive levels from a well invested operational platform with significant spare capacity.....

...led by a new, commercially focused leadership team driving execution of our growth strategy....

....the Board believes the business is increasingly well positioned for success and value creation.

Appendix: Cash Flow Summary

£m	FY24	FY23
Adjusted EBITDA	-	(0.1)
Change in working capital	0.1	0.4
Capital expenditure	(0.1)	(0.1)
Interest	(0.1)	(0.2)
Tax	-	0.1
One-off restructuring cash cost	(0.4)	-
Net financing (equity, debt, leases)	0.5	(0.1)
Net cash flow	-	-

Net period end cash balance	0.7	0.7
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- Cash balance increased to £1.0m at 31 December 2024 reflecting continued EBITDA positive performance and working capital improvements in Q1 FY25
- The Group has significant (50%+) spare operational capacity
- Therefore, the Board is not currently seeking further funding

Appendix: Balance Sheet Summary

£m	30 Sept 2024	30 Sept 2023	Change
Plant & equipment	4.0	4.6	(0.6)
Right of use assets	1.5	1.7	(0.2)
Working capital	0.3	0.4	(0.1)
Capital invested	5.8	6.7	(0.9)
Cash	0.7	0.7	-
Loans*	(0.7)	(0.8)	0.1
Lease liabilities**	(2.1)	(2.3)	0.2
Shareholders' funds	3.7	4.3	(0.6)

* Loans at 30 September 2024 repayable within one year were £0.2m

** Lease liabilities at 31 September 2024 repayable within one year were £0.2m

Hardide Introduction



- Primary technology is Chemical Vapour Deposition (CVD) coatings
- Markets Served: Aerospace, Oil & Gas, Industrial across a variety of applications
- Our CVD coatings are unique in that they are applied in a “low” temperature $<500^{\circ}\text{C}$ environment, versus traditional CVD coatings which are applied $>1000^{\circ}\text{C}$
- Production Facilities:
 - Hardide UK – Bicester, Oxfordshire
 - Hardide US – Martinsville, Virginia
- Processing Dimensions: 0 - 1.5m height x 0 - 1m diameter
- ISO9001 / AS9100 / NADCAP Approved – Gold Standard
- REACH compliant

How & where our CVD coatings are deployed



- Applied on various types of Steel, Alloys, Copper, Graphite
- Thickness typically 25 to 100+ microns
- Non line-of-sight, can do what most other coatings can't: uniformly coat complex internal and external surfaces
- Hardide coatings can be made as pure Tungsten Carbide, pure Tungsten or a composite of WC nanoparticles in metal W matrix
- Highly resistant to wear and erosion
- Strong pore-free barrier coating protects key components against corrosion, acids, H₂ permeation and Hydrogen embrittlement
- Our coatings are used on critical parts within oil drilling tools, aircraft, and industrial systems such as airport scanning machines
- Critical component examples are aerostructure wing parts, bores, pins, pumps, valves, cylinders and mesh filters
- Hardide enables high-value manufacturers to make globally competitive products, differentiated in terms of quality, performance and life-cycle costs

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