



Hardy Plc

Interim Financial Report

For the six months ended 30 September 2021

HARDY PLC
DIRECTORS, OFFICERS AND ADVISERS

DIRECTORS

Michael Bretherton *Chairman*
Richard Galvin *Non-Executive Director*

COMPANY SECRETARY

Christopher Stobart

COMPANY WEBSITE

www.hardyplc.com

COMPANY NUMBER

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HARDY PLC
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HARDY PLC
CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Hardy reported a profit after tax of £2.73 million for the six month interim period to 30 September 2021 compared to a profit of £1.76 million in the six months ended 30 September 2020.

This favourable 2021 interim result comprises a net £2.56 million valuation gain on short term equity and derivative investments, together with dividends of £0.22 million, partially offset by administrative costs of £0.05 million. The previous 2020 interim result included a gain of £1.86 million on short term equity investments, together with dividends of £0.01 million, partially offset by administrative costs of £0.11 million.

Hardy did not invest any new short term equities or realise any investment disposals during the six months ended 30 September 2021 but its investment in Telit Communications Plc was rolled over into an unlisted company, Notano Midco Limited ("Notano"), under a share offer alternative which completed in August 2021. The carrying value of the Company's equity investments at 30 September 2021 was £17.91 million represented by six investment holdings valued at £17.76 million and a derivative trading asset with a fair value of £0.15 million (30 September 2020 was £9.29 million represented by five investment holdings).

The Company held cash balances of £0.35 million as at 30 September 2021, compared to cash balances of £0.76 million at the previous 31 March 2021 year end.

Net assets increased to £18.12 million (equivalent to 24.57p per share) at the 30 September 2021 balance sheet date, compared with £15.39 million (equivalent to 20.87p per share) at 31 March 2021. The £2.73 million increase in net assets reflects the profit reported for the period.

Subsequent to the to 30 September 2021 interim period end, Hardy realised cash proceeds of £9.40 million during October 2021 from the sale of a number its investment holdings and on 19 November 2021 paid out £8.85 million by way of a capital distribution to shareholders of £0.12 in cash per issued share (the "Capital Distribution"). Immediately following the Capital Distribution, Hardy had a remaining net assets capital base of approximately £8.48 million including cash balances of £0.79 million.

Business model and short term investment portfolio

Following the sale of the Company's Hardy Exploration & Production (India) Inc. ("HEPI") subsidiary in October 2019, Hardy effectively became a cash shell with a stated strategic intention to use its cash resources, as enlarged by the HEPI sale, for the purposes of acquiring or establishing a company, business or asset that operates in the resources sector or other industries. Such an investment opportunity has yet to present itself, however, and given the uncertainty concerning the ongoing adverse impact of the coronavirus (COVID-19) pandemic, your directors will continue to take a very cautious approach to any commitment of the majority of the Company's resources in to any such single long term investment.

In the meantime, part of the Company's resources have been deployed in short term investments in mainly quoted equity stocks. The short term investments held by the Company at 30 September 2021 comprised:

- **Redde Northgate Plc** - provides automotive services and solutions including vehicle supply, service, maintenance, repair, recovery, accident and incident management and disposal through sale or salvage;
- **IDOX Plc** - develops specialist software and information management solutions for government, health, engineering, transport and property;
- **Redcentric Plc** - is a managed service provider delivering network, cloud and collaboration solutions to public and private sector organisations;
- **Notano and its principal subsidiary Telit Communications** - is a global leader in Internet of Things (IoT) enablement, with an extensive portfolio of wireless connectivity modules, software platforms and global IoT connectivity services;
- **IOG Plc** - is a UK based energy company focused on becoming a material gas developer and

HARDY PLC
CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

- producer from its 50% owned and operated, low-risk offshore gas portfolio; and
- **C4X Discovery Holdings Plc** - aims to create the world's most productive Drug Discovery engine by using cutting-edge technologies and expertise to efficiently deliver best-in-class small-molecule medicines to clinical partners.

Capital Reorganisation

Following approval of the special business resolution 3 at the Company's Annual General Meeting on 29 September 2021, the Company's share capital was redenominated from US\$ into £ (the "Redenomination") with the par value of the shares converting from US\$0.01 to £0.01. The called up share capital, therefore, now comprises 73,764,035 shares of £0.01 with a value of £0.74 million. The total paid up share capital is unaffected, and the increase in the par value of the shares on the redenomination to £0.01 was matched by a corresponding decrease to the share premium account.

