

CORPORATE GOVERNANCE STATEMENT

Introduction

The Board is committed to high standards of corporate governance, ethical behaviour, transparency and fairness. It believes this approach is consistent with the objective of generating value for shareholders and stakeholders more generally over the long term.

Compliance with the 2023 QCA Corporate Governance Code (“the Code”)

The Board considers it complies with the Code in a way that is appropriate and proportionate to a company of Hardide’s size.

In order to achieve compliance with the revisions to the 2023 Code, during the permitted transitional period over the last year, Hardide has developed a Purpose Statement; the Board has spent considerable time debating the desired culture of the organisation, together with associated values and how to embed these; it has introduced a Remuneration Policy to be put to an advisory vote at the 2026 AGM; and with effect from its last AGM in 2025 implemented a policy that every Director must now seek re-election by shareholders at every AGM.

Alignment with each of the provisions of the Code is demonstrated as follows:

A. Deliver growth

1. *Establish a purpose, strategy and business model which promises long term value for shareholders*

Hardide’s over-riding purpose is to:

“To engineer innovative surface treatments that optimise durability, efficiency and sustainability, transforming performance in the most demanding environments”

Hardide’s strategy for value creation is set out in the diagram on page 6 of this Annual Report and its Business Model on page 7, further described in the Strategic Report. Within the overall strategy a clear short to medium term target of at least doubling sales revenues from 2024 levels has been established, which in itself is intended to generate significant earnings growth and value for shareholders.

2. *Promote a corporate culture that is based on ethical values and behaviours*

Hardide has always approached and conducted business based on sound ethical foundations. It is evolving its culture and values from those more typically of an early stage engineering-led business to ones that are more entrepreneurial, commercial and growth oriented in approach. The cultural values we aspire to can be summarised by the following “Hardide” acronym:

High Standards

Ambition

Resilience

Drive

Innovation

Dedication

Excellence

3. *Seek to understand and meet shareholder needs and expectations*

Hardide's CEO and Finance Director, together with the Chair as appropriate, meet with shareholders at least twice a year, typically after the release of annual and interim results and also ad-hoc as requested on other occasions. The Chair is available to meet shareholders independently from management as requested, and the Senior Independent Director is also available to shareholders should matters arise that it is not appropriate to discuss with the Executive Directors or the Chair. Shareholders also have the opportunity to meet the whole Board at the AGM and ask questions. Together, these meetings help the Board to keep abreast of evolving shareholders' priorities, needs and expectations and help us to understand the extent to which these are being met, together with any proposals for change and improvement.

4. *Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long term success*

The Board defines wider stakeholders (other than shareholders) in this context as: employees; customers; suppliers; lenders and lessees, including the landlords of our two operational sites; and the local communities where Hardide has operations.

The Chief Executive, Technical Director and Finance Director between them meet representatives of all these stakeholder groups during the year as needed. In addition, the Group Chair meets, presents to and takes questions from the whole workforce from time to time and maintains regular contact with the Human Resources Manager to keep abreast of employees' feedback and any emerging issues or concerns.

Since Hardide's processes are unique in many respects, new staff are most unlikely to have knowledge of the processes and so require lengthy training. Therefore, the Group attaches great importance to the wellbeing and retention of its staff. All employees have health plan benefits and undergo regular health checks as appropriate to their work activity.

Both the UK and US sites are accredited to aerospace Quality Management System AS9100 RevD, and ISO9001:2015. The UK site is also accredited to the international Environmental Management standard ISO 14001:2015 and to Nadcap Gold Merit Status (National Aerospace Defence Contractors Accreditation Program).

5. *Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation*

Management carries out a full business risk review exercise at least on an annual basis and presents to the Board for discussion and further input. Risks reviews are also carried out at a more detailed level as a matter of routine for other purposes such as for health & safety, new contracts, capital projects etc. Typically, the broader business risk review exercise is conducted alongside the annual strategy review as key risks can often relate to the effective development, management and execution of key strategic initiatives and opportunities. A summary of the output from the business risk reviews is set out on the Key Risks section of this Annual Report.

B. Maintain a dynamic management framework

6. *Establish and maintain the Board as a well-functioning and balanced team, led by the Chair*

We believe Hardide has a well-balanced Board in terms of its range of experience, expertise, and styles of approach. This is evidenced by the section relating to the Board and Board processes below headed "Range of skills and experience". Provided that candidates for Board positions are able to demonstrate sufficient relevant experience to be effective in their role, we acknowledge that ideally there would be greater diversity of gender, age and ethnicity on the Board. Therefore, we are cognisant of the opportunity we have to improve Board diversity as Hardide grows and continues to evolve.

