

# GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT  
31<sup>ST</sup> OCTOBER 2023

# **GOODWIN PLC**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023**

### **CHAIRMAN'S STATEMENT**

I am pleased to report our half-year results for the first six months ending 31st October 2023. The Group has realised a pre-tax trading profit of £11.2 million, marking a notable 23.1% uplift from the previous year's £9.1 million. This successful outcome is attributed to an increased revenue of £97.6 million. Both of the Group's Divisions have played a significant role in this achievement during the first six months, and we anticipate a continuation of this increased performance for the rest of the financial year, with a current forward order book of £266 million.

The Refractory Engineering Division has continued to advance its profitability. Notably, the sales of our internally developed, patent-protected fire extinguishing agent for lithium-ion battery fires, known as AVD, have reached a milestone at the mid-year point, equalling the total sales for the previous financial year.

AVD achieved Underwriters Laboratory (UL) certification for component recognition as an extinguishing agent, and a six-litre fire extinguisher containing AVD received UL8 certification. This has opened up substantial opportunities, particularly in the United States, which we anticipate will emerge as a rapidly expanding market for our product, with sales to the USA already starting to grow at a good pace. There is ever-growing interest and adoption that extends way beyond the automotive sector, encompassing a diverse range of applications worldwide. To support this demand, proactive measures have been taken to expand AVD manufacturing capacity. The Group has acquired a 2.5 acre site with a 5,000 square metre industrial building, conveniently located close to Dupré Minerals Limited's primary manufacturing facility in Staffordshire. The site is ready for immediate use with the planned commissioning date of the new, higher capacity AVD manufacturing line set for April 2024.

The new calciner at Hoben International Limited has proved to be approximately 15% more efficient than the original calciner due to the strategic design modifications that were incorporated into the initial design. This efficiency improvement has translated into enhanced productivity and energy cost savings. Hoben's sales of Soluform concrete bags continue to grow and there is wider adoption amongst some project engineers who are increasingly favouring it as their product of choice.

The Refractory Engineering Division's sales of investment casting powder to the global jewellery casting industry has benefited from the jewellery and brass casting market in China returning to a level of normality and due to the Chinese consumers increasing confidence post COVID.

The Mechanical Engineering Division is witnessing the continual progression of activities that was anticipated due to the substantial forward order book. More to do with timing rather than anything else, the Group's cash position has deteriorated in the first six months of the financial year which is due to the increasing levels of working capital that have been accumulating through the increased activity of the Division. However, whilst

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### CHAIRMAN'S STATEMENT *(continued)*

we have sufficient facility headroom available we expect this position to improve by the financial year end.

There are also a significant number of additional future projects for the Mechanical Engineering Division, for which, at the time of writing, orders have yet to be placed. We anticipate addressing these as they emerge. Reflecting on our active pursuit of major opportunities in the Mechanical Engineering Division over the past three years, it is reassuring to note that none have been lost. However, the slow pace of third party decision making has been a source of frustration. Nevertheless, we are well prepared to capitalise on these opportunities as they arise, whether at Goodwin Steel Castings Limited, Goodwin International Limited or Easat Radar Systems Limited. In all instances, be it technical performance, proven track record or the fact our proposals offer the best value proposition for our customers, globally, we are confident that the existing businesses will continue delivering improved results once we add on some of these new contracts to the existing business activity.

Keeping one eye on the future, our patent pending polyimide resin production company, Duvelco Limited, remains on track to have its production plant commissioned and operational by June 2024. All the major capital expenditure has been completed with the majority of any spend left being labour to finish off the wiring, pipework and commissioning.

All initial chemicals to make up to 30 tonnes of polymer resin are on site, so there should not be any large increases in working capital affecting the Group's future cash position, as it should become self funding once operational.

After due consideration, from listening to shareholder enquiries at the AGM, we recognise the importance of providing more frequent updates. Considering our Group's diverse and complex operations, we have decided to introduce quarterly trading updates to keep our investors more informed.

The Group's overall net debt stands at £54.6 million (*31st October 2022: £46.1 million*) which equates to a gearing ratio of 47.8% which is inline with the Group's forecasts and due to an end in large amounts of capital expenditure and stabilisation of working capital levels, will fall back towards 30% within the next 18 months.