In addition, following approval of the above resolution 3, the balance on the Company's share premium account, which amounted to £67.93 million following the redenomination, was cancelled and the eliminated amount released to distributable reserves and the foreign currency translation reserve amounting to £24.20 million was also reclassified to distributable reserves.

Migration of tax residence to Jersey

Hardy is an Isle of Man incorporated company which, prior to the sale of the Company's HEPI subsidiary in October 2019 and the subsequent board changes in January 2020, was managed and controlled in the UK. Hardy then ceased to have the need for a UK office and gave notice on the lease of its Aberdeen premises which were later vacated in May 2020 and the lease then terminated in June 2020. Since 31 May 2020 all management, operational and administrative functions of Hardy have been undertaken from Jersey and there are no plans for this situation to change. It is, therefore, considered appropriate that the tax residence of Hardy should be migrated from the UK to Jersey. Accordingly, a notice of migration was provided to HMRC in the second quarter of 2021 but based on subsequent consideration of the facts and correspondence with HMRC, we now consider that a defacto migration of tax residence to Jersey took place from 31 May 2020. This position is expected to be confirmed with HMRC before the end of the 2021 year.

Post 30 September 2021 event highlights

Subsequent to the Company's 30 September 2021 interim period end, Hardy realised cash proceeds of £9.40 million during October 2021 from the sale of its entire investment holdings in Redde, IOG and C4X Holdings but excluding its warrants in C4X Holdings which remain unexercised and are carried in Hardy's accounts at fair value as a derivative investment asset.

Following the above realisations, on 8 November 2021, the Directors approved the payment of a capital distribution to Shareholders of £0.12 in cash per issued share of £0.01 in the Company's capital. The Capital Distribution was payable to all Shareholders on the register as at the close of business on Tuesday 9 November 2021 and amounted to £8.85 million in total.

Immediately following the Capital Distribution, Hardy had a remaining net assets capital base of approximately £8.48 million. This is comparable to the Company's audited net asset base of £8.50 million at 31 March 2020 and which reflected the sale of the Company's HEPI subsidiary in October 2019 and the subsequent reorganisation of the Company into a cash shell, pending the establishment of another business or asset in line with the stated strategic intention of Hardy at that time. Hardy now continues to pursue that strategy with broadly the same size of asset base.

HARDY PLC
CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The Capital Distribution represents a repayment of capital out of the distributable reserves created by the cancellation of the Company's share premium following approval of the special business resolution 3 at the Company's Annual General Meeting on 29 September 2021. This Capital Distribution will have the resultant effect of reducing the capital and reserves of the Company by approximately £8.85 million (the "Reduction") and which Reduction is permitted under section 58 of the Isle of Man Companies Act 2006 and regulation 7 of the Company's Articles.

Hardy had remaining cash balances of approximately £0.79 million following the above investment realisations and payment of the Capital Distribution.

Outlook

Whilst the arrival of a number of Covid-19 vaccines and the associated roll-out of the global vaccination programmes has now provided a pathway for easing of the social and economic restrictions previously in force, the full economic fallout from this pandemic remains uncertain.

The Hardy Board will, therefore, continue to maintain a rigorous and highly selective investment approach, both in terms of any long term strategic investment and also in relation to deployment of resources in short term quoted stocks where our focus has been mainly on defensive stocks in the current COVID-19 environment. We remain committed to the principles of strict cost control and delivering additional value for shareholders going forward.

Michael Bretherton
Chairman
26 November 2021

HARDY PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

STATEMENT OF INCOME

		6 months ended 30 September 2021 (Unaudited) £'000	6 months ended 30 September 2020 (Unaudited) £'000	Year ended 31 March 2021 (Audited) £'000
Revenue		-	-	-
Administrative expenses		(51)	(108)	(169)
Operating loss		(51)	(108)	(169)
Financial and investment income	4	2,780	1,865	7,320
Gain before taxation		2,729	1,757	7,151
Taxation		-	-	-
Gain after taxation		2,729	1,757	7,151
Total gain for the period attributable to owners		2,729	1,757	7,151
Gain per ordinary share				
Basic gain per ordinary share	5	3.7p	2.4p	9.7p

All activities are in respect of continuing operations and there are no other items of comprehensive income.

