



Annual Results

for the year to 30th September 2024

Andrew Magson - Non-Executive Chair

Matt Hamblin - CEO

Simon Hallam - Finance Director



Agenda

- Overview
- Income statement development
- Commercial update
- Accelerating revenue growth
- Business improvement initiatives
- Outlook

Appendices: Cash flow statement and balance sheet

Introduction to Hardide



Overview



- 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

Commercial Update



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)

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

Outlook

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

- 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°C environment, versus traditional CVD coatings which are applied >1000°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

Disclaimer



This document is being made available for information purposes only and neither it nor any oral presentation made in connection with it constitute or form part of, and should not be construed as, an offer, invitation or inducement to purchase or subscribe for any securities or to enter into investment activity in any jurisdiction nor shall it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever nor in making any investment decision.

This document does not constitute either advice or a recommendation regarding any securities of the Company. Any person who is in any doubt about the subject matter of this document should consult an authorised person in their applicable jurisdiction. This document does not purport to contain all the information that a recipient may want or require in investigating the Company. Any party must rely upon his/her own inquiries and investigations.

Unless specifically attributed to another source, any targets, forecasts, estimates and projections contained in this document have been prepared by the management of the Company and involve elements of subjective judgement and analysis which may or may not be correct. In addition, certain statements contained in this document or in documents referred to in it or in any presentation made in connection with it are or may be forward-looking statements. Actual results may differ from those expressed in such statements, depending on a variety of factors. Any forward-looking information contained in this document or in any presentation has been prepared on the basis of a number of assumptions that may prove to be incorrect, and accordingly, actual results may vary. Certain percentages appearing in this document may also have been rounded and accordingly, may not add up to the precise sum of the totals expressed. Certain financial data has also been rounded and, as a result, the totals of data presented may vary slightly from the actual arithmetic totals.

The information set out herein (or the entire document itself) may be subject to updating, completion, revision and amendment and such information may change materially or even be permanently withdrawn. Accordingly, it must not be (in whole or in part) reproduced, distributed, stored or introduced into a retrieval system of any nature.

Neither the Company nor its advisers nor any of their respective directors or employees or any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the contents of this document or any accompanying presentation. In particular, but without limitation, no representation or warranty is given as to the achievement or reasonableness of, and no reliance should be placed on, any assumptions, targets, forecasts, projections, estimates or prospects with regard to the anticipated future performance of the Company. No responsibility or liability is accepted by any such person for any errors, misstatements or omissions in this document or any other such document or information. The exclusions set out in this paragraph do not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation. Neither the Company nor its respective advisers or any of their respective directors or employees nor any other person shall be obliged to provide the recipient with any further information or to update this document or correct any inaccuracies that become apparent.

This document has not been nor will it be approved by an authorised person in accordance with section 21(2)(b) of the Financial Services and Markets Act 2000 and is accordingly only directed at (i) persons having professional experience in matters relating to investments, being investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) ("FPO"), (ii) persons falling within Article 43 of the FPO (including existing members of the Company), (iii) persons falling within Article 49(2)(a) to (d) of the FPO (including high net worth companies and unincorporated associations), (iv) (where lawful in the recipient's applicable jurisdiction) persons outside of the United Kingdom pursuant to Article 12(1)(b) of the FPO and/or (v) persons to whom communication may otherwise be lawfully made, (together "relevant persons"). This document must accordingly not be acted on or relied upon in any way by any persons who are not relevant persons. By accessing and reading this document and attending any presentation, each recipient warrants, represents, acknowledges and agrees that it is a relevant person.

Neither this document nor anything contained herein shall form the basis of, be relied on or act as an inducement in connection with, any offer or commitment whatsoever and is not directed at, nor intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation or which would require any registration or licensing within such jurisdiction. In particular, this document and the information contained herein are not for publication or distribution to persons in the United States (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended) nor in Australia, Canada, Japan, the Republic of Ireland, the Republic of South Africa or any other jurisdiction where to do so may be prohibited. Recipients of, or persons otherwise accessing this document or any accompanying presentation in, jurisdictions outside the United Kingdom should inform themselves about and observe any applicable legal requirements. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction.

This document, and any matter or dispute (whether contractual or non-contractual) arising out of it or out of any oral presentation made in connection with it, shall each be governed by and construed in accordance with English law and the English courts shall have exclusive jurisdiction in relation to any such matter or dispute.



Thank you

