

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