7. *Maintain appropriate governance structures and ensure that, individually and collectively, directors have the necessary up to date experience, skills and capabilities*

The composition and skill sets of the Board are set out below and are reviewed annually with consideration given as to whether different and / or additional skill sets should be introduced, prioritised or be matters for further training and focus. Directors are given updates on topics of common interest to the Board, for example annual updates on governance matters for AIM listed companies, and on specialist areas such as technology (including AI and cyber security). Individual Board members also conduct their own training in accordance with their own particular interests and continuing professional development requirements of the various professional bodies they are each members of.

8. *Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement*

In Hardide this is done formally on an annual basis. Further detail is provided in the sections on Board Performance Review and Board Priorities, below.

9. *Establish a remuneration policy which is supportive of long term value creation and the company's purpose, strategy and culture*

Hardie has established a formal Remuneration Policy for the first time this year, and this forms part of the Remuneration Committee report within this Annual Report. This Remuneration Policy will be put to a shareholder advisory vote at the forthcoming AGM in March 2026.

C. Build trust

10. *Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders*

As set out above, the CEO, Finance Director and Chair meet regularly with various shareholder and other stakeholder groups as appropriate. Information on Hardide is also disseminated regularly via the Group's website, www.hardide.com, and via the Regulatory News Service (RNS) of the UK Stock Exchange.

The Board

Roles of the Non-Executive Chair, CEO and Senior Independent Director

Presently, Hardide is a relatively small company and so most directors have a range of tasks and responsibilities.

Non-Executive Chair:

The role of the Group's Chair is to:

- i. ensure effective communication with shareholders;
- ii. be available for private meetings or calls with principal shareholders;
- iii. set the overall rules for corporate governance and ensure compliance with these;
- iv. oversee the development of Corporate Strategy;
- v. ensure effective and open communication among directors; particularly at Board meetings;
- vi. chair the Audit Committee and Nomination Committee;
- vii. together with the CEO, direct and lead recruitment and induction programmes for new directors and senior recruits; and
- viii. ensure the appropriate content, format and presentation of information for the Board.

CEO:

The role of the CEO is to lead and manage the business on a day to day basis. The CEO develops, gains Board approval for, and implements the Strategy. Also, he designs and implements the sales and marketing plans. Also, he has the principal responsibility for the Group's financial performance. He maintains a strong relationship with the Chair and is jointly responsible with him for shareholder communication and, by way of staff briefings, ensures awareness among all staff of the Group's performance and key objectives, including increasing their awareness of the Group's sales and business development targets. These briefings are held on a frequent basis throughout the year. All members of the senior management team, including the two other executive directors report to the CEO.

Ensuring compliance with the quality management systems, adequate staff training, the health & safety of employees and the environmental performance are direct accountabilities of the CEO.

Senior Independent Director ("SID")

The SID is charged with:

- i. Being a conduit for the concerns of directors, shareholders and other stakeholders who prefer to discuss matters that they have been unable to resolve through other channels;
- ii. being available to meet principal shareholders;
- iii. being a sounding board for the Chair; and
- iv. along with other non-executive directors, and having taken soundings among other suitable parties, conducting reviews of the performance of the Chair.

Independence of directors

Each of the directors owns ordinary shares in Hardide plc. Mr Boyce represents a large percentage of shares by virtue of his directorship of companies that own Hardide shares. Mr Hamblin, Mr Hallam and Dr Zhuk have options over ordinary shares of Hardide plc, which are disclosed in this Annual Report and also on the Regulatory News Service (RNS) at the time of grant.

As in previous years, the main criteria for assessing the independence of Non-Executive Directors were:

- i. the conduct of the Director in practice;
- ii. the presence of actual or potential conflicts of interest;
- iii. the extent of director's direct or indirect holding of shares or share options in the Group. This is judged both by the absolute amount of the shareholding, with an interest of 3% or more of the share capital of the Company deemed to be significant; and / or the significance of the monetary value of the shareholding in the context of that particular Director's circumstances; and
- iv. the length of the Director's tenure on the Board, with a time served of more than 9 years, particularly if concurrent with any individual Executive Directors, considered to be a risk to independence.

Mr Boyce is not considered independent based on the third and fourth of these tests. However, Mr Boyce's ongoing input to the Board is considered important to its overall effectiveness given the perspective he brings from his substantial external Board and governance experience, and also his alignment with Hardide.