The Board and I want to thank the employees for their continued efforts in pushing the Group performance forward, and wish everyone a very Happy Christmas and a prosperous New Year.

T. J. W. Goodwin  
Chairman

19th December 2022

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Management Report

#### Financial Highlights

	<b>Unaudited Half Year to 31st October 2023</b>	Unaudited Half Year to 31st October 2022	Audited Year Ended 30th April 2023
	<b>£'m</b>	£'m	£'m
<b>Consolidated Results</b>			
Revenue	<b>97.6</b>	89.3	185.7
Operating profit	<b>12.5</b>	9.8	20.3
Trading profit*	<b>11.2</b>	9.1	18.9
Unrealised gain on 10 year interest rate swap derivative	<b>0.9</b>	3.1	3.2
Profit before tax	<b>12.1</b>	12.2	22.1
Profit after tax	<b>9.2</b>	9.1	16.5
<b>Capital additions:</b>			
Property, plant and equipment (PPE) owned	<b>7.0</b>	7.8	21.2
Property, plant and equipment (PPE) right-of-use assets	<b>0.1</b>	1.1	1.5
Operating lease assets (former IAS 17 definition)	–	(0.2)	(0.4)
Intangible assets	<b>0.4</b>	0.3	1.8
<b>Capital Expenditure for KPI purposes</b>	<b>7.5</b>	9.0	24.1
Earnings per share – basic	<b>115.66p</b>	113.93p	206.81p
Earnings per share – diluted	<b>115.66p</b>	113.93p	206.81p

\*Trading profit is defined as profit before taxation less the movement in fair value of interest rate swap.

#### Revenue

Revenue of £97.6 million for the six months represents a 9.3% increase from the £89.3 million achieved for the same six month period last year.

#### Trading Profit

Trading profit for the six months of £11.2 million represents a 23.1% increase from the £9.1 million achieved for the same six month period last year.

#### Key performance indicators

	<b>Unaudited Half Year to 31st October 2023</b>	Unaudited Half Year to 31st October 2022	Audited Year Ended 30th April 2023
Trading profit (£'m)	<b>11.2</b>	9.1	18.9
Post tax profit + depreciation + amortisation (£'m)*	<b>12.7</b>	10.5	22.7
Gross profit % of revenue	<b>26.7%</b>	26.5%	24.9%
Trading profit % of revenue	<b>11.5%</b>	10.2%	10.2%
Gearing %	<b>47.8%</b>	40.9%	26.3%
<b>Non cash charges (£'m)</b>			
Depreciation	<b>3.9</b>	3.6	7.5
Amortisation and impairment	<b>0.7</b>	0.6	1.3
Total non cash charges	<b>4.6</b>	4.2	8.8

Alternative performance measures mentioned above are defined on page 104 of the Group Annual Accounts to 30th April 2023.

\*The figure for 31st October 2022 has been restated to show the interest rate swap adjustment net of tax, to be consistent with the other periods.

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Management Report *(continued)*

#### 2023/24 Outlook

The Group's increased levels of activity that have occurred in the first half of the year are expected to continue throughout the second half of the year, generating a similar level of profitability as was achieved in the first six months.

Within the Mechanical Engineering Division, whilst it is unlikely to immediately create activity within the factory before the year end, we remain confident that over the next six months Easat Radar Systems will be announced as the successful bidder of a number of contracts that will create a level of workload for the company that will allow it to generate respectable profits for the next two to three years whilst continuing to compete for more projects that are being tendered. The reason the Board remains confident is due to the fact that the vast majority of the opportunities that we referenced in a previous statement ("an additional £47 million of firm buy radar systems were quoted") have either been delayed or re-tendered due to the specification of the requirement changing, typically to our advantage due to the company now being able to offer the full suite of surveillance systems.

If a few of the notable contracts that are expected to arrive over the coming months do not get delayed again for the Mechanical Engineering Division, the forward workload will be further increased by the year end.

