

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

29 January 2025

Hardide plc
("Hardide", the "Group" or the "Company")

Annual results for the year ended 30 September 2024

Hardide plc (AIM: HDD), the provider of advanced surface coating technology, announces its audited annual results for the year ended 30 September 2024 ("FY24" or the "Period").

"Well placed to deliver profitable growth, cash generation and value creation"

FY24 Financial Highlights:

				FY24 vs FY23 Change
£m	H2 24	FY24	FY23	
Revenue	2.6	4.7	5.5	-£0.8m
Gross margin %	54%	48%	48%	-
Adjusted EBITDA*	0.5	-	(0.1)	+£0.1m
Adjusted EBITDA* %	19%	-	-	-
Cash at 30 Sept.	0.7	0.7	0.7	-

** Adjusted EBITDA is calculated before one-off restructuring costs.*

- An encouraging recovery in the second half year, with H2 revenues of £2.6m compared with H1 revenues of £2.1m.
- Strong H2 gross margin of 54% (H1: 41%), enabling full year margins of 48% to recover to be in line with the prior year.
- Improved H2 profitability, with a positive adjusted EBITDA of £0.5m (H2 FY23: -£0.1m) at a margin of 19% which reflects the gains achieved from internal efficiency, pricing and cost-reduction actions.
- The business became cash flow positive towards the end of the financial year, benefiting from a reduction of 30% in the cash break-even level of sales since FY22 to just over £5m of revenue per year.
- Management expects strong revenue growth in FY25. Q1 FY25 revenues of £1.3m were ahead of the prior Q1 of £1.1m, in line with expectations, with Q2 expected to benefit from the new aerospace work won recently.
- The year-end cash balance was £0.7m (30 September 2023: £0.7m). This subsequently increased to £1.0m at 31 December 2024 reflecting EBITDA positive trading and working capital benefits. The Board is not currently seeking further funding.

Business and Commercial Highlights

- Aerospace revenues more than doubled in FY24 and are expected to continue growing with the Group having secured a 10-year supply agreement with a major customer in Q1 FY25. This win is expected to yield at least £0.5m revenue in FY25 and future revenues of £6-8m over the 10-year timeframe.
- Double digit percentage growth in revenues from industrial engineering
- Energy revenues recovering, following a weak H1 which was impacted by customer de-stocking and some legacy oil and gas work ending
- Enhanced pre-coated product range launched in March 2024 is now building traction
- Fresh approach to the commercialisation and development of the group, with focus on accelerating sales growth and utilising spare capacity over the short to medium term spearheaded by new CEO, Matt Hamblin.

Matt Hamblin, Chief Executive Officer of Hardide plc, commented:

"This is an exciting time to have joined Hardide as CEO, which has seen:

- *action taken to right-size the cost base of the business and improve margins in FY24;*
- *a return to revenue growth in the current financial year, including from the recently announced aerospace sector work; and*
- *a refreshed, more focused approach to accelerating revenue growth over the short to medium term to utilise spare production capacity.*

We expect Hardide to deliver profitable growth in the current financial year and beyond."

For further information:

Hardide plc

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Notes to editors:

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Hardide develops, manufactures and applies advanced technology tungsten carbide/tungsten metal matrix coatings to a wide range of engineering components. Its patented technology is unique in combining in one material, a mix of toughness and resistance to abrasion, erosion and corrosion; together with the ability to coat accurately interior surfaces and complex geometries. The material is proven to offer dramatic improvements in component life, particularly when applied to components that operate in very aggressive environments. This results in cost savings through reduced downtime and increased operational efficiency as well as a reduced carbon footprint. Customers include leading companies operating in the energy sectors, valve and pump manufacturing, industrial gas turbine, precision engineering and aerospace industries.

Chair's Statement

Overview

Whilst FY24 was a challenging financial year for Hardide, I am pleased to report that the Board believes that we have now built a much stronger and more resilient business.

The new leadership team established during the year is growth focussed and commercially led.

The Group now has a far more appropriate cost base and break-even point, and recent positive trading momentum has taken us into EBITDA positive territory and into a net cash generative trading position.

The Board therefore believes Hardide is now well positioned to deliver profitable growth both in the current financial year and beyond.

Strategy

Our strategy remains unchanged. However, with the leadership and personnel changes made during the year and our more broad-based approach to business development set out in the Chief Executive's review, we are now much better positioned to deliver the acceleration in revenue growth we have been seeking.

Since early 2023 we have been progressing a 2-stage strategy.

1. Focus on becoming profitable and cash generative as soon as possible, driven by increased sales to existing and new customers, utilising proven coating technology and existing production capacity.

