

Hardide plc

Financial Statements For the year ended 30 September 2025

Hardide plc is a public limited company domiciled in the UK and incorporated in England & Wales with Registered Number 05344714.

The address of the Registered Office and principal place of business is
9 Longlands Road, Bicester, Oxfordshire OX26 5AH, United Kingdom.



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HARDIDE PLC – ANNUAL REPORT 2025

HIGHLIGHTS

Financial summary

Year ended £m	30 September 2025	30 September 2024	Change
Revenue	6.0	4.7	+1.3
Gross profit	3.5	2.3	+1.2
Gross margin %	57%	48%	+9 percentage points
EBITDA *	1.0	- ¹	+1.0
EBITDA margin %	17.0%	-	+17 percentage points
Basic earnings per share ("EPS") (pence)	0.2	(1.9)	+2.1
Gross cash at 30 September	0.8	0.7	+0.1
Net debt at 30 September ²	1.6	2.1	-0.5

* EBITDA is defined as Earnings Before Interest, Tax, and Depreciation and Amortisation charges.

¹ The 30 September 2024 comparative figure for EBITDA has been adjusted to exclude non-recurring restructuring costs of £0.4m incurred in that year.

² Net debt includes IFRS16 lease liabilities.

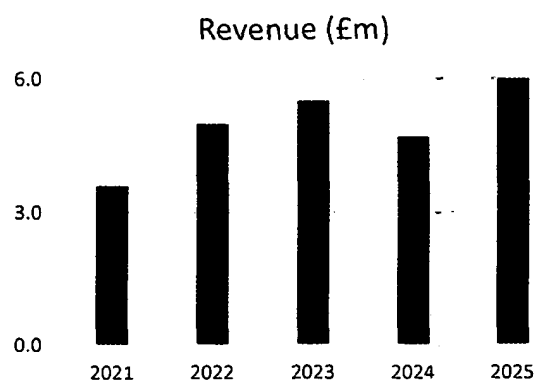
FY25 trading and financial highlights

- Revenues up 27% from £4.7m to £6.0m driven by new recurring and development work wins across the aerospace and energy sectors.
- Gross margins up from 48% to 57% due to volume growth, strong commercial disciplines and operational efficiency gains.
- Revenue and margin improvements drove a material improvement in EBITDA to £1.0m (2024: break-even¹), at an EBITDA margin of 17.0%.
- Earnings positive for the first time in many years with basic EPS of 0.2p (2024: 1.9p loss per share).
- Net debt reduced by £0.5m to £1.6m at 30 September 2025. Gross cash increased from £0.7 to £0.8m in FY25, further increasing to £1.2m at 31 December 2025.
- Full harmonisation of operational capabilities between our plants in the USA and UK completed during the year.

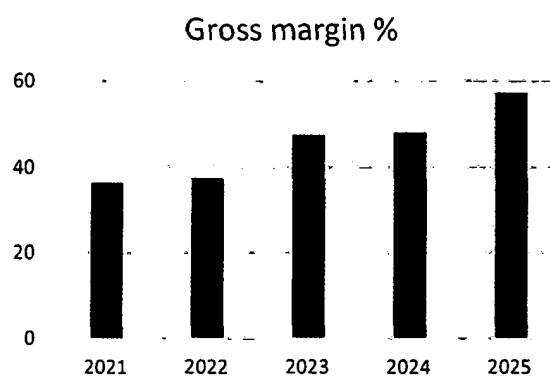
Recent trading and outlook

- Strong trading momentum of Q4 FY25 continued into Q1 FY26, with Q1 FY26 revenues of £1.8m up almost 40% on Q1 FY25, enabling generation of double digit operating margins in the quarter.
- Expectations for further significant progress in FY26 as a whole are underpinned by Q1's encouraging trading momentum and order intake of £1.75m from a major new customer in the energy sector in North America.
- Hardide remains 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.

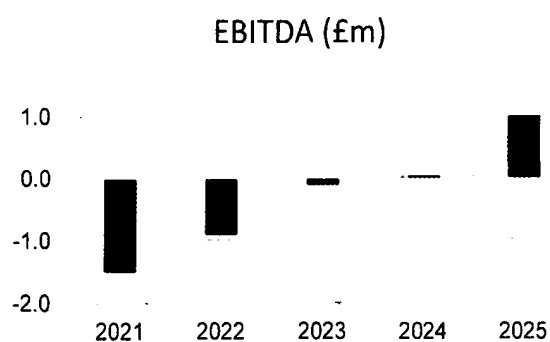
5-year track record



Over 25% increase in revenues in FY25

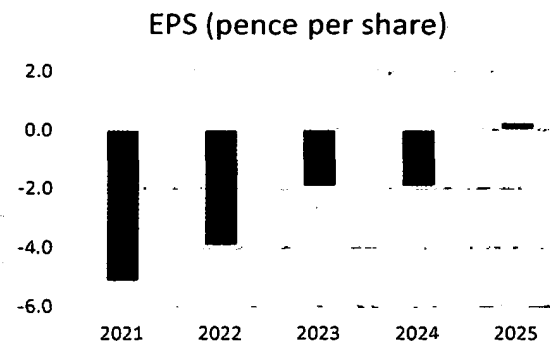


Significant improvements in gross margins



* In H2 of FY24 EBITDA excludes one off restructuring costs of £0.4m

Record EBITDA result in FY25

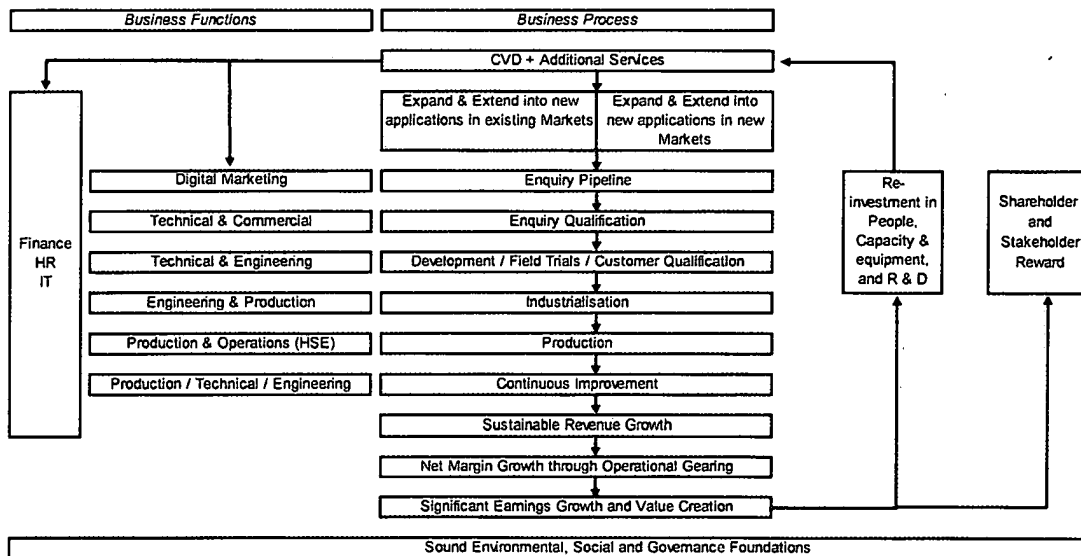


Positive EPS achieved in FY25

HARDIDE PLC GROWTH STRATEGY

Growth Source	Organic			Inorganic
Business Stream	CVD as a Service	CVD as a Solution	Additional Services (ENP, Electropolish, Laboratory, Nozzles)	
Market / Application	Existing Customers / Existing Applications / Existing Approvals			
		Existing & New Customers / New Applications / Existing & New Markets		
			Existing & New Customers / New Applications / New Markets	
Characteristics	Agile Manufacturing Capability, Cost, Volume, Lead Time, Price			Acquire / Sell
Development Approach	Engineer to Engineer & Customer Funded			
	Digital Marketing			
Capacity Utilisation	Existing	Existing & New		Debt / Possible equity
Funding Source	Internal / Customers	Internal / Customers / Debt / Possible Equity	Internal	
Timeframe	Short Term / Ongoing	Medium Term / Ongoing	Short Term / Ongoing	Opportunistic

HARDIDE PLC BUSINESS MODEL



Chair's Statement

Chair's Statement

Overview

I am pleased to report a year of strong progress for Hardide.

Revenues grew by 27% to £6.0m (2024: £4.7m), driven by new work wins in the aerospace and energy sectors. This enabled us to achieve a materially improved EBITDA result of £1.0m (2024: break-even, prior to restructuring costs) at a margin of 17.0% for the year, together with a positive earnings per share outcome for the first time in many years.

The encouraging trading momentum has continued into the current financial year, with revenues for the quarter ended 31 December 2025 almost 40% up on the prior year period at £1.8m, the Group's cash balance increasing from £0.8m at 30 September 2025 to £1.2m at 31 December 2025, and orders received from a major new customer in the energy sector of £1.75m.

Strategy

Our strategy is to accelerate market adoption of Hardide's unique, high performance coatings technology by marketing and developing a customer specified coatings solutions business to augment our traditional work to supply coatings as a service, together with strategic focus on expanding our North American business. Our approach is described in further detail in the Chief Executive's review.

Our first strategic milestone is to at least double revenues from 2024 levels to £10m and beyond as soon as possible, leveraging the potential for significant margin and profit improvement through utilisation of spare production capacity.

People and culture

We are once again very grateful for the hard work and dedication of our employees in both the UK and the USA in driving the growth and improved performance of the business through the year. We were pleased to be able to reward all employees with bonus payments following the financial year end to recognise their achievements.

Consistent with our strategy, we continue to develop a more commercially led, customer focused, innovative and results driven culture as we grow the business. This is being achieved through a combination of leadership by example, reward for success, training, and by strengthening the team to help drive growth and build momentum.

Board

The Board continued to evolve during the year. We were delighted to welcome Dr. Bryan Allcock to the Board in December 2024 as our Senior Independent Non-Executive Director and Remuneration Committee Chair following the retirement of Tim Rice. Bryan's extensive and wide-ranging knowledge of materials science and the surface treatment sector, combined with a strong commercial and entrepreneurial approach has brought a welcome fresh perspective to the Board.

Investment

The Group's principal capital investments during the year were to enable harmonisation of production capabilities between the USA and the UK as part of our strategy to grow the North American business; and to increase the capability of our pre-treatment facilities to enable development of ancillary sales, further described in the Chief Executive's report.

We also continue to invest in increasing the number of variants of the Hardide coating to broaden our market reach, whilst developing new applications of the technology working in collaboration with customers and supported by grant funding where available. Examples of grant funded application development work during the year were in carbon capture and hydrogen storage applications.

Cash flow

Over the last 18 months the Group has begun to generate cash for the first time. With ongoing revenue growth and a well invested business with healthy gross margins and strong overhead control, we expect cash balances now also to grow further.

Outlook

Despite continuing uncertainties in the global economy, the Board believes the business should continue to make good progress in the current financial year and beyond due to increasing market adoption of our unique surface coating technology. This is evidenced by the growth achieved in the last financial year and in the current financial year to date; the significant new orders won recently from a major new energy sector customer; and the growing pipeline of business development opportunities.

Andrew Magson

Non-Executive Chair

21 January 2026

Chief Executive's Review

Results for the year

I am pleased with the progress made in my first full year as Hardide's CEO. We are continuing to work hard to build on this in the current financial year.

The Group's results for the year ended 30 September 2025 can be summarised as follows:

Year ended £m	30 September 2025	30 September 2024	Change
Revenue	6.0	4.7	+1.3
Gross profit	3.5	2.3	+1.2
Gross margin %	57%	48%	+9 percentage points
EBITDA *	1.0	- ¹	+1.0
EBITDA margin %	17.0%	-	+17 percentage points
Operating profit / (loss)	0.3	(1.2)	+1.5
Profit / (loss) before tax	0.1	(1.3)	+1.4
Basic earnings per share (pence)	0.2	(1.9)	+2.1

* EBITDA is Earnings Before Interest, Tax, and Depreciation and Amortisation charges.

¹ The 30 September 2024 comparative figure for EBITDA has been adjusted to exclude non-recurring restructuring costs of £0.4m incurred in that year.

Revenues in FY25 increased by 27% to a record £6.0m compared with £4.7m in FY24, driven mainly by new work wins in the aerospace and energy sectors. Similarly, gross margins improved to 57% from 48% in FY24, through a combination of better recovery of fixed costs due to revenue growth, together with strong commercial management and operational efficiencies.

When combined with strong overhead control and the sustained benefit of fixed cost savings, the increased revenues and gross margins enabled a material improvement in EBITDA to £1.0m at an EBITDA margin of 17.0%, compared to a break-even result (prior to £0.4m of one-off restructuring costs) in the prior year.

With depreciation and interest charges also lower in FY25, the strong EBITDA performance enabled the business to generate a positive operating profit of £0.3m (2024: loss of £1.2m) and profit before tax of £0.1m (2024: loss of £1.3m), driving a positive basic EPS of 0.2p (2024: loss per share of 1.9p).

High operational gearing in the business should enable future revenue growth to translate strongly into additional profit and cash generation, and therefore we would expect profits and earnings to grow faster than revenues in the coming years.

Commercial review

The Group's revenues analysed by end use market application were as follows:

£m	FY25	FY24	% change	FY25 % Mix	FY24 % Mix
Energy	2.8	1.9	+ 49%	47%	40%
Industrial	1.4	1.9	- 26%	23%	40%
Aerospace	1.8	0.9	+ 90%	30%	20%
Total	6.0	4.7	+ 27%	100%	100%

The £1.3m revenue growth from 2024 to 2025 was largely generated by new business won in the year in energy and aerospace applications. Whilst the overall level of recurring work was broadly flat year on year reflecting the challenging global economic backdrop, this masked some recovery in sales to the energy sector after some customer de-stocking in the prior year, offset by a reduction in industrial sector work.

The addition of a number of new customers during the year enabled us to reduce overall customer concentration across our portfolio, although our top six customers continue to account for the majority of the Group's sales.

Energy

Much of the £0.9m increase in year-on-year sales to this sector was explained by new work wins. There is significant customer interest in the potential for Hardide coatings to replace boronising and nitriding as a surface treatment solution to increase the longevity of sleeves used in directional drilling operations.