HARDY PLC
CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Share capital £'000	Share premium reserve £'000	Foreign currency translation reserve £'000	Retained earnings reserve £'000	Total £'000
At 31 March 2020	415	68,249	24,204	(84,626)	8,242
Total comprehensive income	-	-	-	1,757	1,757
At 30 September 2020	415	68,249	24,204	(82,869)	9,999
Total comprehensive income	-	-	-	5,393	5,393
At 31 March 2021	415	68,249	24,204	(77,476)	15,392
Total comprehensive income	-	-	-	2,729	2,729
Redenomination of share capital	323	(323)	-	-	-
Reclassification of foreign currency reserve	-	-	(24,204)	24,204	-
Elimination of share premium reserve	-	(67,926)	-	67,926	-
At 30 September 2021	738	-	-	17,383	18,121

HARDY PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

		At 30 September 2021 (Unaudited) £'000	At 30 September 2020 (Unaudited) £'000	At 31 March 2021 (Audited) £'000
	Notes			
ASSETS				
Current assets				
Trade and other receivables		221	219	24
Short-term investments	3	17,905	9,287	15,342
Cash and cash equivalents		35	527	76
Total assets		18,161	10,033	15,442
LIABILITIES				
Current liabilities				
Trade and other payables		(40)	(34)	(50)
Total liabilities		(40)	(34)	(50)
NET ASSETS		18,121	9,999	15,392
Shareholders' equity				
Share capital	6	738	415	415
Share premium	7	-	68,249	68,249
Foreign currency translation reserve	7	-	24,204	24,204
Retained earnings / (deficit)		17,383	(82,869)	(77,476)
TOTAL EQUITY		18,121	9,999	15,392

Approved by the Board and authorised for issue on 26 November 2021.

Michael Bretherton
Chairman

HARDY PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	Notes	6 months ended 30 September 2021 (Unaudited) £'000	6 months ended 30 September 2020 (Unaudited) £'000	Year ended 31 March 2021 (Audited) £'000
Operating activities				
Cash flow used in operating activities		(51)	(108)	(169)
Depreciation		-	2	2
(Increase) / decrease in trade and other receivables		(197)	(126)	69
Decrease in trade and other payables		(10)	(220)	(204)
Net cash used in operating activities		(258)	(452)	(302)
Investing activities				
Purchase of short-term equity investments		-	(3,512)	(4,270)
Realised from short-term liquidity fund investments		-	35	35
Net cash used in investing activities		-	(3,477)	(4,235)
Financing activities				
Interest and investment income	4	217	4	162
Net cash generated from financing activities		217	4	162
Net (decrease) in cash and cash equivalents		(41)	(3,925)	(4,375)
Cash and cash equivalents at beginning of the period		76	4,452	4,451
Cash and cash equivalents at end of the period		35	527	76

HARDY PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

1) BASIS OF PREPARATION

The interim financial statements of Hardy Plc are unaudited condensed financial statements for the six months ended 30 September 2021. These include unaudited comparatives for the six months ended 30 September 2020 together with audited comparatives for the year ended 31 March 2021.

The financial information for the six months ended 30 September 2021 does not constitute statutory financial statements within the meaning of the Isle of Man Companies Act 2006. A copy of the audited financial statements for the year ended 31 March 2021 is available on the Company's website. The auditor's opinion on those financial statements was unqualified and did not draw attention to any matters by way of an emphasis of matter paragraph.

These interim condensed financial statements have been prepared on the basis of the accounting policies expected to apply for the financial year to 31 March 2022 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), in accordance with the provisions of the Isle of Man Companies Act 2006, applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The Company's presentation and functional currency is Sterling.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim Financial Reporting', and should be read in conjunction with the Company's annual financial statements to 31 March 2021. Accordingly, whilst the interim statements have been prepared in accordance with IFRS, they cannot be construed as being in full compliance with IFRS.

The preparation of financial statements in conformity with IFRS as adopted by the European Union requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2021.

Going concern

Information on the business environment, financial position and the factors underpinning the Company's prospects are included in the Chairman's Statement. The Directors acknowledge the ongoing Coronavirus pandemic ("Covid-19") and the adverse impact it, and the measures taken to tackle it, continue to have on the global economy. The Directors will continue to closely monitor the ongoing impact of Covid-19 on the Company's operations. The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in the preparation of the financial statements.

2) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the annual financial statements of Hardy Plc for the year ended 31 March 2021.