We made good progress on this objective during the year. The focus now is very much to leverage profit and cash generation through an acceleration in revenue growth, thereby better utilising substantial spare capacity and driving return on investment.

2. Generate significant value for shareholders and other stakeholders over the medium to longer term through further development and commercialisation of the Group's unique, high performance surface treatment technology, including co-operation with other coatings companies.

Under new leadership, we are taking a more holistic approach to business development and how we further develop and commercialise the Group, as set out in more detail in the Chief Executive's Review. The development of sales of our Enhanced Products range launched during the year has led to increased co-operation with a number of global coatings companies.

Performance

First half performance was impacted by customer de-stocking and the cessation of several legacy oil and gas contracts, but the Group's second half results were much improved as some of these challenges lessened. This, combined with the benefits of our strategy to improve selling prices, drive internal efficiencies and reduce cost, enabled the Group to deliver an EBITDA positive result in the second half year ("H2").

The Group achieved an adjusted EBITDA in H2 of £0.5m from revenues of £2.6m, resulting in an EBITDA margin of 19%. This compared with a small EBITDA loss from similar revenues in the equivalent prior year period. In addition, the business traded at a cash flow neutral level in the H2, becoming cash flow positive towards the end of the year as previously targeted.

Since the financial year-end, trading has been in line with the Board's expectations. Revenues in first quarter of FY25 were £1.3m, compared with £1.1m in prior year first quarter, and the Group traded at EBITDA positive levels on an unadjusted basis. The Group's cash balance has grown to £1.0m, up from £0.7m held at the FY24 year-end, reflecting the benefits of EBITDA positive trading and reduced working capital.

People

Hardide's employees are our most important asset and, on behalf of the Board, I'd like to thank our colleagues for their hard work, resilience, constructive feedback and support during what was a challenging year. It was pleasing to see their endeavours reflected in the improving performance of the business as the year progressed. All employees now participate in a group bonus scheme that rewards profitable growth.

Board

There have been a number of Board changes over the last year.

The Nomination Committee has taken opportunities to refresh the Board and in doing so evolve its mix of skills and experience to more closely align with our strategy of accelerating revenue growth.

After an important period during which Steve Paul became Interim CEO last Spring, we were delighted that Matt Hamblin then decided to step up from his non-executive role to become our permanent CEO in June. Both Matt and Steve contributed positively to the development of our growth strategy in the year, introducing our Bespoke Solutions and Enhanced Products business streams as described further in the CEO's report.

In December, Tim Rice stepped down from the Board after six years' service as Senior Independent Director and Chair of our Remuneration and Nomination Committee. On behalf of the Board, I would like to thank Tim for his wise counsel during his tenure and, in particular, his contribution to the development of Hardide's business in the Aerospace sector. We wish Tim well for the future.

Tim has been succeeded by Dr Bryan Allcock, who has a background in materials science and has spent his career developing and commercialising innovative niche coating systems, including with businesses he has personally owned and run. Bryan's expertise and entrepreneurial experience is therefore highly aligned with Hardide's growth strategy.

Funding

The Board was very grateful to shareholders for supporting the business during the equity fund raise last February and is pleased to report that there has been no subsequent erosion of the £0.7m of cash realised at that time.

The Group has now become cash generative, with Hardide's cash balance increasing to £1.0m at 31 December 2024. Hardide is already a well invested business with significant spare capacity. Therefore, the Board is not planning to raise further funds at the present time and has prepared the financial statements on a going concern basis.

Outlook

Hardide continues to benefit from unique, patented, advanced coatings technology. The business is trading at EBITDA positive levels and generating cash from a well invested operational platform with significant spare capacity. The execution of Hardide's growth strategy is now being driven by our new commercially focused leadership team. Therefore, the Board believes the business is increasingly well positioned for success and value creation.

Andrew Magson
Non-Executive Chair

28 January 2025

Chief Executive's Review

Results for the year

The Group's results for the year can be summarised as follows:

£m	30 September 2023			30 September 2024		
Year ended:	H1	H2	FY23	H1	H2	FY24

	H1	H2	FY23	H1	H2	FY24	
Year ended:							
Revenue	2.9	2.6	5.5	2.1	2.6	4.7	
Gross margin %	47%	48%	48%	41%	54%	48%	
Adjusted EBITDA *	-	(0.1)	(0.1)	(0.5)	0.5	-	
Adjusted EBITDA * margin %	-	n/a	n/a	n/a	19%	-	
Non-recurring costs*	-	-	-	-	(0.4)	(0.4)	

EBITDA *	(0.1)	(0.1)	(0.5)	0.1	(0.4)
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**EBITDA is Earnings Before Interest, Tax, and Depreciation and Amortisation charges. Non-recurring costs principally relate to restructuring costs.*

Revenues in FY24 of £4.7m decreased from last year's record of £5.5m. This was driven by several customers reducing their inventory holdings as global supply chains began to normalise following COVID, along with a number of oil and gas projects coming to an end.