In the second half of the year, we will also see the completion of the 7,690 square metre new building in India that will substantially increase the manufacturing capacity of both the investment powders and the submersible slurry pump businesses. These increases will not only enable the Group to benefit from the growing domestic market over the next decade but will also support the growth of the other submersible pump companies in the Group, which for the last three years have grown at an average compound rate of 18% per year, and is expected to continue. Currently the pump companies represent approximately 12% of Group turnover.

#### Risks and Uncertainties

The Group, mainly through its centralised management structure, makes best endeavours to have in place internal control procedures to identify and manage the key risks and uncertainties affecting the Group. We would refer you to pages 13 to 14 of the Group Annual Accounts to 30th April 2023 which describe the principal risks and uncertainties, and to note 28, starting on page 81, which describes in detail the key financial risks and uncertainties affecting the business, such as credit risk and foreign exchange risk.

Judging the future relationship of the major currency pairs of the US Dollar, Sterling and the Euro continues to be a challenge. The Group has mitigated the impact of rising interest rates by fixing the effective base rate at less than 1% for a notional £30 million of debt until August 2031.

#### Report on Expected Developments

This report describes the expected development of the Group during the year ended 30th April 2024. The report may contain forward-looking statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report. Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Management Report *(continued)*

#### Report on Expected Developments *(continued)*

to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

#### Going Concern

The Group continues to trade profitably by building on the increase in activity seen in the second half of the previous financial year and, with the current order book levels where they are, this should continue and improve in the second half of this financial year and into the next financial year. The Group has continued with its value added activities and traded throughout this period and previous periods with minimal disruptions to manufacturing activities from the challenges that have been seen over the last few years that have affected many other businesses. As at 31st October 2023, the Group's net debt stood at £54.6 million (*31st October 2022 £46.1 million*) as set out in note 16 of these accounts. Whilst the net debt levels are higher than those recorded at April 2023 and October 2022, they are in line with the Group's forecasts and are expected to reduce over time, as working capital unwinds, along with lower forecasted capital expenditure. Given the abovementioned, the Directors, after having reviewed the Group projections and possible challenges that may lie ahead, do not see an issue with the continued ability of the Group to meet its financial commitments as they fall due for at least twelve months from the date of these accounts and have drawn up these accounts to reflect that on a going concern basis.

#### Responsibility statement of the Directors in respect of the half-yearly financial report

The Directors confirm to the best of their knowledge that:

1. this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the United Kingdom; and
2. the Interim Management Report and condensed financial statements include a fair review of the information required by Disclosure and Transparency Rules
  - 4.2.7R (being an indication of important events that have occurred during the first six months of the year); and
  - 4.2.8R (being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

T. J. W. Goodwin  
Chairman

19th December 2023

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Condensed Consolidated Statement of Profit or Loss for the half year to 31st October 2023

	<b>Unaudited Half Year to 31st October 2023 £'000</b>	Unaudited Half Year to 31st October 2022 £'000	Audited Year Ended 30th April 2023 £'000
<b>Continuing operations</b>			
Revenue	<b>97,584</b>	89,335	185,742
Cost of sales	<b>(71,493)</b>	(65,645)	(139,521)
<b>Gross profit</b>	<b>26,091</b>	23,690	46,221
Distribution expenses	<b>(1,700)</b>	(2,056)	(3,741)
Administrative expenses	<b>(11,872)</b>	(11,801)	(22,167)
<b>Operating profit</b>	<b>12,519</b>	9,833	20,313
Finance costs (net)	<b>(1,351)</b>	(761)	(1,438)
Share of profit of associate company	<b>34</b>	33	65
<b>Profit before taxation and movement in fair value of interest rate swap</b>	<b>11,202</b>	9,105	18,940
Unrealised gain on 10 year interest rate swap derivative	<b>938</b>	<b>3,132</b>	3,189
<b>Profit before taxation</b>	<b>12,140</b>	12,237	22,129
Tax on profit	<b>(2,971)</b>	(3,157)	(5,616)
<b>Profit after taxation</b>	<b>9,169</b>	9,080	16,513
<b>Attributable to:</b>			
Equity holders of the parent	<b>8,729</b>	8,761	15,904
Non-controlling interests (NCI)	<b>440</b>	319	609
<b>Profit for the period</b>	<b>9,169</b>	9,080	16,513
<b>Basic earnings per ordinary share</b> (Note 13)	<b>115.66p</b>	113.93p	206.81p
<b>Diluted earnings per ordinary share</b> (Note 13)	<b>115.66p</b>	113.93p	206.81p