Revenue growth in FY25 was driven particularly by two large new customers, based in North America and the Middle East respectively, with sales momentum increasing in the final quarter of the year. Should development trials and initial production orders be successful during the course of FY26, both customers have the potential to add materially to Hardide's sales in the current and future years.

Elsewhere we saw some recovery in volumes from one major long-standing customer who had de-stocked in the prior year; a modest increase in demand from another significant customer; whilst some coating programmes with smaller customers came to a natural end during the year.

The application of Hardide coating for use in the coating of industrial gas turbine blades to mitigate water droplet erosion, continues to be tested in the field and we remain in close contact with the customer. Although there had been no repeat demand since FY22, encouragingly, we recently received a repeat order for £0.26m which is expected to benefit this financial year.

Industrial engineering

Demand in the industrial engineering sector was somewhat subdued, perhaps reflecting broader economic conditions, as one of our major customers reduced ongoing volumes following de-stocking last year. Demand for recurring work elsewhere was broadly stable.

Sales of our enhanced products range launched in 2024 grew during the year, albeit not at the rate initially expected and efforts continue to increase market share in this area, with continued focus on replacement and spare copper nozzles for thermal spraying equipment.

Aerospace

In December 2024 we announced we had won additional work with a major European aircraft manufacturer to coat parts for freight aircraft. As expected, the initial tooling and development work added materially to sales revenue in FY25. Production volumes are expected to begin in FY26 and, based on the customer's anticipated build rates, this could lead to production revenues in the range of circa £8m over the expected 10-year time frame of the contract.

The work won in 2023 with the same customer to coat parts used in commercial passenger aircraft has continued to progress well and should also enable a stable base load of volume work to continue for a number of years.

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

Business development

Approach

Our refreshed approach to business development begun last year is to take a broader and more holistic view of end use market development that places focus on potential applications where Hardide coatings are uniquely differentiated. This means we have become less restricted by the Group's traditional targeting of energy, aerospace and certain industrial customers. In addition, we are seeking to grow market share through focus on the following growth drivers:

- Developing a Bespoke Solutions business

This business stream is based on solving unique customer problems with a bespoke Hardide specification in both our traditional markets as well as new markets. In our traditional markets, including aerospace in particular, 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. As part of this initiative, we will seek to become more market sector agnostic and also target customers and applications with shorter approval cycles. Developing unique customer solutions with a bespoke Hardide specification can create a high barrier to entry for other surface treatment providers. It is intended that our coatings solutions business will supplement our traditional coatings as a service business.

During the current financial year we have been progressing discussions with two large energy companies which have the potential to develop into significant recurring business for the Group.

- Strategic development of our North American business

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

Traditionally, our Martinsville site in Virginia had been a satellite production centre and operated under the close supervision of operational management in the UK. We are evolving the organisational structure to empower and encourage the team in Martinsville to carry out business development activities directly; and during the year we invested to enable the site to mirror operational capabilities with those in the UK.

Hardide's business model is to coat component parts owned by its customers and prices are set on an ex-works basis. Hardide does not bear the financial risks of transporting parts to and from our facilities and, following the harmonisation of operational capabilities between our two plants carried out this year, there is no longer the need for Hardide to coat and ship certain parts from the UK to serve customers in North America.

We believe that the additional sales potential could be significant from the increased competitiveness enabled by providing more coatings for the North American market locally, thereby avoiding transport costs and tariffs which can be material relative to ex-works selling prices, as well as providing reduced lead times.

In recent months this has been evidenced by sizeable sales orders received from a large new North American energy customer, where supply directly from Martinsville was a key pre-requisite.

- Developing ancillary product ranges

During the year we began to offer a wider variety of pre and post treatment services, such as low phosphorus electroless nickel plating and laboratory analysis services to external customers in order to better utilise Hardide's asset base and skill sets that exist in the business.

- Digital, sales led marketing via the internet and social media

In 2024 we launched a digital, sales led marketing programme with a specialist external provider targeted on increasing market awareness of the unique features and benefits of Hardide coatings, particularly for use in challenging operational environments and where non-line of sight coating, or coating of internal surfaces is required. The objective, consistent with our bespoke solutions sales strategy outlined above, is to initiate dialogue with design engineers who have technical needs that Hardide could provide solutions for.

This approach is proving to be more results focused and cost effective than our previous traditional external sales team model. Instead, senior executives within the business now follow up on leads that have already been pre-qualified and well prioritised, often with customers having already reached the decision to spend money on development work.

Consistent with this marketing approach we have recently refreshed Hardide's web site (www.hardide.com) and associated visual branding.

Progress

For the first time this year we have a quantified road map that shows on a line-by-line basis how we intend to achieve our initial strategic target of at least doubling 2024 revenues as soon as possible and better utilise our operational capacity. This was the case even before the recent receipt of significant orders from our new customer in the North American energy sector.

The pipeline of potential opportunities continues to grow, albeit this still needs to be filled further so risks of work not being secured or being delayed is reduced, and the overall chances of success across the portfolio are increased. The Board now reviews this schedule every month, and it considers this discipline to be a significant step forward.

Operations

Health & safety

Once again, there were zero lost time health and safety incidents across the Group during the FY25 financial year and more minor accidents were very infrequent. Regular external audits and inspections are performed at both sites and recommendations for continuous improvement followed up. Greater focus is 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 bearing 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 and tooling; together with the volume, predictability and repeatability of demand, which together help enable efficient batch sizes and reactor utilisation. We have recently been far more proactive in working with customers to optimise these areas for mutual benefit, and this contributed to the improvement in gross margins during the year.

Operational capacity

We believe that with appropriate maintenance we continue to have operational capacity to support revenues at least in the range £10-12m pa, based on daily production cycles for each of our nine coating reactors and our existing single shift pattern. We are working on ways in which we could materially increase this production capacity without further major capital investment.

Should additional coating reactors be required to satisfy demand, these typically cost in the range £1.0-1.5m each, and each reactor can support at least a similar level of annual revenues, depending on selling prices, reactor loadings and cycle times. Our experience is that customers can support the funding of specific additional capacity, and that asset finance is also typically available, if needed.

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

Research and development activities during the year included:

1. A project in conjunction with a team of post graduate engineering students from Cranfield University to evaluate the potential for Hardide Coatings in carbon capture applications. This concluded the most likely commercial applications for Hardide will be in transporting carbon dioxide and work continues as to how we might commercialise this.
2. Completion of work, supported by grant funding, to assess the potential for use of Hardide Coatings in the production of green hydrogen. Initial results have been encouraging, and we are now engaging with commercial partners to take development to the next stage.
3. Continuing to work with a key customer in the power generation industry to further improve the performance of Hardide coatings when used to mitigate the effects of water droplet erosion on turbine blades. This follows the outcome of field trials of the components initially supplied in 2022.

The focus of our technical department is evolving to increase prioritisation of work where customers are asking us to develop our technology to support their needs and resolution of problems. It is likely that an increasing proportion of our technical development work will become customer funded rather than grant funded in future. These areas include evaluating the performance and tolerances of thinner coatings and how we improve the efficiency of masking parts of components that do not need to be coated.

Environmental, Social and Governance ("ESG")

We believe Hardide has relatively strong ESG credentials as explained in the ESG report later in this 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 just over 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. We operate a profit bonus scheme that all employees participate in, and all employees received a bonus relating to Hardide's EBITDA performance in FY25.

We believe that Hardide as a small, listed business on London's Alternative Investment ("AIM") market, is relatively well governed for a business of our size, and we comply with the QCA corporate governance code (as revised in 2023) for AIM listed businesses, as set out in the Corporate Governance report.

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 FY26 has been stronger than we had anticipated at the beginning of the year. The strong sales momentum experienced at the end of the last financial year has continued, including repeat orders amounting to some £1.75m from our large new energy sector customer in North America.

Unaudited revenue for the first quarter of FY26 was £1.8m (Q1 FY25 £1.3m). This revenue growth enabled us to generate double digit operating margins in the quarter. The Group's cash balance at 31 December was £1.2m, compared with £0.8m at 30 September 2025, reflecting the positive trading momentum and the normalisation of the higher than usual working capital levels that were carried over the last financial year end.

The encouraging levels of trading and order intake so far in the current financial year serve to underpin our confidence that Hardide will continue to make good progress over the 2026 financial year as a whole.

Matt Hamblin
Chief Executive Officer

21 January 2026

Group Finance Director's Review

Income statement

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

The Group had no corporation tax charge in FY25 due to brought forward tax losses. There was also no charge in FY24 due to tax losses incurred in that year. The Group benefited from modest research and development tax credits in both years.

Cash flow, cash balance and net debt

The Group's cash flow statement can be summarised as follows:

Year ended £m	30 September 2025	30 September 2024
EBITDA *	1.0	-
Change in working capital	(0.3)	0.1
Net interest and tax	(0.1)	(0.1)
Operating cash flow	0.6	-
Restructuring cash costs	-	(0.4)
Capital expenditure	(0.1)	(0.1)
Increase / (decrease) in cash flow before financing transactions	0.5	(0.5)
Net financing cash flows	(0.4)	0.5
Net cash flow for the year	0.1	-

Cash balance at 30 September	0.8	0.7
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* EBITDA in FY24 is stated prior to deducting one off restructuring costs, presented separately in the summary cash flow statement above.

In the year ended 30 September 2025 the Group generated £0.5m of cash, prior to financing transactions, of which £0.4m was utilised to meet committed repayments of loans and leasing liabilities, with the remaining £0.1m adding to gross cash on the balance sheet.

Due to strong trading momentum towards the end of the 2025 financial year, working capital requirements were higher than normal over the financial year end, leading to £0.3m of cash being absorbed into working capital. This position has since normalised, and by 31 December 2025 the Group's cash balance had increased to £1.2m.

Capital expenditure of £0.1m during FY25 continued to be modest in comparison to the Group's depreciation and amortisation charges of £0.7m for the year, due to the business continuing to be well invested with significant spare capacity. As described in the Chief Executive's report, the capital expenditure mostly related to investment in our Martinsville plant in the USA to harmonise its operational capabilities with those in the UK.

Balance Sheet and Capital Structure

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

- a reduction in the net value of property, plant, equipment and right of use assets by £0.6m, from £5.5m to £4.9m, as depreciation and amortisation charges exceeded capital expenditure for the reasons described above;
- the additional working capital carried over the FY25 year end of £0.3m;
- a reduction in net debt (including lease liabilities) of £0.5m, again as shown above.

An analysis of Hardide's net debt position (including lease liabilities) at the financial year end is set out in the table below:

At 30 September £m	2025	2024
Cash	(0.8)	(0.7)
Loans	0.5	0.7
Lease liabilities	1.9	2.1
Net debt	1.6	2.1

In total, the value of loans and lease finance due to be repaid in FY26 is £0.4m (FY25: £0.4m).

Therefore, total equity / shareholders' funds increased from £3.7m to £3.9m, reflecting retained profit after tax for the year.

Funding and going concern

Hardide has become cash generative for the first time over the last 18 months. As Hardide is already well invested with significant spare capacity, and with typical working capital requirements being modest at around 10% of sales, the Board does not currently believe it will need to raise further equity to deliver its current business plans. Therefore, 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 25% compared to forecast. Given trading momentum this financial year has so far continued to be strong, the Board considers this scenario to be unlikely.

Simon Hallam
Group Finance Director

21 January 2026

RISK REVIEW

A summary of the Group's key risks and how these are managed is provided below.

Risk and analysis	Mitigation and control	Residual risk
Customer concentration and demand volatility Customer concentration is relatively high. In 2025, the top six customers accounted for c.70% of sales in aggregate and the majority of sales were to the energy sector where demand patterns have historically been volatile. Consequently, short-term changes in demand patterns for major customers (including de-stocking or re-stocking) can have a significant impact on short term revenues, profits and cash flows. The loss of a major customer could have a significant short-term impact on the Group's performance.	As far as possible, we build close relationships with end use customers responsible for driving Hardide specifications and demand, to assist with capacity and business planning. Once the Hardide coatings are proven as a differentiated customer solution project business tends to be retained, provided service levels are strong, as switching costs can be high. This position is being strengthened by the development of the bespoke solutions business described in the CEO's report. There can be some natural loss of business ("churn") as specific projects or product lines come to an end or be replaced. Management works closely with customers to evolve the use of Hardide in specifications as product lines are renewed or design changes made. The Group's business development strategy is sector agnostic, to seek to broaden sources of revenue growth and to reduce specific customer and sector concentration over time.	High
Economic and geopolitical risks Changes in economic conditions and / or uncertainties in the geopolitical landscape (including tariffs), particularly in the UK, USA and Europe, particularly those impacting the oil & gas sector, could significantly impact Group revenues, profits and cash flows. The global supply chains of some large OEM customers remain unpredictable and this can cause volatility in short term demand patterns as customers adjust inventory holding levels accordingly.	This risk is largely outside the Group's control. The Board closely monitors relevant economic, industry and customer forecasts, and adapts business plans accordingly. Hardide has recently enhanced the capabilities of its plant in Martinsville, USA, mirroring UK operational capabilities to promote increased demand for local sourcing in the USA whilst reducing turnaround times, freight costs and eliminating the impact of import tariffs for North American customers.	High

Business development and revenue growth risks In the past Hardide has not achieved the pace of revenue growth previously anticipated for various reasons including: - lack of market awareness of Hardide's unique coating technology - lower cost coating alternatives for certain applications - long lead times to achieve technical accreditations / specifications - an engineering led as opposed to commercially led approach to sales and business development	These issues are being addressed by: - a new digital marketing strategy launched in 2024 to raise brand and product awareness, targeting key specifying engineers - business development focus and prioritisation on niches where Hardide is truly differentiated relative to competitors and can provide a unique solution and value proposition (eg, where erosion and corrosion resistant coatings and non-line of sight applications are needed) - the new customer solutions business stream launched in 2024, supplemented by ancillary service sales described in the CEO's report to increase regular sales volumes - being more proactive in seeking new work with existing customers where Hardie solutions are already proven and tested - evolving the Hardide business development and engineering teams and skill sets to enable more innovative development of improved value propositions.	Medium / High
People risks Hardide has a workforce of c.30 people across two operating locations. The unique nature of our coating technology and production process, together with the small size of the company, means there is significant know-how in many roles and therefore the ongoing motivation and retention of our people is key. Succession planning can be challenging in such a small business and is currently an area of Board focus as we prepare the business for the next stage of its growth and development. The business is now evolving a more commercially led and entrepreneurial culture to better deliver on its business development aspirations.	We are fortunate to have a loyal workforce, many of whom are long serving. The Group culture fosters openness and regular communication with all employees as the business grows and develops. A full personal development review process was introduced in 2024 to help enable all staff to reach their potential and to continue to learn and grow with the business. All employees now participate in a bonus scheme aligned with the profitable growth of the business. Pay rises were awarded in January 2025 and January 2026. The cultural evolution is being driven through a combination of recruitment, training and development.	Medium