After a weaker H1, revenues in the second half recovered to £2.6m, a similar level to the equivalent prior period. This reflected demand from our industrial customers normalising and new business in the aerospace sector beginning to replace legacy oil and gas work.

Despite a weaker H1 impacting the full-year results, the table above illustrates the positive impact of management's actions to improve gross margins and EBITDA profitability over the last two years. These actions facilitated an adjusted EBITDA break-even performance for the full year, a modest improvement on the prior year's result.

However, two particular metrics in the table above illustrate the significant progress made to improve the profitability of the Group:

- Strong gross margin growth to 54% in the second half of FY24, (H2 FY23: 48%, H2 FY22: 38%); and
- Adjusted EBITDA was £0.5m at a 19% margin in H2 of FY24, compared to a broadly EBITDA neutral result FY23, generated from similar revenues of £2.6m.

Management estimates that revenue required to achieve cash break even has reduced by circa 30% over the last two years from in excess of £7m in FY22 to just over £5m at the end of FY24. This has been achieved through a combination of significant cost savings, internal efficiencies, better pass through of input cost inflation to customers and improved selling prices.

Commercial review

The Group's revenues by end use market were:

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

The above illustrates the significant change in revenue mix seen during the year, with a reduced dependence on oil and gas work and encouraging progress being made in the development of aerospace applications.

Energy

During the year, Energy revenues fell significantly to £1.9m, a decrease of approximately 45% on the FY23 results. This reflected the impact of several significant oil and gas customers de-stocking during H1, as global supply chains continued to normalise post COVID together with the impact of sanctions on Russia and new regulations impacting land drilling in the USA.

Following efforts to re-energise relationships with our existing oil customer base, the new commercial team has received encouraging feedback, with a number of new projects now under discussion. This is reflected in promising Q1 FY25 demand levels. New customers proactively engaged during FY24 resulted in several new applications being identified and the successful completion of customer funded development projects.

To illustrate this, a specification is being finalised to support a Tier 1 supplier of energy systems and projects with production revenue set to begin in FY25. Additionally, customer funded testing is also underway to support a global OEM of Oil & Gas infrastructure with their global applications. Early indications suggest positive test results with specific applications being explored will lead to increased customer funded development projects during FY25, and a move towards volume production starting in FY26.

There has been no repeat demand since FY22 for the coating of industrial gas turbine blades, where the Hardide coating is used to mitigate water droplet erosion. We re-assessed the likely commercial appetite for this application during the year and, whilst we believe there remain opportunities for development over time, we have concluded it is a niche application for certain end use customers of the major OEMs operating in the power generation market. Therefore, this is no longer a focus of current business development activity.

In the green and renewable energy sector, demand was again modest during the year. The European solar panels market, where we have had some initial success, has recently been flooded by lower cost product from China that does not use our coatings.

Applications of Hardide coatings for battery technology, hydrogen production and storage remain promising for the medium / longer term and remain a key focus of our research and development activities. Our Innovate UK grant project, which focuses on researching a new CVD coating variant supportive of green hydrogen, is expected to complete in April 2025. Successes in initial testing has confirmed our products as a promising coating solution for use and adoption in this area. As the project is expected to complete mid-way through FY25, we will be seeking customer engagement to help industrialise the solution for these applications.

Industrial engineering

Demand in the industrial engineering sector was also subdued in the first half of FY24 when one of our major customers de-stocked. Activity levels in H2 recovered, albeit we are mindful that this customer is managing its inventory holdings tightly as product ranges are refreshed.

Another major industrial customer, who uses Hardide products in the manufacture of airport scanning devices, increased demand in line with the aviation industry recovery post-COVID.

Overall, industrial engineering revenues recovered to deliver double digit percentage growth for the year as a whole.

Aerospace

Following significant investment into developing our presence within the aerospace market, including achieving all relevant quality accreditations, the Group secured its first major production volumes with a large European aircraft manufacturer towards the end of the prior financial year to supply coating of parts used in commercial passenger aircraft. This work has progressed well enabling overall revenues into the aerospace sector to increase by 147%, having benefited from the first full year of sales with this customer and good forward visibility of continuing work. It is pleasing to see that first quarter demand levels in FY25 have shown further growth.

