



Hardy Plc

Interim Financial Report

For the six months ended 30 September 2022

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

018168V (Isle of Man)

REGISTRAR AND REGISTERED OFFICE

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TRANSFER AGENT

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INDEPENDENT AUDITOR

Crowe U.K. LLP
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ISLE OF MAN LEGAL ADVISERS

Cains Advocates Limited
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HARDY PLC
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HARDY PLC
CHAIRMAN'S STATEMENT
FOR THE SIX MONTHS TO 30 SEPTEMBER 2022

Hardy reported a loss after tax of £0.70 million for the six month interim period to 30 September 2022 compared to a profit of £2.73 million in the six months ended 30 September 2021. The reduction in profitability reflects difficult financial market conditions and is principally due to a loss of £0.65 million on short term investments versus a gain of £2.78 million on these in the comparative 2021 half year.

This half year loss result comprised an unrealised loss of £1.64 million on short term investments, together with realised gains of £0.95 million on the sale of short term investments and dividend income of £0.04 million, partially offset by administrative costs of £0.05 million. The comparative 2021 half year result included a gain of £2.56 million on short term equity and derivative investments, together with dividends of £0.22 million, partially offset by administrative costs of £0.05 million.

During the six month period ended 30 September 2022, the Company invested £3.36 million in quoted short term investments and realised cash of £0.95 million from the sale of such investments. Hardy held 5 short term investments, (inclusive of a derivative trading instrument) as at 30 September 2022, 4 of which were quoted on the AIM market and 1 was private. The total investment carrying value of these investments at 30 September 2022 was £7.01 million (30 September 2021: £17.91 million represented by 5 investment holdings).

The Company held cash balances of £0.07 million as at 30 September 2022, compared to cash balances of £0.10 million at the previous 31 March 2022 year end.

Net assets decreased to £7.15 million (equivalent to 9.70p per share) at the 30 September 2022 balance sheet date, compared with £7.85 million (equivalent to 10.64p per share) at 31 March 2022. The £0.70 million decrease in net assets reflects the loss reported for the period.

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 challenging economic outlook, 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, the Company has deployed its resources in to short term investments with a view to earning a return for shareholders in the interim period. The short term investments held by the Company at 30 September 2022 comprised:

- **Redcentric Plc** – is a managed service provider delivering network, cloud and collaboration solutions to public and private sector organisations;
- **NIOX Group Plc** – is a dedicated diagnosis and management company focused on asthma. Their market- leading NIOX products are used to help improve asthma diagnosis and management;
- **IQE Plc** – is a leading supplier of compound semiconductor wafer products and advance material solutions to the global semiconductor industry;
- **Telit IOT Solutions Limited** - 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;
- **THG Plc** – is a vertically integrated e-commerce group which also has its own beauty, nutritional and wellbeing brands; 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.

Migration of tax residence to Jersey

Hardy is an Isle of Man incorporated company. Prior to the sale of the Company's HEPI subsidiary in October 2019 and the subsequent change in control and Board restructure that arose on completion of the takeover offer by Jersey based Blake Holdings Limited on 21 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. Since that time all management, operational and administrative functions of Hardy have been undertaken from Jersey and there are no plans for this situation to change. It was, therefore, considered appropriate that the tax residence of Hardy should be migrated from the UK to Jersey and a notice of migration was provided to HMRC in the second quarter of 2021. However, based on subsequent consideration of the facts and correspondence with HMRC, it is now considered that a defacto migration of tax residence to Jersey took place on around 22 January 2020. This position is expected to be confirmed with HMRC before the end of the 2022 year.

Outlook

Subsequent to the Company's 30 September 2022 half year end, the share prices for a number of its quoted short term investments have improved to an extent such that the unrealised losses reported in the first half have fully reversed to give a small overall year to date profit. However, there can be no certainty that this favourable position will continue for the remainder of the year as inflation and uncertainty, coupled with a cost-of-living crisis, Russia's invasion of Ukraine, fiscal tightening by governments in many regions, and the lingering impact of COVID-19 and potential new covid variants, all weigh heavily on the outlook.