Operational risks, including HSE Hardide has two factories, one in the UK and one in the USA. Loss of either would be significantly detrimental to the Group's performance, albeit much work is interchangeable between sites and we have spare capacity at both. A major health and safety, or environmental incident could also cause significant disruption to the business and impact its reputation. Neither site is considered to be exposed to unusual or specific natural resource or climate risks (fire, flood, hurricane, drought, etc).	Professional internal operating disciplines, health & safety procedures, and quality standards are maintained at both sites (ISO9001 and AS9100). The UK site also has ISO14001 and NADCAP accreditations. Regular fire risk inspections and tests with recommendations implemented. Clear processes and methodologies for management and disposal of potentially harmful process chemicals in line with regulations. Preventative maintenance regimes. Insurances held by Hardide and its landlords provide monetary mitigation for operational disruption.	Medium
IT and cyber security The Group's operations could be impacted by IT failures or cyber security breaches in an external environment where cyber risks are reportedly increasing.	The Group has both internal and outsourced IT support capability. Cyber security is managed by an external party and the Group holds the UK government sponsored Cyber Essentials Plus certification. Disaster recovery plans in place and tested.	Medium
Funding Until 2024 the Group was dependent on equity funding to support ongoing operating losses. In the last 18 months, the Group has become profitable and cash generative. The Board does not currently anticipate having to ask equity shareholders for additional funding to support its growth plans, as the business has significant available capacity. However, should material business development opportunities arise with a need for rapid execution and providing attractive opportunities for shareholders, this assessment could change.	Cash flow statements and forecasts are prepared at least monthly, with focus on revenue forecasting and keeping regular dialogue with key customers. Sensitivity analyses are regularly reviewed by the Board with action taken accordingly. We seek to build strong relationships and foster regular communication with key institutional and private shareholders. We have had recent success in obtaining finance for business development opportunities and for capital equipment from customers and / or providers of asset finance.	Medium / Low

Product failure / warranty Risk of liabilities / losses incurred from third party claims relating to product defect or failure and potential for consequential reputational damage.	Extensive testing and certification programmes, working together with customers, largely mitigate this risk. Hardide has a strong product quality record. Hardide does not warrant the performance of the coating in use, only that it meets the described technical specifications. Standard trading terms seek to limit Hardide's liability to the coating price paid for the parts supplied on the basis that parts are supplied to customers' specifications. Product and public liability insurance is in place.	Medium / Low
Risk that supply chain bottlenecks could impact growth potential Potential bottlenecks or limitations in the supply chain could limit or restrict the pace of growth, should Hardide win significant or high volume work, in particular if of a scale that would take the business beyond its current operational capacity in the UK or USA. This could include capital equipment; process gas; recruitment and training of people and the availability of capital.	Management regularly reviews supply chain arrangements, including available capacity, in planning for various future scenarios. Regular contact and dialogue is maintained with key suppliers as the business develops. Multiple sources of supply are sought for each element of the supply chain that has the potential to become a bottleneck, and to ensure supplies remain competitive.	Medium / Low

THE BOARD OF DIRECTORS

Andrew Magson

Chair

Andrew was appointed Non-Executive Director and Chair in October 2022. He is chair of the Nomination and Audit Committees and is a member of the Remuneration Committee.

Andrew is a Fellow of the Institute of Chartered Accountants in England and Wales and has 20 years' experience serving on the Boards of UK public companies operating in the engineering, building and industrial manufacturing sectors.

During the last 6 years, in addition to his role at Hardide, Andrew served as a Non-Executive Director and Audit Committee Chair at Renold plc prior to its recent acquisition, and as a Trustee and Investment Committee Chair of The Alumasc Group's defined benefit pension scheme.

Between 2006 and 2020 he was Group Finance Director and Company Secretary of The Alumasc Group plc during its strategic transformation from a diversified industrial group into a sustainable building products business.

In his earlier career Andrew was Group Financial Controller of BPB plc at the time when it grew to become a FTSE 100 company.

Andrew began his career at PwC in London where he worked with some of the UK firm's largest clients, managing audit and corporate finance assignments.

Andrew holds a Business degree from The University of Bath.

Current external appointments: None

Matthew Roger Hamblin

Chief Executive Officer

Matthew was appointed Chief Executive Officer on 3 June 2024, having previously been appointed as a Non-Executive Director on 1 November 2023.

Prior to being appointed as a Non-Executive Director of Hardide plc, Matthew was Chief Executive Officer at Keronite, an advanced coatings and surface treatment company, where he led its growth into profitability and its subsequent sale to the Curtiss-Wright Corporation in November 2022. He has prior experience in a variety of sales and commercial leadership roles. He was previously Commercial Vice President of Nyobolt, a high-performance battery and charging technology company.

Current external appointments: None

Simon Andrew Hallam

Finance Director

Simon was appointed Finance Director on 20 April 2020. Simon is also the Company Secretary.

Simon has over 25 years' experience in senior finance roles within industrial manufacturing and engineering companies. He joined from the Doncasters Group, a leading international engineering company, where he was Finance Director of the UK business in the Industrial Gas Turbine Division. Prior to that, he was with IMI plc for nine years as Finance Director of the UK business within the Precision Engineering Division. He was Company Secretary of IMI Precision Engineering Ltd for seven years and of Norgren Limited for five years.

He started his career with KPMG where he spent 11 years. Simon holds a BA (Hons) degree in Accountancy and is a Chartered Accountant and Fellow of the Institute of Chartered Accountants in England and Wales.

Current external appointments: None

Dr Yuri Nikolaevich Zhuk
Technical Director

Yuri is a co-founder and Technical Director.

Yuri started his career as a scientist and has more than 25 years of successful international technology business experience in advanced materials. He holds an MSc (with Distinction) in Physics and a PhD degree in Plasma Physics and Chemistry from the Lomonosov Moscow State University, and an MBA from the Open University in the UK. Yuri managed the Company's CVD coating technology development from early laboratory stage to the aerospace-approved manufacturing technology now used by blue chip customers. He has participated in several fundraisings from the first seed capital round to the Hardide plc listing on the London Stock Exchange AIM market. As Technical Director, Yuri is responsible for all aspects of development of the Company's technology. He is the author of patents and numerous scientific and technical publications and has presented Hardide's technology at leading international conferences. Yuri brings in-depth knowledge of advanced coatings and surface engineering technology, proven expertise in management of R&D and commercialisation of advanced materials, technology start-ups, patenting and intellectual property management.

Current external appointments: In 2019, Yuri was appointed a Visiting Fellow and a Recognised Teacher at the Cranfield University School of Aerospace, Transport and Manufacturing.

Dr Bryan Allcock
Senior Independent Director

Bryan was appointed Non-Executive Director on 3 December 2024 and became Senior Independent Director and Chair of the Remuneration Committee on 1 January 2025. Bryan is also a member of the Audit Committee.

Bryan is currently CEO of his own business, TRL9 Limited, which runs a diverse portfolio of research and development projects, including advanced coatings, new alloy development and structural adhesives in the automotive industry. Bryan is a subject matter expert to the Ministry of Defence and BAE Systems for the coating of flight decks for Queen Elizabeth Class aircraft carriers and has collaborative research contracts with Jaguar Land Rover, the Defence and Security Accelerator (DASA) and the European Space Agency. Bryan holds an MBA, has a degree in applied chemistry and materials, and holds a PhD in Corrosion Engineering from Cranfield University. He is a fellow of the Institute of Materials, Minerals and Mining and has been a strategic advisor to the Institute.

Current external appointments: Bryan is CEO of TRL9 Limited and holds several directorships in surface engineering and advanced materials companies.

Andrew Richard Boyce
Non-Executive Director

Andrew was appointed Non-Executive Director on 12 June 2012.

Andrew represents a significant family shareholding in the Group's issued share capital: the family having been an investor in the Group since 2003. He has a deep knowledge and understanding of the Hardide business. He has significant experience as a director on multiple boards and adds an informed and challenging dimension to the Board. Since 1987, Andrew has been involved in the management and growth of numerous family businesses. These encompass farming, property and other commercial activities. After graduating in 1984 with a Diploma in Agriculture and Estate Management from the Royal Agricultural College, Cirencester, Andrew worked in commercial property sales and lettings, and development site appraisals and acquisitions.

Current external appointments: Director of a number of farming and property companies. Other appointments include non-executive director of TDCM Ltd, manufacturer of electric motors for the automotive sector, electric two-wheeler and leisure markets, where he is chair of the Remuneration and Nominations Committee.

REPORT OF THE DIRECTORS

Results

The Group profit for the period, after taxation, amounted to £178,000 (2024: £1,320,000 loss). The directors have declared that no dividends will be paid in respect of the 2025 financial year (2024: Nil).

Directors

The directors serving at 30 September 2025 are shown below.

	Appointed	30 September 2025 Number of ordinary 4p shares	30 September 2024 Number of ordinary 4p shares
Andrew Magson	24 October 2022	556,176	191,215
Andrew Boyce	18 June 2012	1	1
Dr. Bryan Allcock	3 December 2024	63,451	-
Matthew Hamblin	1 November 2023	288,552	111,111
Yuri Zhuk	14 March 2005	221,189	190,420
Simon Hallam	21 April 2020	10,526	10,526

In addition to the share Andrew Boyce holds in his own name, he also represents family and associated entities totalling 10,052,557 shares. No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Group's business.

Subsequent to the end of the financial year, Andrew Magson increased his shareholding by 185,185 to 741,361.

Directors' interests in share options

The Group has share option schemes under the terms of which certain directors are able to subscribe for ordinary shares in Hardide plc. Details of the directors' interests in share options are shown in Note 17 to the Group accounts.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report, and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare Group financial statements in accordance with applicable law and UK adopted international accounting standards and the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business; and
- state whether applicable UK adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- the director has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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 2027. Further details are provided in the Group Finance Director's report.

Substantial shareholders

At 31 December 2025 the following shareholders had a disclosable interest in 3% or more of the nominal value of Hardide plc's shares:

	Shareholding	%
Andrew Boyce & Associates	10,052,558	12.8
Canaccord Genuity Wealth Management (Institutional)	8,799,415	11.2
Interactive Investor (Private Clients)	7,052,822	9.0
Maven Capital Partners	4,852,416	6.2
Hargreaves Lansdown	4,161,143	5.3
P Evershed	4,065,437	5.2
Unicorn Asset Management Ltd	3,179,608	4.0
T Simpkin	3,168,155	4.0
J Lobbenberg	2,910,488	3.7
Millington Family	2,450,000	3.1
James Brearley & Sons	2,378,020	3.0

SECTION 172

The way in which the Board has performed their duties under section 172(1) of the Companies Act 2006 is set out below:

Likely consequences of any decision in the long term

The directors and senior managers participate in the Group's strategic planning process. There is an annual strategic planning meeting that looks out over three years. Progress against the strategic plan is reviewed by the Board regularly and adapted if needed.

Act in the interests of the Group's employees

The CEO holds regular meetings with staff incorporating Q&A sessions and improvement proposals from staff. The Chair, together with the Board, briefed all staff on the Group's performance for the year and thanked them for their contribution. During the year, the Group again carried out an employee engagement survey and, having assessed the results, implemented many of the findings where appropriate.

In the year ended 30 September 2025, an incentive scheme was put in place for all employees to earn a bonus, contingent upon the Group achieving certain financial performance targets. This scheme enabled a bonus to be paid to all staff based on the results for the financial year and a similar scheme was recently put in place for FY26.

In addition to their salary, staff enjoy regular health checkups and healthcare insurance. There is a "raising concerns" policy where matters may be raised in confidence with any director. The Group is committed to Health & Safety, and employees are encouraged to identify and report "near misses" and any dangerous occurrences or potential hazards so that remedial action can be taken to remove the risk of workplace accidents.

Foster the Group's business relationships with customers, suppliers, shareholders and other providers of funding

The Group maintains regular contact with key customers, suppliers, landlords and providers of finance.

The CEO, Finance Director and Chair either meet with or make themselves available to meet with shareholders at least twice a year as part of the Group's interim and annual results presentations. Shareholders are also able to meet the Board and ask questions at the AGM.

Take account of the Group's operations on the community and the environment

The investment in new plant and facilities following the move to new premises in 2020 has achieved a reduction in emissions to very low levels and much of the new plant and equipment were optimised for environmental performance. This also improves on the current environmental rules set by the authorities, thereby reducing the Group's environmental impact.

In cooperation with both customers and suppliers and their respective subcontractors, we continue to look to further reduce our carbon footprint through a number of different measures, such as shortening the distance goods have to travel, optimising production scheduling to make the most efficient use of process gas, etc.

Progress during the year in continuing to reduce our emissions intensity and other relevant KPI's in this area is set out in the Environmental Report.

Maintain a reputation for high standards of business conduct

Because of its necessarily long-term relationship with suppliers, customers and regulatory bodies, the Group must maintain very high standards of business conduct. To do otherwise would restrict sales, especially new sales. This extends to employees, among whom is embedded the Group's very valuable non-patented intellectual property. We further embedded this thinking when developing the Group's Purpose statement, and evolving its Culture and Values (as set out in the Corporate Governance report) this year.

Act fairly between members of the Group

All shareholders are free to raise matters with the Chair, the CEO and the Senior Independent Director ("SID"). The Chair, CEO and Finance Director meet regularly with larger shareholders (usually twice per year and on an ad-hoc basis as requested), and all shareholders are encouraged to participate in the Annual General Meeting.