In December 2024 we announced we had won additional work with this customer to coat parts for freight aircraft. This is expected to add at least £0.5m to revenues in FY25, and based on the customer's anticipated build rates, further production revenues in the range £6-8m over the expected 10 year time frame of the contract.

We continue to seek new production work within the aerospace sector and so far have had encouraging successes in

we continue to seek new production work within the aerospace sector, and so far, have had encouraging successes in technical trials and achieved accreditations to work with a number of blue chip customers.

Business development

The Board conducted a thorough review of our business development activities in the first part of the FY24 and concluded that the portfolio had insufficient projects with a high enough probability of material commercial success in the short to medium term. We therefore focused on shorter term aerospace market opportunities and developing the supply of copper nozzle component spares, both of which began to bear fruit later in the year.

Since then, our approach to developing the business has changed significantly.

Digital marketing activities have been initiated with a specialist partner and are targeted to increase market awareness of the unique features and benefits Hardide coatings, particularly in challenging operating environments and where non-line of sight coating application is required. The objective is to use sophisticated digital and web site technology to attract and open up a dialogue with design engineers who have technical needs that Hardide could provide solutions for.

We are also taking a broader and more holistic approach to end use market development that places focus on applications where Hardide coatings are uniquely differentiated. Therefore, our approach has become less restricted by the Group's traditional targeting of energy, aerospace and certain industrial engineering applications.

Our focus is also on achieving significantly better utilisation, as soon as practicable, of:

- (i) our existing invested asset base where we believe we have spare operational capacity to at least double current revenues; and
- (ii) the skill sets of our people.

This has led us to target, for example, end user and spares markets where decision making and conversion of opportunities into revenue is typically much faster.

Taking the above together, we have reorganised our sales, business development and marketing functions as follows, to expand Hardide's business far beyond our previous coatings as a service model.

We now have three business development streams:

1. Service

This is Hardide's traditional business and currently represents over 90% of sales revenues. Typically, work is driven by larger OEMs, although orders are placed on Hardide by their tier 1 or tier 2 suppliers. Becoming accredited by OEMs can take many years, and there is typically no order book as such.

We are now working much more closely with OEM customers to generate "pull through" demand, and are taking a more open and flexible approach to better understanding customer needs, likely volume levels and working together with customers to develop a way of reducing costs per unit to achieve mutually beneficial price points at attractive margins.

We are also developing ancillary service offerings to better utilise Hardide's existing capabilities beyond our core CVD coatings business. Examples include providing pre-coating services using our nickel strike facilities, and offering specialist laboratory inspection services.

2. Enhanced products

This business stream was launched in April 2024. The objective is to accelerate revenue growth and generate more predictable repeat business by coating high volume consumable spares to end users where the payback offered by the durability of the Hardide coating provides a compelling value proposition. The initial focus has been to provide coatings for copper nozzles and associated components used in thermal spraying equipment where the existing life of the component is only a few hours and the downtime costs of replacement are high. Hardide's coatings are proven to increase the life of these components between 3 and 20 times. To date we have provided nozzles to 22 customers, these are both our own products as well as providing a service to customers of a coating on their existing stock to extend life. Initial revenue generated in the second half of FY24 was encouraging and we established credibility with this new customer base in terms of product performance. We are targeting significant growth in the current financial year and beyond.

3. Bespoke Solutions

This business stream is currently under development and is focused on solving unique customer problems with a bespoke Hardide specification in both our traditional markets as well as new markets. In our traditional markets of Energy and Aerospace development lead times and customer approvals are long, and therefore having a balanced opportunity pipeline in terms of timeframes to revenue realisation is therefore critical to our success and work has begun to achieve this. As part of this initiative, we will seek to become more market agnostic and also target customers and applications with shorter approval cycles. In doing this we will work with customers to provide a solution that has a bespoke Hardide specification and therefore creates a high barrier to entry for other surface treatment providers. As an example of new markets, our first customer funded development project was recently completed for a customer operating in the semi-conductor sector. If successful, this will lead to a wider portfolio of applications that could benefit from Hardide's coating capabilities. This offering will be underpinned by our new use of digital marketing, together with our own networks, to identify and attract design engineers to Hardide where our coatings technology offers a unique solution leading to repeatable and predictable production orders.

By now developing the business using the structure and approach set out above, we believe that we will be able to accelerate Hardide's growth, consistent with our strategy, with meaningful results expected over the short to short/medium term.

Operations

Health & safety

Once again, there were zero lost time health and safety incidents across the Group during the FY24 financial year. Regular external audits and inspections are performed at both sites and recommendations for continuous improvement followed up. Greater focus on being placed on potential hazard and near miss identification, reporting and continuous improvement activities in order to reduce the risk of accidents occurring.