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. We remain committed to the principles of strict cost control and delivering additional value for shareholders going forward.

Michael Bretherton
Chairman
29 November 2022

HARDY PLC
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS TO 30 SEPTEMBER 2022

STATEMENT OF COMPREHENSIVE INCOME

| | | 6 months ended 30 September 2022 (Unaudited) £'000 | 6 months ended 30 September 2021 (Unaudited) £'000 | Year ended 31 March 2022 (Audited) £'000 |
|------------------------------------------------------------------|---|-------------------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------|
| Revenue | | - | - | - |
| Administrative expenses | | (53) | (51) | (115) |
| Operating loss | | (53) | (51) | (115) |
| Financial and investment (loss)/gain | 4 | (645) | 2,780 | 1,426 |
| (Loss)/profit before taxation | | (698) | 2,729 | 1,311 |
| Taxation | | - | - | - |
| (Loss)/profit after taxation | | (698) | 2,729 | 1,311 |
| Total (loss)/profit for the period attributable to owners | | (698) | 2,729 | 1,311 |
| (Loss)/profit per ordinary share | | | | |
| Basic and diluted | 5 | (0.95p) | 3.70p | 1.78p |

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 2022

| | Share capital £'000 | Share premium reserve £'000 | Foreign currency translation reserve £'000 | Retained earnings reserve £'000 | Total £'000 |
|---------------------------------------------------------|---------------------------|--------------------------------------|--------------------------------------------------------|------------------------------------------|----------------|
| 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) | - | - | - |
| Cancellation of foreign currency translation reserve | - | - | (24,204) | 24,204 | - |
| Cancellation of share premium reserve | - | (67,926) | - | 67,926 | - |
| At 30 September 2021 | 738 | - | - | 17,383 | 18,121 |
| Total comprehensive loss | - | - | - | (1,418) | (1,418) |
| Capital distribution | - | - | - | (8,852) | (8,852) |
| At 31 March 2022 | 738 | - | - | 7,113 | 7,851 |
| Total comprehensive loss | - | - | - | (698) | (698) |
| At 30 September 2022 | 738 | - | - | 6,415 | 7,153 |

HARDY PLC
CONDENSED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

| | | At 30 September 2022 (Unaudited) £'000 | At 30 September 2021 (Unaudited) £'000 | At 31 March 2022 (Audited) £'000 |
|-----------------------------|-------|-----------------------------------------------------------|-------------------------------------------------|-------------------------------------------|
| | Notes | | | |
| ASSETS | | | | |
| Current assets | | | | |
| Trade and other receivables | | 110 | 221 | 1,680 |
| Short-term investments | 3 | 7,014 | 17,905 | 6,142 |
| Cash and cash equivalents | | 72 | 35 | 95 |
| Total assets | | 7,196 | 18,161 | 7,917 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (43) | (40) | (66) |
| Total liabilities | | (43) | (40) | (66) |
| NET ASSETS | | | | |
| | | 7,153 | 18,121 | 7,851 |
| Shareholders' equity | | | | |
| Share capital | 6 | 738 | 738 | 738 |
| Retained earnings | | 6,415 | 17,383 | 7,113 |
| TOTAL EQUITY | | 7,153 | 18,121 | 7,851 |

Approved by the Board and authorised for issue on 29 November 2022.