Simon Hallam
Director and Company Secretary

21 January 2026

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, together with its Business Model, is set out in the diagram on page 3 of this Annual 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 Hardie 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

REMUNERATION COMMITTEE REPORT

Committee Chair's Overview

I am pleased to present my first report as Chair of Hardide's Remuneration Committee.

The role of the Committee is to provide independent oversight of the remuneration of Executive Directors, with the objective of aligning remuneration policies, incentives and outcomes with both the Group's strategy, purpose and values; and the interests of shareholders and the broader stakeholder base.

Consistent with the revised QCA Code on Corporate Governance, we set out below Hardide's Remuneration Policy, which will be submitted for an advisory shareholder vote at the 2026 AGM. The policy is intended to apply for three years and will next be formally reviewed in 2028.

In establishing the policy, the Committee's key considerations were:

- to attract, motivate and retain high-quality executives;
- to align Executive Director remuneration with Hardide's strategy for growth and long-term value creation, thereby aligning Executive Directors' interests with those of shareholders and other stakeholders;
- to weight variable remuneration, at least initially, towards share-based incentives to preserve cash resources thus supporting the Company's growth;
- to remain mindful that, as LTIP awards currently require the issue of new Hardide plc shares (due to the absence of distributable reserves to support market buy-backs), share-based awards may result in dilution for existing shareholders, and to ensure that performance conditions, dilution levels and remuneration outcomes are proportionate to expected value creation and can be managed over time as the Company develops; and
- to retain flexibility within variable remuneration structures to adjust the balance between cash-based and share-based awards over time, enabling the Company to balance Executive Director incentivisation, cash usage and shareholder dilution.

At the beginning of the financial year under review, the Committee was Chaired by Tim Rice until his retirement from the Board on 31 December 2024. I succeeded Tim as Chair of the Committee on 1 January 2025. All Committee members during the year were independent non-executive directors and this continues to be the case. During the financial year ended 30 September 2025 the Committee met 4 times, with the principal areas of focus being:

- setting executive director cash bonus incentives for the 2025 financial year, and long-term share incentives for the financial years 2025-2027;
- oversight of the Company wide pay review process in 2025, principally the review and approval of pay rises for the Executive Directors;
- establishing a formal Remuneration Policy (set out below) to be put to an advisory shareholder vote at the 2026 AGM;
- recommending to the Board Executive Director variable remuneration incentives for the 2026 financial year and for the periods 2026-2028.

The Committee's full Terms of Reference are available on the Group's website at www.hardide.com.

I hope that shareholders will be supportive of the policy proposals made, and decisions taken by the Committee during the year. I would welcome any feedback, and I am available to meet shareholders to discuss this report should they wish to do so. I may be contacted via the Company Secretary.

Dr. Bryan Allcock
Chair of the Remuneration Committee
21 January 2026

Remuneration Policy

This section of the Directors' Remuneration report sets out the Remuneration Policy that will be put to an advisory vote at the AGM in March 2026. The policy is intended to apply for 3 years from the date of that meeting.

Overriding principles for Executive Director pay

The remuneration policy for Executive Directors has been established to:

- Attract, motivate and retain a high calibre leadership team;
- Incentivise achievement of the group's strategic and financial objectives; and
- Provide an appropriate balance between fixed and variable remuneration, with a bias of variable remuneration towards share incentives in view of competing needs for cash as the business grows.

Remuneration policy table for Executive Directors

Element	Purpose / strategy link	Application	Payment at threshold and maximum opportunity	Performance measures
Base pay	To attract, motivate and retain high quality executive leadership	Reviewed annually, typically on 1 January	Annual increases, typically aligned with wider UK workforce, but adjustments may be made to address changes to the scope of role and for competitive market positioning	None
Pension	As above	As above	Maximum 10% of base pay	None
Benefits (non-pensionable)	As above	At the discretion of the Committee, can consist of: - Company car or car allowance - Private medical insurance - Reasonable relocation expenses in line with market practice	No formal cap	None
Annual Bonus (non-pensionable)	To incentivise delivery of annual performance targets, consistent with the Group's overall strategy	Performance targets are set at the beginning of the financial year Payment is made in cash, dependent on achievement against those targets following receipt of the group's audited financial statements for the year Payments are subject to normal market malus and clawback provisions	Maximum 100% of base pay, subject to an aggregate limit that Bonus and LTIP awards taken together will not exceed 175% of base pay for the CEO and 125% of base pay for the Executive Directors On target performance is typically half of the maximum Threshold performance is up to 10% of Base Pay	The majority of the bonus will be based on financial targets Non-financial and personal targets may also be used The Committee retains discretion to act reasonably to adjust awards made to ensure sensible outcomes, including considering the overall shareholder experience and any exceptional events during the year

LTIP	To incentivise delivery of the Group's strategy and medium-term performance targets	Where there is individual and / or aggregate capacity in the Group's EMI Share option scheme, consistent with the rules of that Scheme, LTIP awards will be fulfilled by new issue Hardide plc shares, not exceeding 5% of the Company's issued ordinary share capital in aggregate in any one year Where there is insufficient individual or aggregate capacity in the Group's EMI share scheme, awards will be fulfilled by nil cost options, whether newly issued Hardide shares (not exceeding in aggregate 5% of the Company's issued share capital in any one year), or through purchases of Hardide shares in the market via an EBT or similar, subject to the availability of distributable reserves in Hardide plc As the Company grows, the intention is to ensure shareholder dilution from the operation of executive share schemes is managed well within the ABI recommended limits for smaller companies of 15% over 10 years Awards are subject to normal market malus and clawback provisions	In the normal course, performance share awards will be made annually as follows: Maximum of 125% of base pay per year for the CEO and up to 85% of base pay per year for Executive Directors, subject to an aggregate limit that Bonus and LTIP awards taken together will not exceed 175% of base pay for the CEO and 125% of base pay for the Executive Directors Up to 25% of the award vests at threshold Restricted share awards may be made, where appropriate, typically with a minimum tenure condition, for example to attract new Executives to the Board	Performance conditions typically comprise one or more financial measures, including TSR, but can include other strategic KPIs or objectives The Committee retains discretion to act reasonably to adjust awards made to ensure sensible overall outcomes that fairly reflect the group's actual performance and shareholder / stakeholder experience
Shareholding requirement	To align the objectives of the Executives with Shareholders	At least 50% of vested LTIP awards are to be retained by Executive Directors until the shareholding requirement is achieved	Directors are expected to build and retain a shareholding equivalent to 100% of their base salaries over time	None

Directors' service contracts and annual re-election to the Board at the AGM

The Executive Directors have service contracts that are terminable at up to 12 months' notice by either party.

The non-executive directors have service contracts that are terminable with one month's notice by either party.

Consistent with the provisions of the QCA Code, all Directors are subject to annual reappointment by shareholders at the Company's AGM.

Leavers

The Remuneration Committee will base payments to leavers on their contractual obligations, consistent with employment law. Normally no bonuses or LTIP awards will be made. However, in the case of "good leavers" and those who leave due to death, retirement, ill health or disability, the Committee retains discretion to vary payments on exit, including to award bonuses and LTIPs to vest based on performance to the date of leaving and pro rata to the period of the award that has elapsed prior to the date of the Executive's departure. The Committee's overriding principle is not to reward poor performance.

Change of control

Should there be a change of control, all LTIP awards will vest and become exercisable immediately. The proportion of bonus and LTIP vesting will be reasonably determined by the Committee having regard to the likelihood of performance targets being achieved and the proportion of the performance period that has elapsed until the date of change of control. The Committee has discretion to waive any performance condition should it determine this to be appropriate.

Recruitment

It may be necessary to buy out an executive's variable compensation awards from a previous employer, and the Committee retains flexibility to match such awards on recruitment. In these circumstances such payments would fall outside the above policy, but ongoing payments made to the Executive after appointment would be consistent with the policy table above.

Non-Executive Directors

The non-executive directors are paid a fixed fee for their services. Reasonable expenses are also reimbursed. They are not awarded bonuses or share awards, nor do they receive other benefits. Non-Executive Directors' pay will typically be reviewed annually, having regard to increases in pay for the UK workforce, or, where there has been no recent review of non-executive director pay, fees might be realigned to comparable market rates for AIM companies of a similar size and complexity. The fees for non-executives other than the Chair are set by the Chair in consultation with the CEO and Executive Directors. The fees for the Chair are set by the Board (absent the Chair), led by the Senior Independent Director / Remuneration Committee Chair. The non-executive directors are not entitled to any payments as leavers or on termination, other than their one-month notice period.

Remuneration Committee Report for the year

Base pay for Executive directors

The base pay for Executive Directors was reviewed by the Committee effective from 1 January 2025. The base pay for Mr. Hamblin remained unchanged, as he had been appointed to his role as CEO only seven months previously. Mr. Zhuk received a 3% increase in his basic pay, in line with the UK workforce average. Mr. Hallam was awarded an 11.5% increase in his basic pay to reflect an expanded commercial role in the organization and new responsibilities for corporate communications and investor relations assumed during the 2024 financial year as overall numbers of staff in the business were reduced.

Base pay was further reviewed effective from 1 January 2026, and the Executive Directors were awarded increases to their base pay in the range 4% to 6%, in line with the range of increases paid to the UK workforce as a whole.

Variable remuneration incentives and outcomes for Executive Directors for the year ended 30 September 2025

Executive Directors were awarded a bonus opportunity in FY25 of between 5% and 20% of base salary for achieving a minimum audited EBITDA result of £1.0m and maximum of £1.5m, respectively. On the basis that the actual audited EBITDA result for the year was £1.021m, a bonus of circa 6% of base pay was payable. However, as global economic conditions became more challenging during the year; the Group's trading momentum was strong towards the end of FY25, continuing into the new financial year; and the Remuneration Policy set out above and established during the year is to pay up to a 10% bonus if threshold levels of performance are achieved, the Committee applied discretion to pay all Executive Directors a 10% of base salary bonus for the year. The incremental cost to the Company of the discretion applied was £20,000, which the Committee judged to be appropriate in the circumstances.

Executive directors were awarded LTIPs under Hardide's Executive Management Incentive ("EMI") share option scheme relating to the 3 financial years 2025-2027, with vesting subject to the achievement of stretching financial performance conditions. Whilst no options will actually vest until the Group's results for 2027 are audited, up to 33.33% of the award can accrue each financial year subject to achievement of performance conditions in that individual year. In FY2025, the LTIP awards for that financial year accrued in full based on a simple pass / fail performance condition requiring achievement of EBITDA of £1m or more. Therefore, 33.33% of the overall LTIP award made in 2025 has now accrued for vesting in early 2028, subject to the satisfactory audit of the Group's results for the 2025-2027 financial years.

Variable remuneration incentives for Executive Directors for the year ended 30 September 2026

The Executive Directors have each been given bonus incentives relating to the achievement of performance conditions for the current financial year ending 30 September 2026 as follows:

- up to 10% of base pay for the achievement of individual personal and strategic objectives set by the Board;
- up to 20% of base salary for significantly exceeding the Group's expected EBITDA performance set at the beginning of the financial year;
- up to a further 10-20% of base salary (depending on the individual Director concerned) based on a "stretch" EBITDA target for the year, which was set to significantly exceed revised and uplifted expectations established following the Group's trading update on 1 December 2025.

The EBITDA targets remain commercially confidential at the present time and will be disclosed in next year's remuneration report.

After the release of Hardide's audited annual results for the year ended 30 September 2025 it is intended to award the Executive Directors LTIPs for the 3 financial year period 2026-2028. These awards will be made under the Group's EMI share scheme to be satisfied through shares in Hardide plc that would be newly issued to the extent performance conditions have been met at the time of vesting. These LTIP options, planned to be awarded in late January 2026, will have an exercise price equivalent to the average market price of Hardide shares in the 5 working days following the announcement of the Group's annual results for the year ending 30 September 2025. On this basis:

- Mr. Hamblin will be awarded options equivalent to a maximum of 100% of his base salary; and
- Mr. Hallam and Mr. Zhuk will each be awarded options equivalent to a maximum of 60% of their respective base salaries.

The performance conditions for these awards will be weighted 65% based on EBITDA performance targets for each year of the three-year performance period, with the remaining 35% weighted based on TSR performance in each year of the three year period. The maximum EBITDA target at the end of the three-year period is consistent with the Group achieving its short to medium strategic target set at the beginning of the financial year of at least doubling Group revenues from FY24 levels to £10m or more. The TSR target is broadly consistent with expected share price growth on the assumption this reflects the EBITDA growth targeted. The TSR performance element has been introduced to better align incentive outcomes with shareholder experience and to manage potential dilution of existing shareholders. As was the case for LTIPs awarded in 2025, annual performance conditions that build up to those set for FY2028 have also been established for FY2026 and FY2027, and up to 33.33% of total maximum vesting can be earned and accrued for achieving annual performance conditions in each of the three financial years relevant to this award.

Non-Executive Directors' Fees

The Executive Directors, together with the Chair, considered the fees paid to the Non-Executive Directors during the year ended 30 September 2025. The Executive Directors, together with the Non-Executives other than the Chair, considered the fees of the Chair. No increase in basic NED or Chair fees was awarded during 2025.

Non-Executive Directors' fees were reviewed again in December 2025. Non-Executive Directors' fees had not been increased for a number of years as the Group was not profitable. In view of the Group's profitable performance in FY25, with expectations for profitability to continue to grow, and having regard to benchmarking of fees in AIM listed companies of a similar size, complexity and market capitalisation, the following increases were granted effective from 1 January 2026:

- the Non-Executive Chair's fee increased from £60,000 to £67,500 pa. In addition, a fee of £7,500 will be paid in the current financial year to reflect increased duties set by the Board, with further time expected to be spent in supporting the effective and appropriate management of the growth in the business, including additional governance oversight;
- the base level of fees of the other Non-Executive Directors increased from £25,000 to £30,000 pa;
- an additional fee was introduced for the Senior Independent Director / Chair of the Remuneration Committee of £3,000 pa.