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Condensed Consolidated Statement of Comprehensive Income for the half year to 31st October 2023

	<b>Unaudited Half Year to 31st October 2023 £'000</b>	Unaudited Half Year to 31st October 2022 £'000	Audited Year Ended 30th April 2023 £'000
<b>Profit for the period</b>	<b>9,169</b>	9,080	16,513
<b>Other comprehensive expense</b>			
<b>Items that are or may be reclassified subsequently to the income statement</b>			
Foreign exchange translation differences	<b>(218)</b>	(167)	(1,412)
Effective portion of changes in fair value of cash flow hedges	<b>(3,243)</b>	(4,958)	3,741
Ineffective portion of changes in fair value of cash flow hedges	<b>(177)</b>	(92)	518
Change in fair value of cash flow hedges transferred to profit or loss	<b>(242)</b>	949	1,308
Effective portion of changes in fair value of cost of hedging	<b>1,466</b>	96	(1,447)
Ineffective portion of changes in fair value of cost of hedging	<b>9</b>	–	(76)
Change in fair value of cost of hedging transferred to profit or loss	<b>37</b>	(15)	33
Tax on items that are or may be reclassified subsequently to profit or loss	<b>495</b>	950	(919)
<b>Other comprehensive expense for the period, net of income tax</b>	<b>(1,873)</b>	(3,237)	1,746
<b>Total comprehensive income for the period</b>	<b>7,296</b>	5,843	18,259
<b>Attributable to:</b>			
Equity holders of the parent	<b>6,950</b>	5,633	17,726
Non-controlling interests	<b>346</b>	210	533
	<b>7,296</b>	5,843	18,259

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2023

	Share capital £'000	Translation reserve £'000	Share-based payments reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
<b>Half year to 31st October 2023 (Unaudited)</b>									
Balance at 1st May 2023	769	(849)	5,244	1,504	(976)	119,055	124,747	4,410	129,157
Total comprehensive income:									
Profit	-	-	-	-	-	8,729	8,729	440	9,169
Other comprehensive income:									
Foreign exchange translation differences	-	(108)	-	-	-	-	(108)	(110)	(218)
Net movements on cash flow hedges	-	-	-	(2,802)	1,131	-	(1,671)	16	(1,655)
<b>Total comprehensive income / expense for the period</b>	<b>-</b>	<b>(108)</b>	<b>-</b>	<b>(2,802)</b>	<b>1,131</b>	<b>8,729</b>	<b>6,950</b>	<b>346</b>	<b>7,296</b>
Share buy back	(18)	-	-	-	-	(8,851)	(8,869)	-	(8,869)
Dividends paid	-	-	-	-	-	(4,318)	(4,318)	(260)	(4,578)
Dividends declared	-	-	-	-	-	(4,318)	(4,318)	-	(4,318)
<b>Balance at 31st October 2023</b>	<b>751</b>	<b>(957)</b>	<b>5,244</b>	<b>(1,298)</b>	<b>155</b>	<b>110,297</b>	<b>114,192</b>	<b>4,496</b>	<b>118,688</b>
	Share capital £'000	Translation reserve £'000	Share-based payments reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
<b>Half year to 31st October 2022 (Unaudited)</b>									
Balance at 1st May 2022	769	463	5,244	(2,746)	140	111,440	115,310	4,433	119,743
Total comprehensive income:									
Profit	-	-	-	-	-	8,761	8,761	319	9,080
Other comprehensive income:									
Foreign exchange translation differences	-	(81)	-	-	-	-	(81)	(86)	(167)
Net movements on cash flow hedges	-	-	-	(3,114)	67	-	(3,047)	(23)	(3,070)
<b>Total comprehensive income / expense for the period</b>	<b>-</b>	<b>(81)</b>	<b>-</b>	<b>(3,114)</b>	<b>67</b>	<b>8,761</b>	<b>5,633</b>	<b>210</b>	<b>5,843</b>
Dividends paid	-	-	-	-	-	(4,145)	(4,145)	(380)	(4,525)
Dividends declared*	-	-	-	-	-	(4,144)	(4,144)	-	(4,144)
<b>Balance at 31st October 2022</b>	<b>769</b>	<b>382</b>	<b>5,244</b>	<b>(5,860)</b>	<b>207</b>	<b>111,912</b>	<b>112,654</b>	<b>4,263</b>	<b>116,917</b>