Michael Bretherton
Chairman

HARDY PLC
CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

| | Notes | 6 months ended 30 September 2022 (Unaudited) £'000 | 6 months ended 30 September 2021 (Unaudited) £'000 | Year ended 31 March 2022 (Audited) £'000 |
|-------------------------------------------------------------|-------|-------------------------------------------------------------------------------|-------------------------------------------------------------------|------------------------------------------------------|
| Operating activities | | | | |
| Operating loss | | (53) | (51) | (115) |
| Decrease/(Increase) in trade and other receivables | | 1,570 | (197) | (1,656) |
| (Decrease) / increase in trade and other payables | | (23) | (10) | 16 |
| Net cash generated/(used) in operating activities | | 1,494 | (258) | (1,755) |
| Investing activities | | | | |
| Purchase of short-term equity investments | | (3,357) | - | - |
| Proceeds realised from short-term investments | | 1,797 | - | 10,393 |
| Net cash (used)/generated from investing activities | | (1,560) | - | 10,393 |
| Financing activities | | | | |
| Interest and investment income | 4 | 43 | 217 | 233 |
| Capital Distribution | | - | - | (8,852) |
| Net cash generated/(used) in financing activities | | 43 | 217 | (8,619) |
| Net (decrease)/increase in cash and cash equivalents | | (23) | (41) | 19 |
| Cash and cash equivalents at beginning of the period | | 95 | 76 | 76 |
| Cash and cash equivalents at end of the period | | 72 | 35 | 95 |

HARDY PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

1) BASIS OF PREPARATION

The interim financial statements of Hardy Plc are unaudited condensed financial statements for the six months ended 30 September 2022. These include unaudited comparatives for the six months ended 30 September 2021 together with audited comparatives for the year ended 31 March 2022.

The financial information for the six months ended 30 September 2022 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 2022 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 2023 which are based on the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK), 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 2022. 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 United Kingdom 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 2022.

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 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 2022.

HARDY PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

3) SHORT TERM INVESTMENTS

| | 6 months ended 30 September 2022 (Unaudited) £'000 | 6 months ended 30 September 2021 (Unaudited) £'000 | Year ended 31 March 2022 (Audited) £'000 |
|---------------------------------|-----------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------|
| Quoted equity investments | 4,191 | 14,932 | 3,319 |
| Unquoted equity investments | 2,823 | 2,823 | 2,823 |
| Quoted derivative trading asset | - | 150 | - |
| | 7,014 | 17,905 | 6,142 |

The Company's short-term investments in quoted equity investments can be converted into cash at short notice.

The unquoted equity investment reflects a transfer from quoted equity investments on 31 August 2021 when the acquisition of Telit Communications Plc was completed by a private company in which Hardy received unquoted shares in consideration for its quoted holding in Telit.

The fair value of these investment holdings approximates their book values as at 30 September 2022, 31 March 2021 and 30 September 2021.

4) FINANCIAL AND INVESTMENT INCOME

| | 6 months ended 30 September 2022 (Unaudited) £'000 | 6 months ended 30 September 2021 (Unaudited) £'000 | Year ended 31 March 2022 (Audited) £'000 |
|---------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------|---------------------------------------------------|
| Unrealised (loss) / gain on investments | (1,640) | 2,898 | (4,027) |
| Unrealised losses on derivative instruments | - | (355) | (485) |
| Realised gains on disposal of investments | 952 | - | 5,705 |
| Dividend and interest income | 43 | 217 | 233 |
| | (645) | 2,780 | 1,426 |

HARDY PLC
NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

5) (LOSS) / EARNINGS 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 2022 (Unaudited) | 6 months ended 30 September 2021 (Unaudited) | Year ended 31 March 2022 (Audited) |
|---------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|------------------------------------------|
| (Loss) / profit for the period (£'000) | (698) | 2,729 | 1,311 |
| Weighted average number of shares | 73,764 | 73,764 | 73,764 |
| (Loss) / earnings per ordinary share | (0.95p) | 3.70p | 1.78p |

6) SHARE CAPITAL

| Ordinary Shares of £0.01 | Number | £'000 |
|----------------------------------------------------------------|--------------------|--------------|
| Authorised ordinary shares | | |
| At 30 September 2022 , 30 September 2021 and March 2022 | 200,000,000 | 2,000 |
| Allotted, issued and fully paid ordinary shares | | |
| At 30 September 2022, 30 September 2021 and March 2022 | 73,764,035 | 738 |

7) RELATED PARTY TRANSACTIONS

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

8) EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date which require reporting or adjustment through the interim report.

9) HALF YEAR INTERIM REPORT

A copy of this half year interim report, as well as the annual statutory accounts to 31 March 2022, are available on the Company's website at www.hardyplc.com.