Executive Directors' Remuneration

£ 000's	Salary and fees	Other Benefits	Pension	Bonus	LTIP ³	2025 Total	2024 Total
M R Hamblin ¹	230	11	12	23	15	291	98
S A Hallam	119	10	6	12	5	152	118
Y N Zhuk	132	8	10	13	5	168	138
P D Kirkham ²	-	-	-	-	-	-	173
S J Paul ²	-	-	-	-	-	-	79
Total	481	29	28	48	25	611	606

Notes:

- 1 M R Hamblin was originally appointed as non-executive director on 1 November 2023 and became Chief Executive on 4 June 2024. His salary and fees disclosed for FY24 above comprise a £77,000 salary plus associated benefits as Chief Executive and £15,000 of non-executive fees for the part of the full year he was employed in these roles.
- 2 P D Kirkham retired from the Board in February 2024 and was paid in lieu of notice until 30 April 2024. S J Paul served on the Board as Interim CEO between February and May 2024.
- 3 The value included above for LTIPs is based on the amount accrued in the financial statements in FY25, in accordance with IFRS2, to reflect the value of the overall LTIP award made in January 2025, and recognising that 33.33% of that award has now been earned as the FY25 performance condition was met in full.

Non-Executive Directors' Fees

£ 000's	2025	2024
A Magson ¹	60	90
B W Allcock ²	21	-
A R Boyce	25	25
T J Rice ²	6	25
Total	112	140

Notes:

- 1 Mr. Magson was paid an additional fee of £30,000 in FY2024 to reflect the substantial additional time commitment to the Company during the transition between Chief Executives, and in leading the equity fundraising during that year.
- 2 Mr. Allcock was appointed to the Board on 3 December 2024 on an annual fee of £25,000. Mr. Rice retired from the Board on 31 December 2024.

Dr. B W Allcock
Chair of the Remuneration Committee
21 January 2026

NOMINATION COMMITTEE REPORT

Introduction, composition and terms of reference of the Committee

Hardide's Nomination Committee was constituted and separated from the Board's former Remuneration and Nomination Committee on 1 January 2025, following Tim Rice's retirement from the Board. Since that date, the members of Nomination Committee have been myself, as Chair, Dr. Bryan Allcock and Andrew Boyce.

The Committee's Terms of Reference are available on the Group's website at www.hardide.com.

Overview of Committee activities during the year

The Committee meets as needed, and in the financial year ended 30 September 2025 it met 4 times (including one meeting of the former Remuneration and Nomination Committee), to:

- make recommendations to the Board for the recruitment of a new Senior Independent Director and Remuneration Committee Chair, Dr. Bryan Allcock, to succeed Tim Rice ahead of Tim's planned retirement from the Board on 31 December 2024;
- review succession plans across the organisation, in particular for Board and senior management positions. This included the identification any particular areas of risk or potential skill gaps should any key personnel leave the business for whatever reason, and considering mitigation plans should this happen; and
- consider and discuss with the Chief Executive matters relating to organisational development to support the growth of the business envisaged by the strategic plan, and the actions needed to support the desired cultural evolution of the business to better align with Hardide's Purpose and Values, which are set out on the Corporate Governance report.

Andrew Magson
Chair of the Nomination Committee

21 January 2026

AUDIT COMMITTEE REPORT

Composition and meetings during the year

During the year under review, the Audit Committee comprised Andrew Magson (Committee Chair), Dr. Bryan Allcock from 1 January 2025, and Tim Rice until 31 December 2024. The Committee members are, and were in the year under review, independent directors.

Andrew Magson is a Chartered Accountant and has recent, relevant financial experience. He is therefore judged by the Committee and Board to be an appropriate Chair of the Committee.

The Board is aware that the Chair of the Board should not normally also be Chair of the Audit Committee. However, given the current size and lack of complexity of the Group and, having taken advice, the Board has concluded that it is appropriate in these circumstances for the same individual to hold both roles.

Normally, the Audit Committee meets with the Group's external auditor at appropriate times during the reporting and audit cycle, and in addition as required. The Committee met three times during the 2025 financial year, and again after the financial year end to review the 2025 Annual Report and Financial Statements and results of the annual external audit.

Duties

The duties of the Audit Committee are to:

- i. monitor the integrity of the financial statements and the financial reporting process;
- ii. review and challenge the effectiveness of the Group's internal controls, risk identification and risk management systems;
- iii. review the Group's arrangements for its employees to raise concerns in confidence and with impunity about possible wrongdoing and ensure these arrangements allow proportionate and independent investigation;
- iv. review and keep up to date the Group's procedures for detecting and preventing bribery and fraud; and ensure that the Group complies with all relevant legislation in those jurisdictions where the Group operates and / or employs staff; and
- v. monitor the performance of the statutory audit, review the independence and effectiveness of the external auditor; and make recommendations in relation to the appointment, re-appointment and removal of the Group's external auditor.

External audit

The Group's external auditor is James Cowper Kreston Audit.

The effectiveness and independence of the external auditor is reviewed annually by reference to the auditor's attendance at Committee meetings, their audit plan, audit fieldwork, post-audit management letter and the judgment of the Committee, including having discussed the matter with the Group Finance Director.

In accordance with the regulations for public company audits, the audit engagement partner was last changed by rotation ahead of the audit for the 2022 financial year.

The Board has policies in place for any non-audit services that are proposed to be carried out by the external auditors to ensure that James Cowper Kreston maintain their audit objectivity and independence. Non-audit services would only be provided if such services were judged by both the Committee and the auditor not to conflict with the auditor's statutory responsibilities and ethical guidance. James Cowper Kreston Audit report to the Board annually on their independence from Hardide plc.

In the last couple of years taxation and payroll services formerly provided by the external audit firm have been resourced elsewhere, and James Cowper Kreston no longer provide services for any non-audit work to Hardide.

Taking all of the above into consideration, the Committee concluded the auditors were both effective and independent during the year.

Key risk areas, and audit and accounting matters considered by the Committee

Generally, there is a close relationship between Hardide's income statement and its cash flows, with few significant judgmental items or longer-term unsettled items remaining on the balance sheet.

The main accounting and audit risks identified and considered by the Committee during the year, including as described in the auditor's report, were:

- revenue recognition (principally year end cut-off); and
- the valuation of share options.

No significant adjustments or matters of concern were identified by the external audit.

Internal control and consideration of the need for internal audit

The finance function for the Group and both of the Group's operating operations is managed by the Group Finance Director in Bicester in the UK, with all management and statutory accounting, transaction processing, payments and Group payroll controlled and managed from there.

Reliance with regard to internal control effectiveness is placed on the close involvement of the Executive Directors in the day to day management and control of the business, with the Audit Committee retaining oversight of financial information provided to the Board and the Group's accounting and internal control policies and procedures. Recommendations for amendments or improvements are made as needed.

During the year there were no significant matters raised by the external auditors, nor any significant matters of concern identified with regard to internal control elsewhere that required action by the Committee.

Therefore, it is judged that the current size, financial position, complexity and risk profile of the Group does not justify the cost of an internal audit function. This will be kept under annual review.

Andrew Magson
Chair of the Audit Committee

21 January 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our Philosophy

At all times, the Group aims to maintain its operations in a safe, environmentally conscious and socially responsible manner, taking into account the needs of stakeholders. These include shareholders, members of staff, suppliers, customers and the wider local community.

Our approach considers the effects that we have on the environment and their significance.

Environmental

Hardide is committed to minimising its emissions to the environment in every aspect.

We have invested in the Martinsville, Virginia facility in order to align the capability with that of the UK. Although we generally coat parts for North American-based customers in our Martinsville site rather than doing so in the UK, there are occasions when customers have previously had to send parts to the UK to be coated. By being able to coat these parts directly in Martinsville, double freight transit across the Atlantic can be avoided, thereby reducing CO₂ emissions.

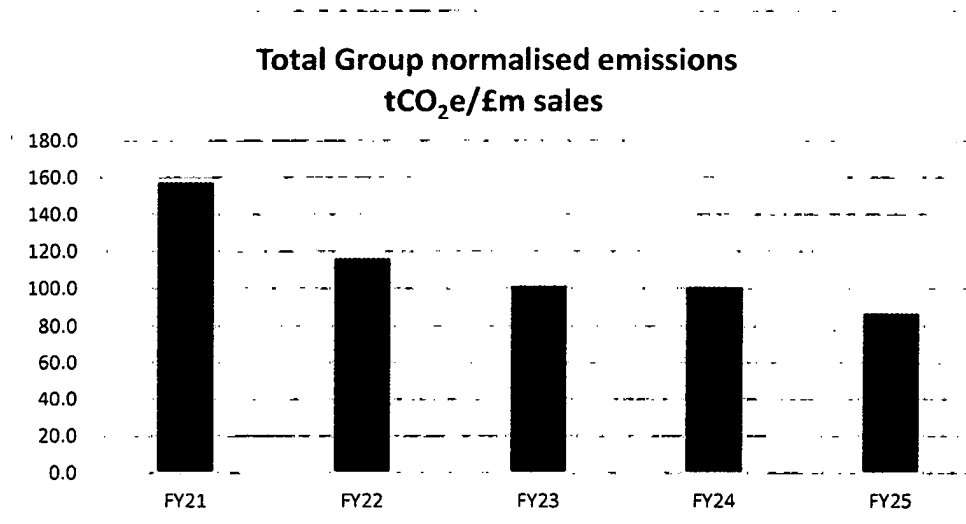
Hardide coatings benefit customers and the environment

One of the best ways of helping to protect the environment is to make parts that last longer in service; this is exactly what Hardide's coatings do. Hardide coated products greatly lower the life cycle costs of customers due to increased operating life of components by reduced wear and enhanced corrosion resistance. Some customer and test reports show over a hundredfold increase in useful operating life. Our coatings also help improve efficiency and provide further benefits to end-users that include reduced downtime and extended service intervals. Each of these features bring environmental and cost benefits.

Hardide's coatings are non-toxic and are environmentally compliant. Used to replace hard chrome plating (HCP) on components, they eliminate the health hazard that the production of HCP presents and reduce the amount of toxic chrome sludge in landfills, which pose threats to both soil and groundwater. Hardide can be used instead of high-velocity oxy-fuel (HVOF) thermal spray coatings, which can contain cobalt. The use of cobalt is currently under review by the European Chemicals Agency and is thought likely to be restricted or possibly banned in the future.

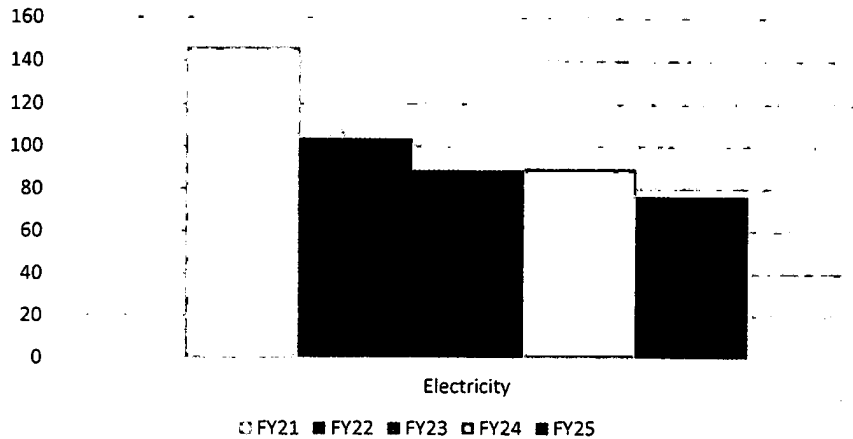
Key metrics

In FY25 our total Group CO₂ emissions per £m sales has reduced by 14% compared with FY24.



In our UK facility, we have eliminated the use of natural gas and all electricity is now supplied from a renewable REGO-certified (Renewable Energy Guarantees of Origin) source. The only use of natural gas is at our US facility in Martinsville where it is used for workspace heating.

Normalised tCO2e/£m sales



	FY25	FY24	Increase / (reduction) %
Total electricity used (kWh)	1,181,641	1,090,776	8.3
kWh / £m sales	195,960	230,608	(15.0)

Water Usage

	FY25	FY24	Increase / (reduction) %
Total water used (m³)	605.8	532.2	13.8
Usage (m³ / £m sales)	100.5	112.5	(10.7)

Waste

Most customer parts for coating arrive in packaging which is reused to return the parts back to the customer. Only a small amount of waste is sent to landfill and consists of such items as general office waste, non-reusable packaging and plastic containers from suppliers.

Metal residue resulting from the coating process and any metal used in masking and tooling of the products is segregated and sold to metal recycling companies.

All chemical process waste is stored and collected by specialist chemical waste disposal companies. All waste is segregated into waste streams and disposed of in accordance with local regulations. Waste transfers are recorded, verified and audited.

Landfill Waste

	FY25	FY24	Increase / (reduction) %
Total waste to Landfill (t)	11.1	11.3	(1.3)
t / £m sales	1.8	2.4	(22.6)

Transport

Customers are responsible for the transport of their goods both to and from our facilities, so Hardide has no influence on the choice of transport or routing.

Electric Vehicles

We are encouraging and supporting our employees in the move towards electric vehicle (EV) use and have four EV charging points at our Bicester site.

Social

Health & Safety

Hardide's priority is the health, safety and well-being of its employees, visitors and contractors. In addition to First Aiders, Hardide has trained Mental Health First Aiders to support our staff's mental wellbeing. To maintain physical health, we have an external Occupational Health provider which undertakes regular testing of our employees. We also enrol all staff into a Health Payment Plan which includes access to a 24-hour medical helpline.

Work Related Lost Time Incidents

We are pleased to report there were no lost time incidents in FY25.

	FY25	FY24
Total lost time incidents	0	0
Incident rate	0	0

Lost time incidents are classed as >1 day absence following day of incident. Incident rate is defined as the number of lost time incidents per 100,000 hours worked.

Local Community

Hardide is a socially-responsible company and we monitor our effect on local communities and society in general.

Our facility is located at an industrial estate away from any domestic housing, eliminating the potential for any noise to affect the local community.

