



Interim Results

for the half year to 31st March 2025

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Agenda

- Overview
- Income statement development
- Commercial update
- International trading environment and tariffs
- Accelerating revenue growth
- Outlook

Appendices: Cash flow statement and balance sheet
Introduction to Hardide



- A significant positive turnaround in performance, with strong H1 revenues up 32% versus H1 2024.
- Hardide has now become EBITDA profitable and cash generative, remaining on track to deliver on full year performance expectations.
- Our strategy of accelerating revenue growth, utilising significant available production capacity, is building traction under new management.
- US operational capabilities will be fully harmonised with the UK this month, providing greater customer service flexibility and minimising US tariff risks.
- H2 will see a roll out of additional pre-treatment service offerings which will be made available to existing and new customers.
- H2 revenues will continue to benefit from the new aerospace contract announced in December, and numerous new engineering development projects
- We are well positioned to build on the momentum gained in H1 to drive significant further growth.

Income Statement Development



£m	H1 FY25	H1 FY24	Change
Revenue	2.8	2.1	+0.7 (+32%)
Gross profit	1.5	0.9	+0.6
Gross margin %	54%	41%	+13ppts
Overheads	(1.1)	(1.4)	+0.3
EBITDA	0.4	(0.5)	+0.9
Depreciation	(0.4)	(0.4)	-
Operating profit	-	(0.9)	+0.9
Financing	(0.1)	(0.1)	-
PBT	(0.1)	(1.0)	+0.9

Commercial Update



Revenue analysis:

£m	H1 25 (£m)	H1 24 (£m)	% change	H1 25 % total	H1 24 % total
Energy	1.2	0.8	+41%	44%	42%
Industrial	0.6	0.8	-27%	20%	36%
Aerospace	1.0	0.5	+113%	36%	22%
Total	2.8	2.1	+32%	100%	100%

- Energy: increase in development and qualification orders from the supply chain of an OEM customer in the Middle East, together with recovery from a weak prior H1 which was impacted by de-stocking.
- Industrial: demand subdued by short term inventory management by some key customers. Latest demand schedules show improvement in H2. Enhanced products range launched last year building steadily.
- Aerospace: revenue growth driven by initial development work on the new contract announced in December. Production tooling work and initial production revenues expected H2.

- Hardide's business model is to coat our customers' free issued components
- We sell on an ex-works pricing basis and are not exposed directly to the financial risks of transporting products internationally, or to tariffs
- Later this month we will complete a project to fully harmonise our US plant's operational capabilities with those in the UK, giving customers choice in sourcing
- Last year c.5% of Hardide's sales were processed in the UK but sold in the USA, this will no longer be necessary
- The broader risk we see from current volatility and uncertainties in the international trading environment, if prolonged, is to global demand
- Our refreshed approach to growth seeks to broaden the markets we operate in as we expand the services we offer.

Accelerating revenue growth

Our number 1 priority:

- We now have a roadmap showing how on a line-by-line basis we plan to broadly double revenues to utilise existing capacity over the next few years – whilst it needs further work and the hopper needs more opportunities overall, it is a big step forward
- We intend to maintain margin and overhead disciplines in pursuing this growth
- We believe the growth can be self-financed

CVD coatings as a service

- Key account management – relationships with end users – “pull through” demand
- A major new oil customer was gained in the period, operating in the Middle East
- Continued development of the Enhanced Products range
- Development of ancillary services – wet treatments and laboratory services

Bespoke solutions

- Solution selling to win differentiated customer specifications for CVD coatings – early success in the semi-conductor industry in H1
- We are continuing with our sales-driven digital marketing across all markets to clearly show how our technology solves problems in harsh operating environments

Outlook

We are mindful of both the uncertain global trading environment and Hardide's limited order book visibility.

However, based on year to date performance, the ongoing development of the business and latest customer demand schedules, the Board continues to expect Hardide to achieve its current expectations for full year financial performance.

More broadly, the Board believes that Hardide is increasingly well positioned to drive significant further profitable growth from the ongoing commercialisation of its unique surface treatment technology, leveraging its well invested operational platform and significant available capacity.

Appendix: Cash Flow Summary



£m	H1 FY25	H1 FY24	Change
EBITDA	0.4	(0.5)	0.9
Working capital movement	0.2	0.2	-
Capital expenditure	-	(0.1)	0.1
Interest	(0.1)	(0.1)	-
Debt repayment	(0.2)	(0.2)	-
Equity fund raise	-	0.7	(0.7)
Net cash flow	0.3	-	0.3
Net period end cash balance	1.0	0.7	0.3

Appendix: Balance Sheet Summary



£m	31 March 2025	30 Sept 2024	Change
Property, plant & equipment	3.7	4.0	(0.3)
Right of use assets	1.4	1.5	(0.1)
Working capital	0.1	0.3	(0.2)
Capital invested	5.2	5.8	(0.6)
Cash	1.0	0.7	0.3
Loans*	(0.6)	(0.7)	0.1
Lease liabilities**	(2.0)	(2.1)	0.1
Shareholders' funds	3.6	3.7	(0.1)

* Loans at 31 March 2025 repayable within one year were £0.1m

** Lease liabilities at 31 March 2025 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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