Number of directors and membership of Board Committees

In the past financial year, a total of seven directors served, of which three were executive and between three and four were non-executive directors. At the date of this report, the Board has six members, of which three are executive and three are non-executive.

Dr. Bryan Allcock has served as the senior independent director ('SID'), Chair of the Remuneration Committee and as a member of the Audit and Nomination Committees for the period since 1 January 2025, succeeding Tim Rice, following Tim's retirement from the Board on 31 December 2024.

The Chair of the Audit Committee is Andrew Magson. The Board is aware that the Chair of the Board should not ideally also chair the Audit Committee, but considers this to be appropriate at least for the time being given the size and resources of the Group, but keeps this position under review. Andrew Magson became Chair of the Nominations Committee effective from 1 January 2025 and is a member of the Remuneration Committee.

The Remuneration, Nomination and Audit committees continue to comprise solely independent non-executive directors, in line with the QCA Code.

Board Committees

The three standing Committees of the Board that served during the 2025 financial year were as follows:

1. Remuneration Committee
2. Audit Committee
3. Nominations Committee

Each Committee has written terms of reference approved by the Board. These are kept under review and updated as needed. The membership of Board Committees is determined by the Board.

The terms of reference for each Board Committee can be found on the Group's website.

The reports of these committees for the year are in the following sections of the Annual Report.

Company Secretary

The Finance Director (Simon Hallam) also serves as the Company Secretary. In view of the size and resources of the Group the directors consider this to be appropriate. Mr Hallam has ready access to advice from a specialist firm that is familiar with Hardide's needs in respect of secretarial matters.

Attendance at Board and Committee meetings

The following table summarises the number of Board and Board Committee meetings held during the financial year ended 30 September 2025. In addition to the formal meetings listed below, Board members and NEDs held a number of informal ad-hoc meetings and discussions.

	Board	Audit Committee	Remuneration Committee	Nomination Committee
A Magson	12	3	4	4
M R Hamblin	11	3 ¹	4 ¹	4 ¹
S A Hallam	12	3 ¹	-	-
Y N Zhuk	12	-	-	-
B W Allcock ²	10	3	4	3
A R Boyce	12	3 ¹	4 ¹	4
T J Rice ³	3	1	1	1

¹ Invited to participate in the meeting, or part of the meeting, as an attendee.

² Dr. B W Allcock joined the Board on 3 December 2024 as a Non-Executive Director. He became Senior Independent Director, Chair of the Remuneration Committee and a member of the Nomination and Audit Committees on 1 January 2025.

³ T J Rice retired from the Board and Board Committees on 31 December 2024

Range of skills and experience

A review is undertaken annually of the range of skills and experience among the directors in light of the evolving priorities needed to promote and achieve success for Hardide over the longer term.

The number of directors (serving at the date of this report) assessed to have appropriate experience and / or specialisms in the following areas relevant to Hardide are as follows:

Skill or specialism	Number of Directors
Strategy and strategic development	6
General management	4
Coatings, surface treatment and relevant Hardide end user markets	4
Sales, business development and marketing	3
Engineering and new product development	3
Health & safety, operations, manufacturing	6
Human resources	2
International business	6
Corporate governance	3
Corporate finance	4
Finance and accounting	2

Two of the directors have MBAs, two have a PhD and two are Chartered Accountants.

Board performance review

The Chair led a structured review of the performance of the Board during the year. This was done through a formal questionnaire completed by each Board member, followed by series of interviews with each director. The SID had discussions with each Board member with regard to the Chair's performance.

The conclusion of the Board performance review was that the Board's performance had improved relative to the prior financial year, consistent with the improved trading performance of the business. A number of areas were identified for continuous improvement, including the further refinement of the Group's growth strategy and improved communication of this across the whole workforce. The Board's key objectives for the financial year under review and updated objectives for the current, 2026, financial year are each set out below.

Board priorities for the FY25 financial year

The Board's agreed priorities for the financial year under review were:

1. Support the executive team to achieve / exceed the FY25 budget;
2. Oversight / approval of Hardide's strategy and business plan for growth, as updated and refreshed following Matt Hamblin's appointment as CEO in 2024;
3. Oversee a successful succession process for the Senior Independent Director;
4. Implement the Board's continuous improvement actions from the review of its own performance during the year, including compliance with the revised QCA Code in 2025; and
5. Promote further senior management development, including through participation in Board meetings.