Gender Diversity

	Males	Females	Total	Male %	Female %
Directors	6	0	6	100	0
Staff	23	4	27	85.2	14.8
Total Group	29	4	33	87.9	12.1

Pay equity – CEO pay as multiple of median UK earnings	5.89
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Governance

Key Metrics

Are the CEO's and Chairman's roles split?	Yes
Adheres to QCA Corporate Governance code?	Yes
Percentage of non-executive directors on Board	50%
Has an Ethics Policy?	Yes
Has an Environmental Policy?	Yes
Has a Discrimination policy?	Yes

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC

Opinion

We have audited the financial statements of Hardide Plc (the Group) for the year ended 30 September 2025 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2025 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent Company financial statements have been properly prepared in accordance with United Kingdom accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further discussed in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standards as applied to listed entities, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)). We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits we also addressed the risk of management override of internal controls, including evaluating whether there is evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account our understanding of the Group and parent Company and their environment, the accounting processes and controls, and the industry in which the Group and Company operate.

The audit scope was as follows:

Hardide Plc – the parent Company holding investments in subsidiaries – full scope audit.

Hardide Coatings Limited – a trading entity that generates a significant amount of the trading results for the Group - full scope audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC (CONTINUED)

Hardide Coatings Inc – a trading entity that generates a significant amount of the trading results for the Group – appropriate audit procedures for the purpose of the audit of the consolidated financial statements.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified in the Key audit matters section below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Risk description

There is an inherent risk of error and fraud regarding revenue at both the financial statement level and the assertion level.

How the scope of our audit responded to the risk

To assess the appropriateness, occurrence and cut-off of revenue recognised in the year we performed the following procedures:

- discussed the revenue recognition policy with management and performed a walkthrough to confirm our understanding of the revenue recognition process;
- examined, on a sample basis, sales transactions recognised in the year by reference to contractual terms and appropriate supporting evidence;
- examined, on a sample basis, sales invoices, goods delivery notes and postings for work performed around the period end;
- reviewed manual journals posted to the revenue account in the period gaining an understanding of the appropriateness of these;
- considered the appropriateness and application of the Group's accounting policy for revenue recognition; and
- considered the disclosures in the financial statements regarding revenue.

Key observations

The results of our testing were satisfactory, and we consider the disclosures surrounding revenue to be appropriate.

Share based payments

Risk description

During the year ended 30 September 2025, the Company entered into a number of share-based transactions.

The accounting for share-based payments is relatively complex and requires the use of judgements and estimates, giving rise to a risk that the share-based payment expense could be incomplete or incorrectly calculated.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC (CONTINUED)

How the scope of our audit responded to the risk

To assess the appropriateness of the accounting for share based payments we performed the following procedures:

- gained an understanding through discussions with management of the process and method used to account for share based payments;
- reviewed and assessed the judgements and estimates used;
- agreed a sample of transactions to relevant documentation;
- performed recalculations to check the accuracy of a sample of the calculations; and
- reviewed the disclosures in the financial statements regarding share-based payments.

Key observations

The results of our testing were satisfactory, and we consider the disclosures surrounding share based payments to be appropriate.

Management override

Risk description

In preparing the financial statements management are required to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgements about the carrying value of assets and liabilities that are not available from other sources.

As in all our audits we also addressed the risk of management override of internal controls, including reviewing journal entries and evaluating whether there is evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

How the scope of our audit responded to the risk

During the course of our audit we performed the following procedures to address the risk of management override:

- gained an understanding through discussions with management of the process in place for posting journal entries;
- assessed the appropriateness of accounting policy choices made by management and the basis of key judgements, estimates and assumptions;
- reviewed manual journal entries posted within the period for indicators of management bias, transactions outside the normal course of business or indicators of fraudulent activity;
- examined using Advanced Data Analytics to identify manual journals deemed to be higher risk gaining an appropriate understanding of the business rationale as well as confirming the accuracy of postings; and
- considered the value, nature and cause of misstatements identified during the course of the audit to identify indicators of bias.

Key observations

The results of our testing were satisfactory and we consider the disclosures surrounding accounting policy choices and key accounting judgements to be appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC (CONTINUED)

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Group materiality

On the basis that the Group's focus is on increasing EBITDA and that this is one of the Group's key performance indicators (KPI), an EBITDA-based measure was deemed the most appropriate benchmark to use to calculate materiality. Having regard to both the size of the business and its performance, using our professional judgement 7.5% of EBITDA was viewed as an appropriate level to set materiality, resulting in materiality being set at £77,000 (2024: £70,000).

Performance materiality of £54,000 (2024: £52,500), was applied for testing. It was agreed with the Board that we would report on all audit differences more than £4,000 (2024: £4,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Group materiality in the prior year was a revenue-based benchmark because, at that time, the Group's performance was approximately break-even and revenue growth was a key focus.

For each component in the scope of our group audit, we allocated a performance materiality that is less than our overall group materiality. The range of performance materiality allocated across components was between £48,000 and £54,000.

Parent Company materiality

The parent Company does not generate significant sales and incurs significant expenditure. As a result, we believe a loss-based measure to be the most appropriate benchmark to use to calculate materiality for the parent Company financial statements. Having regard to both the size of the Company and its performance and using our professional judgement, 10% of the loss before tax, after adjusting for foreign exchange gains and losses on intercompany balances and intercompany charges, was viewed as an appropriate level to set materiality. This resulted in a materiality level of £60,000 (2024: £60,000). Performance materiality of £54,000 (2024: £45,000) was applied for testing and it was agreed with the Board that we would report on all audit differences more than £3,000 (2024: £3,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Parent Company materiality in the prior year was also based on an adjusted loss-based benchmark.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC (CONTINUED)

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information included in the annual report

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for the audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC (CONTINUED)

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 20-21, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors' either intend to liquidate the Group and parent Company or to cease operating, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing reports and submissions with regulatory bodies including enquiries of those in compliance functions;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing the robustness of, and compliance with, the Group's internal control procedures in the identification of irregularities, including fraud;
- Examined, on a sample basis, manual journals deemed to be higher risk, gaining an appropriate understanding of the business rationale as well as confirming the accuracy of postings and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARDIDE PLC (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alan Poole BA (Hons) FCA (Senior Statutory Auditor)

For and on behalf of

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

Apex

Forbury Rd

Reading

RG1 1AX

Date: 21 January 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2025

		2025 £000	2024 £000
Revenue	2	6,030	4,730
Cost of sales		(2,574)	(2,454)
Gross profit		3,456	2,276
Administrative expenses		(2,435)	(2,244)
Adjusted EBITDA before restructuring costs		1,021	32
Restructuring costs	3	-	(399)
EBITDA		1,021	(367)
Depreciation and amortisation	3	(761)	(823)
Operating profit / (loss)	3	260	(1,190)
Finance income	4	6	4
Finance costs	5	(141)	(157)
Profit / (loss) on ordinary activities before taxation		125	(1,343)
Taxation	7	53	23
Profit / (loss) on ordinary activities after taxation		178	(1,320)
Basic earnings / (loss) per share	8	0.2p	(1.9)p
Diluted earnings / (loss) per share	8	0.2p	(1.9)p
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(3)	(71)
Total comprehensive income / (loss) for the year attributable to owners of the parent company		175	(1,391)

All operations are continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For Hardide plc, company registered number 05344714
at 30 September 2025

		2025 £000	2024 £000
Assets			
Non-current assets			
Intangible assets	9	-	9
Property, plant & equipment	10	3,516	3,979
Right of use assets	11	1,369	1,526
Total non-current assets		4,885	5,514
Current assets			
Inventories	12	173	167
Trade and other receivables	12	1,405	980
Other current financial assets	12	324	391
Cash and cash equivalents	12	827	700
Total current assets		2,729	2,238
Total assets		7,614	7,752
Liabilities			
Current liabilities			
Trade and other payables	13	1,235	795
Loans	13	168	235
Deferred income	13	15	393
Right of use lease liability	13	231	216
Total current liabilities		1,649	1,639
Net current assets		1,080	599
Non-current liabilities			
Loans	14	309	479
Deferred income	14	34	50
Right of use lease liability	14	1,693	1,875
Provisions			
Provision for dilapidations	15	50	50
Total non-current liabilities		2,086	2,454
Total liabilities		3,735	4,093
Net assets		3,879	3,659
Equity attributable to equity holders of the parent			
Share capital	16	3,153	4,845
Share premium	16	19,193	19,188
Capital redemption reserve	16	1,707	-
Retained earnings		(20,460)	(20,638)
Share-based payments reserve		632	607
Translation reserve		(346)	(343)
Total equity		3,879	3,659

The financial statements were approved and authorised for issue by the Board on 21 January 2026.



Matthew Hamblin
Director



Simon Hallam
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2025

	Share Capital £000	Share Premium £000	Capital Redemption Reserve £000	Share-based Payments £000	Translation Reserve £000	Retained Earnings £000	Total Equity £000
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
At 1 October 2024	4,845	19,188	-	607	(343)	(20,638)	3,659
Cancellation of deferred shares	(1,707)	-	1,707	-	-	-	-
Issue of new shares	15	5	-	-	-	-	20
Share options	-	-	-	25	-	-	25
Exchange translation	-	-	-	-	(3)	-	(3)
Profit for the year	-	-	-	-	-	178	178
At 30 September 2025	3,153	19,193	1,707	632	(346)	(20,460)	3,879

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 September 2025

	2025 £000	2024 £000
Cash flows from operating activities		
Operating profit / (loss)	260	(1,190)
Depreciation and amortisation of owned assets	538	605
Depreciation of right of use assets	223	218
Share option charge	25	30
(Increase) / decrease in inventories	(6)	69
(Increase) in receivables	(355)	(270)
Increase in payables	63	269
Cash generated from / (used in) operations	748	(269)
Finance income	6	4
Finance costs	(141)	(157)
Tax received	50	-
Net cash generated from / (used in) operating activities	663	(422)
Cash flows from investing activities		
Purchase of intangibles, property, plant and equipment	(69)	(64)
Net cash (used in) investing activities	(69)	(64)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	20	728
New loans raised	-	235
Loans repaid	(236)	(260)
Repayment of leases	(233)	(269)
Net cash (used in) / generated from financing activities	(449)	434
Effect of exchange rate fluctuations	(18)	12
Net increase / (decrease) in cash and cash equivalents	127	(40)
Cash and cash equivalents at the beginning of the year	700	740
Cash and cash equivalents at the end of the year	827	700

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

1. Accounting policies

Accounting convention

The Group is required to prepare its financial statements in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) 2006 issued and effective at the time of preparing these annual financial statements, in conformity with the requirement of the Companies Act.

Standards, amendments and interpretations that are not yet effective for Hardide Plc and have not been early adopted:

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Effective date* 1st January 2025

- IAS 21 - The Effects of Changes in Foreign Exchange Rates

Effective date* 1st January 2026

- IFRS 7 – Financial Instruments: Disclosures
- IFRS 9 – Financial Instruments
- IFRS 1 – First-time Adoption of IFRS
- IFRS 10 – Consolidated Financial Statements
- IAS 7 – Statement of Cash Flows

* the standard is effective for accounting periods beginning on or after this date.

The directors do not consider that these accounting standards have a material effect on the financial statements for the year, or are anticipated to have a material effect in future periods.

The following principal accounting policies have been applied:

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. All amounts are rounded to the nearest thousand pounds.

Principal activity

The principal activity of the Group and parent company is a leading producer of patented Chemical Vapour Deposition (CVD) coatings for the oil and gas industry, flow control equipment, advanced engineering and aerospace.

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 2027.

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.

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 25% compared to forecast. Given trading momentum this financial year has so far continued to be strong, the Board considers this scenario to be unlikely.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Hardide plc and entities controlled by Hardide plc (its subsidiaries) made up to 30 September each year.

Control is achieved where Hardide plc has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions between and balances with Group companies are eliminated together with unrealised gains on inter-company transactions. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Acquisitions are accounted for by the purchase method. The cost of an acquisition is measured as the fair value at the date of exchange of the consideration provided plus any costs directly attributable to the acquisition. On acquisition, the assets and liabilities and contingent liabilities of the acquired business that meet the conditions for recognition under IFRS 3 are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit or loss in the period of acquisition.

Revenue recognition

Revenue represents the invoiced amount of goods sold and services provided during the period, excluding value added tax and other sales taxes, trade discounts, and intra-group sales. Revenue is recognised when performance has occurred and a right to consideration has been obtained. This is normally when goods have been despatched or services provided to the customer, title and risk of loss have been transferred and collection of related receivables is probable.

Revenue shown in the Statement of Comprehensive Income only relates to revenue recognised from contracts with customers, and no other sources of revenue are included. No impairment losses have been recognised to any receivable during the period.

Opening and closing balances of receivables from contracts with customers are shown in note 12. Hardide's performance obligations are satisfied upon despatch of goods from our premises. Hardide does not have any bill-and-hold arrangements with its customers. Our standard terms of payment are 30 days from date of invoice although for some customers, other terms have been agreed including End of Month Following, and 45 and 60 days from date of invoice. Contracts do not have financing components and consideration is not variable.

Hardide provides a coating service for components owned and provided by its customers, and also sells coated components it has sourced itself. Any component deemed by a customer as non-conforming can be returned for rework or, in the case of a Hardide-sourced component, replaced. Where neither of these are possible, a credit note is raised for the amount invoiced for the non-conforming product. Hardide does not provide any warranties or guarantees concerning the coating's performance, it is the responsibility of the customer to determine that the coating is suitable for and has been appropriately tested for its needs.

There are no remaining performance obligations to be disclosed. Performance obligations are satisfied in full upon delivery and revenue is recognised at that point. Our terms of business are ex-works in all cases, and delivery takes place when the goods are made available to the customer. Transaction price allocated to the performance obligation is fixed at the price specified in the customer purchase order and does not include any estimate for variable consideration, non-cash consideration or adjustment for the time value of money. Measurement of the obligation to rework or replace non-conformance is not included due to the rarity of such occurrences. There are no assets recognised from the costs of obtaining or fulfilling contracts with customers.

Research and development

Expenditure on research and development costs is charged to the income statement in the period in which it is incurred unless such costs should be capitalised under the requirements of the applicable standard, which is only when the future economic benefits expected to arise are deemed probable and the costs can be reliably measured.

Intangible assets: Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually.