Accreditations

Hardide's site at Bicester in the UK is accredited to NADCAP Gold Merit status, the highest accreditation available for commitment to continual improvement in aerospace quality. Both the UK and the US site at Martinsville are accredited to aerospace quality standard AS9100 Rev. D and to ISO9001. The Bicester facility is certified to environmental standard ISO14001, while Martinsville complies with applicable local, state and federal environmental standards.

Continuous improvement

A number of continuous improvement projects were initiated during the year and are beginning to bear fruit. Initial focus has been on improving the efficiency of usage of our two key variable input costs, process gas and energy. In addition, we are putting increased focus on increasing the efficiency and flexibility of production workflows to improve productivity.

Fundamentally, the cost per part of components coated is heavily dependent on the quality of up front application engineering, together with the volume, predictability and repeatability of demand, which together help enable efficient batch sizes and reactor utilisation. We have recently been more far more proactive in working with customers to optimise these areas for our mutual benefit.

Development of the Martinsville site in the USA

We believe that revenue growth opportunities for Hardide in the USA and North America are significant.

Traditionally, our Martinsville site in Virginia has been a satellite production centre and has operated under the close supervision of operational management in the UK. We are evolving the organisational structure with the objective of empowering and developing the team in Martinsville to carry out some business development activities directly; and also to enable them to more fully mirror operational capabilities with those in the UK.

We believe that the additional sales potential, including from increased competitiveness by providing more coatings for the North American market locally will offer fast returns on what at this stage are anticipated to be relatively modest incremental costs of investment.

Intellectual property

Hardide continues to renew patents in territories that it believes are important to its commercial development and to protect latest developments and applications in its coatings technology.

In effect, our most recent patents serve to increase the life span of our original patents by covering an increased range of applications.

Management also believes that Hardide's know-how and experience in applying the coatings technology has now become as valuable, if not more so, than the patents themselves.

Research and development

The focus of our research and development activities during the year was as follows:

1. Working on a grant funded project to evaluate the benefits of Hardide coatings in the areas of hydrogen production and storage. The project will be concluded in the current financial year.
2. Fundamental research work on developing a variant of the coating that reduces friction.

We are taking a more commercial approach to our development work, with focus on projects that are judged more likely to convert into revenue, profit and cash in the short to medium term and working with customers who will assist us in funding the development of solutions for specific commercial applications.

Environmental, Social and Governance ("ESG")

We believe Hardide has strong ESG credentials as explained in the ESG report later in the full Annual Report.

Hardide's coatings prolong the life of, and improve the resilience and efficiency of, the components and parts used by our customers, thereby reducing life cycle costs, reducing waste and avoiding the harmful chemicals used in some competing coating technologies.

Our facilities in the UK and USA are well invested and operate to high environmental standards, with continuous improvement initiatives targeting a relative reduction in carbon emissions over time.

As a small team of around 30 people, we work closely with and communicate regularly with employees, who are involved in discussions as to how we grow, develop and continually improve the business. In the new financial year we have introduced a profit bonus scheme that all employees participate in.

We believe that Hardide as a small, listed business on London's Alternative Investment ("AIM") market, is well governed and we comply with the QCA corporate governance code for AIM listed businesses.

Strong, responsible corporate governance and ethical behaviour is fundamental to the Board's oversight of the Group and to Hardide's broader culture and values.

Current financial year to date trading

Year to date trading in the first quarter of FY25 has been in line with management's expectations, with a continuation of the broad trends observed in the second half of FY24. The second quarter of the current financial year is expected to benefit from the additional aerospace sector work recently won and demand is building for copper nozzles within our Enhanced Products range.

Unaudited sales in the first quarter of FY25 were £1.3m (Q1 FY24: £1.1m) and the Group continues to trade at EBITDA positive levels. The Group's cash balance at 31 December 2024 was £1.0m, a £0.3m increase on the position at 30 September 2024.

Outlook

In light of:

- action taken to right-size the cost base of the business and improve margins in FY24;
- a return to revenue growth in the current financial year, including from the recently announced aerospace sector work; and
- a refreshed, more focused approach to accelerating revenue growth over the short to medium term to utilise spare production capacity

we expect Hardide now to deliver profitable growth in the current financial year and beyond.

Matt Hamblin
Chief Executive Officer

28 January 2025

Group Finance Director's Review

Income statement

The revenue and EBITDA performance of the Group for the year is described in the Chief Executive's review.