HARDY PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

3) SHORT TERM INVESTMENTS

	6 months ended 30 September 2021 (Unaudited) £'000	6 months ended 30 September 2020 (Unaudited) £'000	Year ended 31 March 2021 (Audited) £'000
Quoted equity investments	14,932	9,287	14,857
Unquoted equity investments	2,823	-	-
Quoted equity share warrants	150	-	485
	17,905	9,287	15,342

The Company's short-term investments are primarily in quoted equity investments and liquid funds which can be converted into cash at short notice. The fair value of these holdings approximates their book values as at 30 September 2020, 31 March 2021 and 30 September 2021. The Company currently holds one unquoted holding in Notano Midco Limited following Hardy's quoted holding in Telit Communications Plc having been taken private under a recommended share offer alternative which completed in August 2021.

Subsequent to the 30th September 2021 period end, a significant element of the Company's short-term investments were realised in October 2021 as referred to in the Chairman's Statement on page 3 and in note 9.

4) FINANCIAL AND INVESTMENT INCOME

	6 months ended 30 September 2021 (Unaudited) £'000	6 months ended 30 September 2020 (Unaudited) £'000	Year ended 31 March 2021 (Audited) £'000
Unrealised gains on investments	2,898	1,861	6,673
Unrealised (loss) / gain on share warrants	(335)	-	485
Dividend income	217	4	162
	2,780	1,865	7,320

5) EARNINGS / (LOSS) PER SHARE

Basic earnings or loss per share is calculated by dividing the gain attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

For diluted earnings or loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. There were no dilutive ordinary shares in issue during the period.

	6 months ended 30 September 2021 (Unaudited) £'000	6 months ended 30 September 2020 (Unaudited) £'000	Year ended 31 March 2021 (Audited) £'000
Gain for the period (£)	2,729	1,757	7,151
Weighted average number of shares	73,764	73,764	73,764
Earnings per ordinary share	3.7p	2.4p	9.7p

HARDY PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

6) SHARE CAPITAL

Ordinary Shares of £0.01	Number	£'000
Authorised ordinary shares		
At 30 September 2020 and 31 March 2021	200,000,000	1,615
Redenomination of share capital	-	385
At 30 September 2021	200,000,000	2,000
Allotted, issued and fully paid ordinary shares		
At 30 September 2020 and 31 March 2021	73,764,035	415
Redenomination of share capital	-	323
At 30 September 2021	73,764,035	738

A resolution to redenominate the par value of ordinary share capital from USD \$0.01 to GBP £0.01 was passed at the AGM of the Company held on 29 September 2021, such that the authorised share capital now comprises 200,000,000 ordinary shares of £0.01 with a par value of £2,000,000 and the issued share capital now comprises 73,764,035 ordinary shares of £0.01 with a nominal value of £737,640. There were no movements in the number of authorised and issued shares during the interim period.

7) RESERVES

	Share premium reserve £'000	Foreign currency translation reserve £'000
At 30 September 2020 and 31 March 2021	68,249	24,204
Redenomination of share capital	(323)	-
Reclassification of foreign currency reserve	-	(24,204)
Elimination of share premium reserve	(67,926)	-
At 30 September 2021	-	-

A resolution to redenominate the share capital of the Company from \$0.01 to £0.01 par value shares was passed at the AGM of the Company held on 29 September 2021 (as described in Note 6), and which resulted in a £323,000 increase in the nominal value of the shares in issue and a corresponding decrease in the share premium reserve. The share premium reserve balance was subsequently cancelled and the eliminated amount released to distributable reserves.

The foreign currency translation reserve arose on the change in presentational currency from \$ to £ in line with the retrospective change in accounting policy described in note 1 e) of the annual report of the Company to 31 March 2021.

Following the redenomination of share capital referred to above, maintenance of the foreign currency translation reserve is no longer considered appropriate, and this has, therefore, been reclassified to the retained earnings deficit as distributable reserves.

8) RELATED PARTY TRANSACTIONS

During the period the Company paid remuneration to the Directors' in accordance with their service contracts and letters of appointment.

9) EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the Company's 30 September 2021 interim period end, Hardy realised cash proceeds of £9.40 million during October 2021 from the sale of its entire investment holdings in Redde, IOG and C4X Holdings but excluding its warrants in C4X Holdings which remain unexercised and are carried in Hardy's accounts at fair value as a derivative investment asset.

Following the above realisations, on 8 November 2021, the Directors approved the payment of a capital distribution to shareholders of £0.12 in cash per issued share of £0.01 in the Company's capital. The capital distribution was payable to all shareholders on the register as at the close of business on Tuesday 9 November 2021 and amounted to £8.85 million in total.

10) HALF YEAR INTERIM REPORT

A copy of this half year interim report, as well as the annual statutory accounts to 31 March 2021, are available on the Company's website at www.hardyplc.com.