Goodwill arising on acquisitions before the date of transition to IFRS (1 October 2006) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and at least annually thereafter. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets: Other

Separable intangible assets are recognised separately from goodwill on all acquisitions after the date of transition, are initially measured at fair value and amortised over their useful economic lives. Purchased intangible assets are capitalised at cost and amortised over their useful economic lives. For computer software this is typically 4 years.

Impairment of intangible assets

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The recoverable amount of the cash-generating unit to which the goodwill relates is tested annually for impairment or when events or changes in circumstances indicate that it might be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Intangible assets other than goodwill are tested for impairment when a trigger event occurs. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Recoverable amount is the higher of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. A reversal of an impairment loss is recognised as income immediately, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on the cost of assets less any residual value over their estimated useful lives, using the straight line method, as follows:

Plant & machinery	2 to 15 years
Leasehold improvements	Over remaining term of lease
Fixtures & fittings	4 years
Computer equipment	4 years

Depreciation is not charged on assets under construction.

The carrying values of property, plant and equipment and investments measured using a cost basis, are reviewed for impairment only when events indicate the carrying value may be impaired.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value. The costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	Cost of purchase on a first in, first out basis.
Work in Progress and Finished goods	Cost of raw materials and direct labour and a proportion of manufacturing overheads based on the normal level of activity.

Net realisable value is based on the estimated selling price less estimated costs to completion and estimated costs necessary to make the sale. Inventory is regularly tested for obsolescence, any items so identified are written off to the P&L account. There is no general obsolescence provision.

Leases – IFRS 16

The Group leases property and other equipment for the purposes of its operations. Lease terms contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Until the 2019 financial year, leases were classified as an operating lease. From 1 October 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use.

Assets and liabilities arising from a lease are initially measured on a present value basis. The net present value of the lease liability includes the present value of the lease payments not made at the date of transition and lease payments made before the commencement date less any lease incentives received. The right-of-use asset is measured at this net present value of lease liability plus an estimate of the costs expected to be incurred in returning the leased property to its original condition. Lease payments to be made under reasonably certain extension options are included in the measurement of the liability.

The lease payments are discounted using the rate implicit in the lease agreement. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used.

Lease payments are allocated between their principal payments and the finance cost. The finance cost is charged to the Statement of Profit or Loss over the lease period.

Right-of-use assets are depreciated over the life of the lease on a straight line basis.

Short term leases with a lease term of less than 12 months or leases with low value assets are recognised on a straight line basis as an expense in the Statement of Comprehensive Income.

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. The assets are sold at fair market value, and accordingly the profit or loss from the sale is recognised immediately in the Statement of Comprehensive Income.

Financial instruments

The Group does not enter into hedging or speculative derivative contracts.

Financial assets and liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the income statement. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term deposits with an original maturity period of approximately one hundred days or less.

Trade and other receivables and payables

Trade and other receivables are stated at amounts receivable less any provision for recoverability. Trade payables are stated at their nominal value.

Government grants

Government grants towards research and development and investment are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Foreign currencies

The Group's functional and presentation currency is Sterling. Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated at the rates of exchange ruling at that date. Gains and losses arising on translation are recognised in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into Sterling at the exchange rate at the date of the Statement of Financial Position. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and are transferred to the translation reserve. Exchange gains and losses arising on the translation of the Group's net investment in foreign entities are also classified as equity.

Share-based payments

The fair value of equity-settled share payments is determined at the date of grant and is recognised on a straight line basis over the vesting period based on the Group's estimate of options that will eventually vest. Fair value is measured by use of a Black-Scholes pricing model.

Retirement benefits

The Group operates a workplace pension scheme for its employees since November 2016 and makes the statutory minimum contributions to it.

Short-term employee benefit costs

The undiscounted amount of short-term benefits attributable to services that have been rendered in the period are recognised as an expense. Any difference between the amount of cost recognised and the cash payments made is treated as a liability or prepayment as appropriate.

Taxation

The charge for current tax is based on the results for the period as adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the Statement of Financial Position differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Such assets and liabilities are not recognised if the temporary difference arises from the amortisation of goodwill or the initial recognition of other assets and liabilities in a transaction that is not a business combination and affects neither the tax profit nor the accounting profit.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted at the Statement of Financial Position date and are expected to apply when the deferred tax assets or liabilities are settled or recovered. Deferred tax balances are not discounted.

Deferred tax is charged or credited in the income statement except where it relates to items charged or credited to equity, in which case the deferred tax is dealt with there. Research and Development Tax Credits are recognised on an accruals basis.

Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the Statement of Financial Position date. All borrowing costs are recognised in the income statement in the period in which they are incurred.

Provisions

Provisions are made when the Group has a present obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated. Provisions are discounted to present value where the impact is significant, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Critical accounting estimates and judgements:

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are in relation to share-based payments. The accounting for share-based payments is relatively complex and requires the use of judgements and estimates, giving rise to a risk that the share-based payment expense could be incomplete or incorrectly calculated. The fair values of employee options granted are measured at the date of grant by the use of a Black-Scholes pricing model, the assumptions used in the model vary depending on the date of grant and vesting period. Inputs include share price at date of grant, exercise price, historical volatility, the expected life of the option, and the risk-free interest rate. Expected volatility is calculated from the recent historical volatility of the share price. No other features are incorporated into the measurement of fair value.

2. Segmental analysis

Under IFRS8, operating segments are defined as a component of the entity (a) that engages in business activities from which it may earn revenues and incur expenses (b) whose operating results are regularly reviewed and (c) for which discrete financial information is available. The Group management is organised into UK and USA operation and Corporate central functions, and this factor identifies the Group's reportable segments.

Year ended 30 September	UK operation £000		US operation £000		Corporate £000		Total £000	
	2025	2024	2025	2024	2025	2024	2025	2024
External revenue	4,581	3,129	1,449	1,601	-	-	6,030	4,730
Operating profit / (loss)	592	(442)	338	296	(670)	(1,044)	260	(1,190)
Segment assets	5,461	5,779	1,978	1,754	175	219	7,614	7,752
Expenditure for Non-current assets	33	25	36	23	-	-	69	48
Segment liabilities	2,399	2,686	1,148	1,188	188	219	3,735	4,093

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
2025	2,309	1,048	1,681	992	6,030
2024	2,096	159	2,033	442	4,730

The UK operation sells to customers globally, while the US operation sells to North America and to the Far East. All revenue is recognised at a point in time and no revenue is recognised over time.

Four external customers (2024 – four) contributed more than 10% of the Group's continuing external sales for the year ended 30 September 2025.

3. Operating profit / (loss)

This is stated after charging / (crediting):	2025 £000	2024 £000
Auditor's remuneration		
fees payable to the Company's current auditor for:		
the audit of the Group's accounts	42	40
Cost of inventory recognised as an expense	1,493	1,181
Research and development	342	372
Income from grants	(194)	(198)
Share option charge	25	30
Depreciation and amortisation - owned assets	538	605
- right of use assets	223	218
Exchange differences	3	24

Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA") is a key financial performance indicator used by management to assess the operational performance of the Group.

	2025 £000	2024 £000
Operating profit / (loss)	260	(1,190)
<i>Add back non-cash other operating costs:</i>		
Depreciation and amortisation of owned assets	538	605
Depreciation and amortisation of right of use assets	223	218
EBITDA	1,021	(367)
Non-recurring restructuring costs	-	399
Adjusted EBITDA	1,021	32

4. Finance income

	2025 £000	2024 £000
Interest on bank deposits	6	4

5. Finance costs

	2025 £000	2024 £000
Interest on loans	41	48
Interest on right of use assets	100	109
	141	157

6. Employees

The average number of employees, including executive directors but not including non-executive directors, during the year comprised:

	2025	2024
Technical	7	7
Production	15	22
Sales and marketing	2	3
Management and administration	6	6
	<u>30</u>	<u>38</u>

Staff costs, including executive and non-executive directors, amounted to:

	2025 £000	2024 £000
Wages and salaries	2,005	2,050
Social security costs	205	233
Employer pension contributions	57	39
Share option expense / (credit)	25	(30)
Restructuring costs	-	354
	<u>2,292</u>	<u>2,646</u>

The Group contributes to defined contribution plans for employees. The assets of the scheme are held separately from those of the Group in independently administered funds. There were no amounts outstanding to be paid at the year end.

The directors are the Key Management Personnel of the Group. The remuneration of directors during the year is disclosed in the Remuneration Committee's report, but in aggregate were as follows:

	2025 £000	2024 £000
Salary and fees	593	622
Other benefits	29	11
Pension	28	13
Bonus	48	50
Other	25	50
	<u>723</u>	<u>746</u>

7. Taxation

(a) Tax on ordinary activities:

	2025 £000	2024 £000
UK Corporation Tax Credit	(37)	(50)
Adjustment in respect of prior years	(16)	27
	<u>(53)</u>	<u>(23)</u>
Deferred Tax	-	-
Origination and reversal of timing differences	-	-
Adjustments in respect of prior periods	-	-
Effect of rate change on opening balance	-	-
Total tax (credit)	<u>(53)</u>	<u>(23)</u>

(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is lower than (2024: lower than) the effective rate of corporation tax in the UK of 25% (2024: 25%) as the UK companies are loss making.

	2025 £000	2024 £000
Profit / (loss) on ordinary activities before taxation	125	(1,343)
Profit / (loss) on ordinary activities by rate of tax	31	(336)
Effect of:		
Expenses not deductible for tax purposes	90	-
Deferred tax not recognised	(104)	323
Adjustment in respect of prior periods	(16)	27
R&D enhanced expenditure	-	(125)
R&D surrendered	(54)	88
Total current tax (note 7a)	(53)	(23)

The general principle in IAS 12 is that a deferred tax asset is recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. No deferred tax asset has been recognised in respect of these amounts due to the uncertainty over the extent of future taxable trading profits against which these losses would be offset.

8. Earnings / (losses) per share

	2025 £000	2024 £000
Profit / (loss) on ordinary activities after tax	178	(1,320)
Basic earnings per ordinary share:		
Weighted average number of ordinary shares in issue	78,737,808	70,849,596
Dilutive effect of potential ordinary shares	4,950,362	-
Basic earnings / (losses) per share	0.2p	(1.9)p
Diluted earnings / (losses) per share	0.2p	(1.9)p

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

9. Intangible assets

	2025 Computer software £000	2024 Computer software £000
Cost at 1 October	101	79
Additions	-	2
Transfers	-	20
Cost at 30 September	101	101
Amortisation b/fwd	92	70
Amortisation in the year	9	12
Transfers	-	10
Amortisation c/fwd	101	92
Net book value at 1 October	9	9
Net book value at 30 September	-	9

10. Property, plant and equipment

	Leasehold buildings £000	Plant, vehicles and fixtures £000	Computer equipment £000	Total £000
Cost at 1 October 2023	1,564	8,074	152	9,790
Additions	-	43	3	46
Transfers	-	-	(20)	(20)
Exchange differences	(25)	(291)	(3)	(319)
Cost at 30 September 2024	1,539	7,826	132	9,497
Depreciation at 1 October 2023	563	4,452	135	5,150
Provided in the year	130	453	10	593
Transfers	-	-	(11)	(11)
Exchange differences	(17)	(194)	(3)	(214)
Depreciation at 30 September 2024	676	4,711	131	5,518
Net book value at 1 October 2023	1,001	3,622	17	4,640
Net book value at 30 September 2024	863	3,115	1	3,979
Cost at 1 October 2024	1,539	7,826	132	9,497
Additions	-	68	1	69
Transfers	-	-	-	-
Exchange differences	-	(12)	-	(12)
Cost at 30 September 2025	1,539	7,882	133	9,554
Depreciation at 1 October 2024	676	4,711	131	5,518
Provided in the year	127	400	2	529
Transfers	-	-	-	-
Exchange differences	-	(9)	-	(9)
Depreciation at 30 September 2025	803	5,102	133	6,038
Net book value at 1 October 2024	863	3,115	1	3,979
Net book value at 30 September 2025	736	2,780	-	3,516

11. Right of use assets

	Buildings £000	Equipment £000	Vehicles £000	Total £000
Cost at 1 October 2023	2,196	58	70	2,324
Additions	-	73	-	73
Disposals	-	(58)	-	(58)
Exchange differences	(29)	-	-	(29)
Cost at 30 September 2024	2,167	73	70	2,310
Depreciation at 1 October 2023	551	58	18	627
Provided in the year	161	38	19	218
Disposals	-	(58)	-	(58)
Exchange differences	(3)	-	-	(3)
Depreciation at 30 September 2024	709	38	37	784
Net book value at 1 October 2023	1,645	-	52	1,697
Net book value at 30 September 2024	1,458	35	33	1,526
Cost at 1 October 2024	2,167	73	70	2,310
Additions	-	66	-	66
Disposals	-	(73)	-	(73)
Exchange differences	(1)	-	-	(1)
Cost at 30 September 2025	2,166	66	70	2,302
Depreciation at 1 October 2024	709	38	37	784
Provided in the year	161	43	19	223
Disposals	-	(73)	-	(73)
Exchange differences	(1)	-	-	(1)
Depreciation at 30 September 2025	869	8	56	933
Net book value at 1 October 2024	1,458	35	33	1,526
Net book value at 30 September 2025	1,297	58	14	1,369

12. Current assets

	2025 £000	2024 £000
Inventories		
Raw materials and consumables	166	140
Manufactured parts for resale	6	26
Work in progress	1	1
	173	167
Receivables		
Trade receivables	1,399	977
VAT recoverable	2	-
Other receivables	4	3
	1,405	980
Other current financial assets		
Prepayments	207	247
R&D tax receivable	102	99
Accrued income	15	45
	324	391
Cash and cash equivalents		
Sterling	471	186
US Dollar	340	498
Euro	16	16
	827	700
Total current assets	2,729	2,238

There is no general provision for bad debts. During the year, no specific trade receivables were classified as a doubtful or bad debt (2024: £Nil). Trade receivables are regularly reviewed for age and possible impairment. It is the directors' opinion that, as at the Statement of Financial Position date, no trade receivable required impairment. The ageing of trade receivables is as follows:

	2025 £000	2024 £000
Current	1,096	628
1 month	104	347
2 months	156	1
3 months	7	1
More than 3 months	36	-
Total trade receivables	<u>1,399</u>	<u>977</u>

A total of £303,000 (2024: £349,000) trade receivables at 30 September were over 30 days old and therefore considered overdue to standard payment terms.