A reconciliation of adjusted EBITDA and earnings to statutory profit measures is set out below:

Year ended:	30 September 2023	30 September 2024		
£m	Statutory	Adjusted	Non-recurring costs	Statutory

EBITDA	(0.1)	-	(0.4)	(0.4)
Depreciation and amortisation	(0.9)	(0.8)	-	(0.8)
Financing costs	(0.2)	(0.2)	-	(0.2)
Loss before tax	(1.2)	(1.0)	(0.4)	(1.4)
Tax	0.1	-	-	-
Net earnings after tax	(1.1)	(1.0)	(0.4)	(1.4)
Basic earnings per share (pence)	(1.9)	(1.3)	(0.6)	(1.9)

The non-recurring costs during FY24 relate to the one-off costs of restructuring the business to reduce the ongoing cost base; costs associated with the equity fund raise in February 2024; and the costs of the restricted share option awards made to the CEO on commencement of his role that are described further in the Remuneration and Nomination Committee Report.

Depreciation and amortisation costs of £0.8m in the year were a little lower than in the prior year and financing costs of £0.2m were similar.

The Group had no corporation tax charge in FY24 or FY23 due to the losses before tax incurred in both years. The Group benefited from modest research and development tax credits in both years.

The negative basic earnings per share of 1.9 pence was the same as FY23, despite the higher loss after tax, due to the greater average number of shares in issue in FY24 following the equity fund raise in February 2024.

The group's cash flow statement for the year can be summarised as follows:

Year ended:	30 September 2023	30 September 2024
Adjusted EBITDA	(0.1)	-
Change in working capital	0.4	0.1
Net interest and tax	(0.1)	(0.1)
Operating cash flow	0.2	-
Restructuring cash costs	-	(0.4)
Capital expenditure	(0.1)	(0.1)
Business cash flow before financing	0.1	(0.5)
Net financing cash flows	(0.1)	0.5
Net cash flow for the year	-	-
 Cash balance at 30 September	 0.7	 0.7

Prior to the £0.8m equity fundraise in February 2024 and the benefit of net new debt finance raised in the year of £0.2m, the group had a cash outflow before financing costs of £0.5m in the year. This compared with a £0.1m net positive cash flow in the prior year.

The weaker overall cash flow performance in the year to 30 September 2024 (prior to financing transactions) when compared with the prior year is explained by the poor trading performance of the business in H1 of FY24 described in the CEO's report, the one-off cash restructuring costs incurred in the second half of FY24 of £0.4m and fluctuations in working capital.

Prior to the net new asset finance raised and the one-off cash costs of the restructuring during the second half of the FY24 financial year, which largely offset each other, second half trading cash flows recovered to a broadly neutral position.

The group began to generate net cash towards the end of the financial year and this has continued into the first quarter of the current financial year. The net cash balance at 30 September 2024 was £0.7m (30 September 2023: £0.7m) and this had risen to £1.0m by 31 December 2024.

Balance Sheet, Capital Structure and Net Debt

The main changes in the Group's balance sheet over the year were:

- a reduction in the net value of property, plant and equipment by £0.6m to £4.0m, as depreciation exceeded capital expenditure, reflecting the significant invested capacity in the business;
- a reduction in net current assets, from £0.7m to £0.6m, reflecting a small reduction in inventory.

Therefore, total assets decreased from £8.4m to £7.7m over FY24.

Total equity / shareholders' funds decreased from £4.3m to £3.7m, reflecting the loss after tax for the year, partly offset by the proceeds raised from the equity fundraising in February 2024 of £0.8m.

An analysis of Hardide's net debt is set out in the table below:

At 30 September:	2023	2024
Cash	(0.7)	(0.7)
Loans	0.8	0.7
Lease liabilities	2.2	2.1
Net debt	2.3	2.1

In total, the value of loans and lease finance due to be repaid in FY25 is £0.45m (FY24: £0.44m).

Funding and going concern

The Group became cash generative for the first time towards the end of FY24, with £0.7m of cash balances held at the financial

year-end which increased to £1.0m at 31 December 2024. Given Hardide is already a well invested business with significant spare capacity, the Board is not planning to raise further funds at the present time. The financial statements have been prepared on a going concern basis.

Reverse stress testing suggests that, absent specific actions to reduce costs, working capital and capital expenditure, the Group may need to seek further funding only if revenues fell by more than 20% compared to forecast. Given to date the business is trading in line with management expectations, the Board considers this scenario to be unlikely.