Board priorities for the FY26 financial year

The Board's agreed priorities for the current financial year are as follows. These also reflect feedback and agreed actions from the Board review of its own performance during the last year.

1. Support delivery of the FY26 budget, and particularly the EBITDA target, for the year;
2. Further refine / improve granularity of the growth strategy, including KPIs for measuring progress;
3. Oversight / review of improved communication of strategy and objectives to employees, with senior manager participation in Board meetings on specific topics where appropriate;
4. Improve Board development as a team by greater informal interaction, typically via the 2-day Board meetings and associated Board dinners, and occasional ad-hoc meetings between board members; and
5. Take opportunities to improve Board and senior management diversity.

Internal control

The main features of the Group's internal control framework are set out below:

Matters reserved by the Board and delegated authority levels

There is a formal schedule of matters reserved for a Board decision. This includes the appointment of directors, any raising of funds, the setting of high-level targets, approval of budgets, strategy, capital and revenue expenditure above certain limits, license agreements and incentive schemes. Authority levels for expenditure are delegated to individual executives or management committees according to a schedule agreed by the Board from time to time.

Development of strategy and annual budgets

Each year the whole Board considers and develops the Corporate Strategy set out in the previous year. The formulation or re-formulation of Corporate Strategy is led by the Chief Executive but is formally set and agreed by the whole Board. The development of the annual budget is set within the framework of the Corporate Strategy and is prepared by the executive directors and other senior management and is reviewed and approved by the Board. Hardide's Strategy is set out in the Strategic Report.

Monthly Business Reviews and Management Accounts

At its regular monthly meetings, the Board reviews the performance and development of the Group, including financial information.

The monthly Board pack includes a presentation by the CEO which incorporates KPIs from across the business, including health, safety & environmental performance, business development, website and e-marketing, plant performance, delivery performance, research & development and sales activity. Progress on strategic projects is also reviewed monthly. Particular attention is paid to sales and business development and progress with the execution of Hardide's strategy of accelerating revenue growth.

Financial information for the Group and its subsidiaries includes detailed profit & loss accounts, cash flow statements and balance sheets; together with analyses of movements in cash, trade debtors, trade creditors and fixed assets.

Directors may call for further information on any particular matter.

Other governance matters

Conflict Minerals

The Group has undertaken a due diligence exercise with its suppliers of key process gasses to ensure that conflict minerals are not used in their manufacture. We can advise that all suppliers of these gases have confirmed that conflict minerals are not involved in their processes. A statement to this effect may be found on the Group's website.

Bribery Act, 2010 (the 'Act') and unethical behaviour

The Group has in place a full 'Anti-bribery Policy', and a 'Whistleblowing Policy'. Under guidelines set by the Board, the Chief Executive manages the processes and procedures that flow from these policies; in particular the areas perceived to be most at risk from bribery or from behaviour that is fraudulent or unethical. Any member of staff may raise, in confidence, with Group Human Resources, or with any director, any concerns about financial or other impropriety. From time to time, the Board considers whether these policies need to be updated. The main provisions of the Act and of Group policies and procedures appear in the staff handbook. Annually, all staff are required to confirm that they have read, understood and complied with these.

Hardide's policy regarding its anti-bribery policy and guidance thereon may be found on the Group's website.

Market Abuse Regulations ('MAR')

The Group has comprehensive policies and procedures designed to achieve compliance with MAR. Adherence to this regulation is facilitated by software that, among other things, maintains insider lists and can provide data to the FCA. All relevant members of staff have received copies of the policies and procedures.

Hardide has elected to adopt a closed period of 30-days ahead of the announcement of its interim and preliminary full-year results; as well as a planned event that may have an influence on share price; all in accordance with MAR requirements.

The UK General Data Protection Regulation ('UK-GDPR' or 'Regulation') and the UK Data Protection Act 2018

These EU Regulations originally came into effect in May 2018 and subsequently adopted into UK law in January 2021 upon Brexit. All the procedures and proper records are in place to achieve and demonstrate compliance.

Other Stakeholders

In addition to shareholders, the Group considers stakeholders to include its employees, customers, suppliers, contractors, the local community and other parties with whom it interacts. As part of its Quality and Environmental Management Systems, the Group has and refers to a comprehensive 'map' of all its stakeholders.

From time to time, all staff are invited to briefings where the CEO presents, explains, and responds to questions about, important developments in the Group or its environment.

On behalf of the Board,

Andrew Magson
Non-Executive Chair

21 January 2026