13. Current liabilities

	2025 £000	2024 £000
Trade payables	810	537
Taxation and social security costs	56	57
VAT payable	-	7
Accruals	369	194
	<u>1,235</u>	<u>795</u>
Loans	168	235
Deferred income	15	393
Right of use lease liability	231	216
Total current liabilities	<u>1,649</u>	<u>1,639</u>

14. Non-current other financial liabilities

	2025 £000	2024 £000
Loans	309	479
Deferred income	34	50
	<u>343</u>	<u>529</u>
Right of use lease liability	1,693	1,875

Loans

	2025 £000	2024 £000
Total loans	477	714
Maturity analysis:		
Within 1 year	168	235
1 to 2 years	103	169
2 to 3 years	85	103
3 to 4 years	54	86
4 to 5 years	39	54
5+ years	28	67

Right of use lease liabilities

	2025	2024
	£000	£000
Total lease liabilities	1,924	2,091
Maturity analysis:		
Within 1 year	231	216
1 to 2 years	207	193
2 to 3 years	205	195
3 to 4 years	218	205
4 to 5 years	229	218
5+ years	834	1,064

In 2019, the Group entered into a loan agreement with Martinsville Henry County Economic Development Corporation for a 5 year term loan of \$240,000 (£195,000). The loan was secured against a reactor in the Martinsville factory and Hardide plc acted as guarantor. In March 2020, Martinsville Henry County Economic Development Corporation determined to forgive the entire remaining loan balance of \$182,000 (£142,000) including, without limitation, principal, interest and any other sums due under the agreement. This grant is now being amortised as deferred income over the remaining useful life of the reactor.

In January 2021, the Group entered into a £250,000 Coronavirus Business Interruption Loan Scheme (CBILS) backed loan facility with Nucleus Cash Flow Finance Limited. The term is over 60 months at an interest rate of 11%. The first loan repayment instalment commenced in February 2022.

In March 2021, the Group also entered into a £250,000 Coronavirus Business Interruption Loan Scheme (CBILS) backed loan facility with Maven Capital Partners LLP. The term is over 48 months at an interest rate of 8%. The first loan repayment instalment commenced in March 2022.

On 19 January 2022, the Group entered into a \$438,000 (£325,000) asset finance agreement with The American National Bank and Trust Company, Hardide Coatings Inc's US bankers. The term is over 60 months at an interest rate of 4%. The first loan repayment instalment commenced in February 2022.

On 16 May 2024, the Group entered into a \$315,000 (£235,000) asset finance agreement with The American National Bank and Trust Company, a division of Atlantic Union Bank, Hardide Coatings Inc's US bankers. The term is over 60 months at an interest rate of 7%. The first loan repayment instalment commenced in June 2024.

15. Provisions

	Dilapidations
	£000
Provision at 1 October 2023	50
Provisions utilised	-
Provisions charged	-
Provision at 30 September 2024	50
Provision at 1 October 2024	50
Provisions utilised	-
Provisions charged	-
Provision at 30 September 2025	50

	2025	2024
	£000	£000
Maturity analysis:		
5+ years	50	50
	50	50

16. Share capital

	2025		2024	
	Number 000	Value £000	Number 000	Value £000
Allotted ordinary shares of 4p each	78,813	3,153	78,458	3,138
Allotted deferred shares of 0.9p each	-	-	189,642	1,707

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.

No employee share options were exercised during the year (2024: None).

During the year, the company repurchased 189,642,236 of its own deferred shares of 0.9p each at a total cost of £1,707,000. The shares were acquired in accordance with the authority granted by shareholders at the AGM on 18th March 2025.

The repurchased shares were cancelled on 18th March 2025, resulting in a reduction of the company's issued share capital by £1,707,000, with a consequent Capital Redemption Reserve being created for the same amount.

A description of the Company's reserves is as follows:

Share capital	-	represents the nominal value of shares that have been issued.
Share premium account	-	includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.
Capital redemption reserve	-	this comprises the buy back and cancellation of 189,642,236 deferred shares of 0.9p on 18th March 2025.
Share-based payments	-	this comprises the share-based payments reserve, debited or credited with amounts charged to the profit and loss account or share premium account for share option awards.
Profit and loss account	-	includes all current and prior period retained profits and losses.

17. Share options

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

Name	Position	Number of Options	Type of option	Conditions
Matt Hamblin	CEO	1,000,000 2,300,000	Restricted shares Performance shares	Minimum 3-year tenure in role 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 Hardide 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. The performance conditions are set out in the Remuneration Committee report, and relate to a combination of EBITDA profit growth objectives, total shareholder return and personal and strategic objectives.

The number of share options at the beginning and end of the financial year, and the movements in the year, are as follows:

	Number	Weighted average exercise price
Outstanding at 30 September 2024	1,775,453	42.3p
Exercisable at 30 September 2024	218,750	56.1p
Granted during year	4,731,612	5.71p
Exercised during year	-	-
Lapsed during year	1,556,703	20.1p
Outstanding at 30 September 2025	4,950,362	7.9p
Exercisable at 30 September 2025	218,750	56.1p

The current directors' interests in share options at the year end are as follows:

	Number	Weighted average exercise price
Matthew Hamblin (CEO)	3,300,000	5.71p
Simon Hallam (Finance Director)	655,200	5.71p
Yuri Zhuk (Technical Director)	776,412	5.71p

None of the directors exercised options during the year.

The fair values of employee options granted are measured at date of grant by the use of a Black-Scholes pricing model, the assumptions used in the model vary depending on the date of grant and vesting period. Inputs include share price at date of grant, exercise price, historical volatility, the expected life of the option, and the risk-free interest rate. Expected volatility is calculated from the recent historical volatility of the share price. No other features are incorporated into the measurement of fair value.

All options have a maximum term of 10 years from date of grant and are settled with equity upon exercise. No options expired during the year. Vesting criteria are a mix of time-based and performance-based. The performance criteria are the market capitalisation or price per share of the Company, or Group profitability, or new business. At 30 September 2025 the weighted average remaining contractual life of all outstanding options was 8 years and 9 months (2024: 5 years and 5 months).

The charge to the income statement for share options during the year was £25,000 (2024: £30,000).

18. Post balance sheet events

Developments in the Group's trading post the financial year end are given in the Strategic Report.

19. Related party transactions

There were no related party transactions to report with either directors or key management other than those disclosed in note 6.

20. Financial Instruments – Risk Management

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. The Group's principal financial instruments are financial assets comprising trade and other receivables (excluding prepayments) and cash balances; and financial liabilities comprising trade payables as disclosed in notes 12 and 13. These are all measured at fair value with changes in carrying amount charged or credited to the Income Statement, with the exception of borrowings which are measured at amortised cost.

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business. The Group does not enter into derivative financial instruments.

Credit risk

The Group's credit risk is primarily attributable to its credit sales. The Group has significant concentration of sales to a few key customers, however, since the ultimate customers for the Group's products are predominantly blue-chip multinational companies, the board believes that this is not a significant risk. Credit risk also arises from cash and deposits with banks. These risks are reviewed regularly by the board, in particular the ageing of trade receivables and the amount of cash on deposit with various institutions. As at 30 September 2025 the Group had trade receivables and other receivables of £1,405,000 (2024: £980,000) and cash deposits of £827,000 (2024: £700,000).

The Group does not consider the risk of credit losses to be material.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The interest rate exposure of the Group as at 30 September 2025 and the maturity profile of the carrying value of the Group's financial liabilities are shown in note 14. All financial liabilities will be settled within six months unless stated in notes 14 and 15. The Group's policy is to ensure that it has sufficient cash to allow it to meet its liabilities. This risk is monitored by the board which receives forecast cash flows on a monthly basis, an annual budget and quarterly revenue and cost forecasts. The Group currently has no bank credit facility.

Currency risk

The Group is exposed to translation and transaction foreign exchange risk arising because the Group has operations in more than one country. As such, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into sterling.

Foreign exchange risks arise when Group companies enter into transactions denominated in a currency other than their functional currency. Movements in exchange rates also affect the value of the Group's foreign currency cash balances in the UK. Exchange rate movements during the year resulted in a loss of £3,000 (2024: £24,000).

Interest rate risk

Interest rate risk arises on borrowings and cash balances which are at floating interest rates. Changes in rates could have the effect of either increasing or decreasing the Group's net profit. The major risk is to UK rates and there is no exposure to rates in the USA or Europe.

As at 30 September 2025, the Group had no floating rate borrowings, but all its cash deposits were in floating rate accounts.

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
For Hardide plc, company registered number 05344714
at 30 September 2025

	Note	2025 £000	2024 £000
Assets			
Non-current assets			
Investments	3	1,268	1,268
Total non-current assets		1,268	1,268
Current assets			
Trade and other receivables	4	5,902	192
Cash and cash equivalents		18	40
Total current assets		5,920	232
Total assets		7,188	1,500
Liabilities			
Current liabilities			
Trade and other payables	5	158	138
Financial liabilities	5	31	63
Total current liabilities		189	201
Net current assets		5,731	31
Non-current liabilities			
Financial liabilities	6	-	31
Total non-current liabilities		-	31
Total liabilities		189	232
Net assets		6,999	1,268
Equity			
Share capital	7	3,153	4,845
Share premium		19,193	19,188
Capital redemption reserve	7	1,707	-
Retained earnings		(17,686)	(23,372)
Share-based payments reserve		632	607
Total equity		6,999	1,268

Under section 408 of the Companies Act 2006 the company has not included its own profit and loss account in these financial statements. The parent company's profit for the year was £5,686,000 (2024: loss £638,000).

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 21 January 2026.



Matthew Hamblin
Director



Simon Hallam
Director

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2025

	Share Capital	Share Premium	Capital Redemption Reserve	Share-based Payments	Retained Earnings	Total Equity
	£000	£000	£000	£000	£000	£000
At 1 October 2023	4,063	19,242	-	577	(22,734)	1,148
Issue of new shares	782	98	-	-	-	880
Share issue costs	-	(152)	-	-	-	(152)
Share options	-	-	-	30	-	30
Loss for the year	-	-	-	-	(638)	(638)
At 30 September 2024	4,845	19,188	-	607	(23,372)	1,268
At 1 October 2024	4,845	19,188	-	607	(23,372)	1,268
Cancellation of deferred shares	(1,707)	-	1,707	-	-	-
Issue of new shares	15	5	-	-	-	20
Share options	-	-	-	25	-	25
Profit for the year	-	-	-	-	5,686	5,686
At 30 September 2025	3,153	19,193	1,707	632	(17,686)	6,999

1. Principal Accounting Policies

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. These estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are in relation to the carrying value of a non-current inter-company receivable. The Company has reviewed the impairment provision against an inter-company loan owed by a wholly owned subsidiary company in accordance with IFRS 9. In undertaking this review, estimates have been made of the future trading performance of the subsidiary to determine the cash flows expected to be generated to enable future repayment of the loan, and therefore, the extent of the impairment provision required. A material amount of the impairment provision has been reversed in the year ended 30 September 2025, as explained in note 4.

Management are also required to exercise judgement in applying the Company's accounting policies.

The following principal accounting policies have been applied, together with those set out in note 1 to the consolidated financial statements, in so far as they are relevant to the parent Company financial statements:

Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

This information is included in the consolidated financial statements of Hardide Plc as at 30 September 2025 on pages 51 to 70.

2. Employees

The average number of employees, including executive directors but excluding non-executive directors, during the year comprised:

	2025 Number	2024 Number
Management and administration	2	2
Sales and marketing	-	1
Technical	4	4
	<u>6</u>	<u>7</u>

Staff costs, including executive and non-executive directors, during the year amounted to:

	2025 £000	2024 £000
Wages and salaries	793	856
Social security costs	97	90
Employer pension costs	65	18
Share option charge	25	34
	<u>980</u>	<u>998</u>

Details of individual directors' remuneration are included in the Remuneration Committee's report.

3. Investments

	2025 £000	2024 £000
Investments in subsidiaries	1,268	1,268

At 30 September 2025 the company held 100% of the share capital of the following subsidiaries:

	Class of share	Amount	Country	Nature of business
Hardide Coatings Limited	Ordinary	100%	UK	Surface engineering
Hardide Coatings, Inc	Ordinary	100%	USA	Surface engineering
Hardide Aerospace Coatings Limited	Ordinary	100%	UK	Dormant company

4. Trade and other receivables

	2025 £000	2024 £000
Prepayments and accrued income	47	81
VAT receivable	11	12
R&D tax receivable	99	99
Inter-company receivable	5,745	-
	5,902	192

During the financial year, the Company partially reversed an impairment against an inter-company receivable owed by Hardide Coatings, Inc. a wholly owned subsidiary. At 30 September 2025, the gross amount owed was £8,673,000 (2024: £8,722,000). The amount of the impairment reversed was £5,745,000. The reversal was considered appropriate due to the improved trading performance of the subsidiary company in the year to 30 September 2025, and the expected continued improvement in the foreseeable future.

5. Current liabilities

	2025 £000	2024 £000
Trade payables	17	22
Social security and other taxes	30	31
Accruals and deferred income	111	85
	158	138
Loans	31	63
Total current liabilities	189	201

6. Non-current other financial liabilities

	2025 £000	2024 £000
Loans	-	31

7. Share capital

	2025		2024	
	Number 000	Value £000	Number 000	Value £000
Allotted ordinary shares of 4p each	78,813	3,153	78,458	3,138
Allotted deferred shares of 0.9p each	-	-	189,642	1,707

Details of the movement in share capital can be found in note 16 to the Group financial statements.

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.

During the year, the company repurchased 189,642,236 of its own deferred shares of 0.9p each at a total cost of £1,707,000. The shares were acquired in accordance with the authority granted by shareholders at the AGM on 18th March 2025.

The repurchased shares were cancelled on 18th March 2025, resulting in a reduction of the company's issued share capital by £1,707,000, with a consequent Capital Redemption Reserve being created for the same amount.