Simon Hallam
Group Finance Director

28 January 2025

CONSOLIDATED INCOME STATEMENT
for the year ended 30 September 2024

	12 months to 30 September 2024 £000	12 months to 30 September 2023 £000
Revenue	4,730	5,499
Cost of sales	(2,454)	(2,886)
Gross profit	2,276	2,613
Administrative expenses	(2,244)	(2,871)
Other operating income	-	159
Adjusted EBITDA before restructuring costs	32	(99)
Restructuring costs	(399)	-
EBITDA	(367)	(99)
Depreciation and amortisation	(823)	(863)
Impairment of goodwill	-	(69)
Operating (loss)	(1,190)	(1,031)
Finance income	4	3
Finance costs	(157)	(165)
(Loss) on ordinary activities before taxation	(1,343)	(1,193)
Taxation	23	75
(Loss) on ordinary activities after taxation	(1,320)	(1,118)
(Loss) per share: Basic	(1.9)p	(1.9)p
(Loss) per share: Diluted	(1.9)p	(1.9)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 30 September 2024

	As at 30 September 2024 £000	As at 30 September 2023 £000
Assets		
Non-current assets		
Intangible assets	9	9
Property, plant & equipment	3,979	4,640
Right of use assets	1,526	1,697
Total non-current assets	5,514	6,346
Current assets		
Inventories	167	236
Trade and other receivables	980	742
Other current financial assets	391	335
Cash and cash equivalents	700	740
Total current assets	2,238	2,053
Total assets	7,752	8,399
Liabilities		
Current liabilities		
Trade and other payables	795	919

Trade and other payables	235	253
Loans	393	17
Deferred income	216	182
Right of use lease liability	1,639	1,371
Net current assets	599	682
Non-current liabilities		
Loans	479	508
Deferred income	50	72
Right of use lease liability	1,875	2,106
Provision for dilapidations	50	50
Total non-current liabilities	2,454	2,736
Total liabilities	4,093	4,107
Net assets	3,659	4,292
Equity attributable to equity holders of the parent		
Share capital	4,845	4,063
Share premium	19,188	19,242
Retained earnings	(20,638)	(19,318)
Share-based payments reserve	607	577
Translation reserve	(343)	(272)
Total equity	3,659	4,292

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2024

	Share Capital £'000	Share Premium £'000	Share-based Payments £'000	Translation Reserve £'000	Retained Earnings £'000	Total Equity £'000
At 1 October 2022	4,063	19,242	553	(128)	(18,200)	5,530
Share options	-	-	24	-	-	24
Exchange translation	-	-	-	(144)	-	(144)
Loss for the year	-	-	-	-	(1,118)	(1,118)
At 30 September 2023	4,063	19,242	577	(272)	(19,318)	4,292
At 1 October 2023	4,063	19,242	577	(272)	(19,318)	4,292
Issue of new shares	782	98	-	-	-	880
Share issue costs	-	(152)	-	-	-	(152)
Share options	-	-	30	-	-	30
Exchange translation	-	-	-	(71)	-	(71)
Loss for the year	-	-	-	-	(1,320)	(1,320)
At 30 September 2024	4,845	19,188	607	(343)	(20,638)	3,659

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2024

	12 months to 30 September 2024 £'000	12 months to 30 September 2023 £'000
Cash flows from operating activities		
Operating (loss)	(1,190)	(1,031)
Gain on sale and leaseback	-	(159)
Impairment of goodwill	-	69
Depreciation and amortisation on owned assets	605	677
Depreciation on right of use assets	218	186
Share option charge	30	24
Decrease in inventories	69	251
(Increase) / decrease in receivables	(270)	243
Increase / (decrease) in payables	269	(93)
Cash (used in) / generated from operations	(269)	167
Finance income	4	3
Finance costs	(157)	(165)
Tax received	-	161
Net cash (used in) / generated from operating activities	(422)	166
Cash flows from investing activities		
Purchase of intangibles, property, plant and equipment	(64)	(110)
Net (cash used) in investing activities	(64)	(110)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	728	-

Proceeds from sale and leaseback	-	477
New loans raised	235	-
Loans repaid	(260)	(286)
Repayment of leases	(269)	(289)
Net cash generated from / (used in) financing activities	434	(98)
Effect of exchange rate fluctuations	12	89
Net (decrease) / increase in cash and cash equivalents	(40)	47
Cash and cash equivalents at the beginning of the year	740	693
Cash and cash equivalents at the end of the year	700	740

Notes

1. Basis of preparation of financial information

The financial information presented is extracted from the audited financial statements. Full statutory accounts for Hardide plc for the year ended 30 September 2023 have been delivered to the Registrar of Companies and those for the year ended 30 September 2024 will be delivered following the Company's annual general meeting.

Funding and going concern

The directors have adopted the going concern basis in preparing the financial statements after assessing the principal risks and considering the impact of various downside scenarios to the Group's base case financial plans, including latest sales expectations and profit margins for the period to March 2026.

The Board expects the Group to have sufficient financial and other resources to continue to operate as a going concern for the foreseeable future, but in reaching that conclusion the Board has undertaken a series of sensitivity analyses based on the Group not achieving its base case sales forecast. In order for the Group to have a material uncertainty as to its ability to continue as a going concern, absent further actions that could be taken to reduce costs, working capital and capital expenditure, there would need to be a reduction of c.20% against its base case sales forecast.

The Board believe that this scenario is unlikely and has therefore concluded that it remains appropriate to prepare the financial statements on a going concern basis.

2. Segmental information

Year ended 30 September	UK operation		US operation		Corporate		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
External revenue	3,129	3,154	1,601	2,345	-	-	4,730	5,499
Operating profit / (loss)	(442)	(776)	296	759	(1,044)	(1,014)	(1,190)	(1,031)
Segment assets	5,779	6,196	1,754	2,054	219	149	7,752	8,399
Expenditure for non-current assets	25	22	23	23	-	-	48	45
Segment liabilities	2,686	2,594	1,188	1,225	219	288	4,093	4,107

The Group currently has a single business product, so no secondary analysis is presented. Revenue from external customers is attributed according to their country of domicile. Turnover by geographical destination is as follows:

External sales	UK £000	Europe £000	N America £000	Rest of World £000	Total £000
2024	2,096	159	2,033	442	4,730
2023	1,938	95	3,396	70	5,499

3. Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA")

EBITDA is a key financial performance indicator used by management to assess the operational performance of the Group. This may be reconciled to the Income Statement as follows:

	2024 £000	2023 £000
Operating loss	(1,190)	(1,031)
Restructuring costs	399	-
<i>Add back non-cash other operating costs:</i>		
Impairment of goodwill	-	69
Depreciation and amortisation of owned assets	605	677
Depreciation and amortisation of right of use assets	218	186

Adjusted EBITDA	32	(99)
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4. Earnings per share

	2024 £000	2023 £000
(Loss) on ordinary activities after tax	(1,320)	(1,118)
Basic earnings per ordinary share:		
Weighted average number of ordinary shares in issue	70,849,596	58,901,959
Earnings per share	(1.9)p	(1.9)p

As net losses were recorded in 2024 and 2023, the potentially dilutive share options are anti-dilutive for the purposes of the loss per share calculation and their effect is therefore not considered.

5. Loans

	2024 £000	2023 £000
Total loans	714	761
Maturity analysis:		
Within 1 year	235	253
1 to 2 years	169	212
2 to 3 years	103	144
3 to 4 years	86	76
4 to 5 years	54	57
5+ years	67	19

6. Right of use lease liabilities

	2024 £000	2023 £000
Total lease liabilities	2,091	2,288
Maturity analysis:		
Within 1 year	216	182
1 to 2 years	193	192
2 to 3 years	195	196
3 to 4 years	205	199
4 to 5 years	218	208
5+ years	1,064	1,311

7. Post balance sheet events

On 18th December 2024, the Group announced that it had signed a 10 year supply agreement with a major customer in the Aerospace sector for the coating of cargo door components. Customer funded equipment modifications are largely due to be completed in the first half of the new financial year. These, together with subsequent tooling and initial production volumes, are expected to benefit the current financial year revenues by approximately £0.5m and future revenues by c. £6-£8m over the life of the agreement.

On 27 December 2024, the Group awarded the following Options:

Name	Position	Number of Options	Type of option	Conditions
Matt Hamblin	CEO	1,000,000	Restricted shares	Minimum 3-year tenure in role
		2,300,000	Performance shares	Financial performance
Simon Hallam	Finance Director	655,200	Performance shares	Financial performance
Yuri Zhuk	Technical Director	776,412	Performance shares	Financial performance

The Options set out above are issued pursuant to the Hardile plc 2016 EMI option scheme and have an exercise price of 5.71p per share, being the 5-VWAP for the 5 business days preceding the date of the award.

Also on 27 December 2024, the Group issued 355,240 shares to satisfy a previously contracted bonus award to Sketchley GmBH, a company owned by Steve Paul, who served as the Company's interim CEO for the period February to May 2024.

8. Annual report and accounts and notice of AGM

The full audited annual report and accounts for the year ended 30 September 2024, including the basis for preparation and other explanatory notes, will be made available to shareholders in February 2025. These will be available as soon as possible thereafter on the Company's website (www.hardide.com). The announcement of the publication of the full report and accounts will be notified. Notice of the Company's annual general meeting will be sent to shareholders at the same time.

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