\* The statement of changes in equity has been restated to reflect the dividends declared.

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2023 (continued)

	Share capital £'000	Translation reserve £'000	Share-based payments reserve £'000	Cash flow hedge reserve £'000	Cost of hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
<b>Year ended 30th April 2023 (Audited)</b>									
Balance at 1st May 2022	769	463	5,244	(2,746)	140	111,440	115,310	4,433	119,743
Total comprehensive income:									
Profit	-	-	-	-	-	15,904	15,904	609	16,513
Other comprehensive income:									
Foreign exchange translation differences	-	(1,312)	-	-	-	-	(1,312)	(100)	(1,412)
Net movements on cash flow hedges	-	-	-	4,250	(1,116)	-	3,134	24	3,158
<b>Total comprehensive income / expense for the period</b>	<b>-</b>	<b>(1,312)</b>	<b>-</b>	<b>4,250</b>	<b>(1,116)</b>	<b>15,904</b>	<b>17,726</b>	<b>533</b>	<b>18,259</b>
Dividends paid	-	-	-	-	-	(8,289)	(8,289)	(556)	(8,845)
<b>Balance at 30th April 2023</b>	<b>769</b>	<b>(849)</b>	<b>5,244</b>	<b>1,504</b>	<b>(976)</b>	<b>119,055</b>	<b>124,747</b>	<b>4,410</b>	<b>129,157</b>

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Condensed Consolidated Balance Sheet as at 31st October 2023

	Unaudited as at 31st October 2022 £'000	Unaudited as at 31st October 2022 £'000*	Audited as at 30th April 2023 £'000
<b>Non-current assets</b>			
Property, plant and equipment	99,623	92,104	101,243
Right-of-use assets	11,344	6,956	6,763
Investment in associates	978	912	964
Intangible assets	25,126	24,380	25,448
Derivative financial assets	5,644	5,446	5,932
	<b>142,715</b>	<b>129,798</b>	<b>140,350</b>
<b>Current assets</b>			
Inventories	48,835	43,323	47,955
Contract assets	19,808	17,811	16,257
Trade and other financial assets	36,737	30,341	29,757
Corporation tax receivable	418	1,339	1,337
Other receivables	5,796	5,984	4,775
Deferred tax asset	119	59	57
Derivative financial assets	1,577	2,105	2,684
Cash and cash equivalents	13,404	8,604	19,661
	<b>126,694</b>	<b>109,566</b>	<b>122,483</b>
<b>Total assets</b>	<b>269,409</b>	<b>239,364</b>	<b>262,833</b>
<b>Current liabilities</b>			
Bank overdrafts and interest-bearing liabilities	13,942	3,318	6,729
Contract liabilities**	31,412	19,462	32,747
Trade payables and other financial liabilities	23,065	18,722	25,164
Other payables	6,873	6,266	6,601
Dividends payable	4,318	4,144	–
Derivative financial liabilities	2,121	4,984	2,383
Liabilities for current tax	2,009	1,194	921
Provision for liabilities and charges	229	206	266
	<b>83,969</b>	<b>58,296</b>	<b>74,811</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	55,357	53,042	47,256
Derivative financial liabilities	108	2,326	–
Provision for liabilities and charges	304	333	246
Deferred tax liabilities	10,983	8,450	11,363
	<b>66,752</b>	<b>64,151</b>	<b>58,865</b>
<b>Total liabilities</b>	<b>150,721</b>	<b>122,447</b>	<b>133,676</b>
<b>Net assets</b>	<b>118,688</b>	<b>116,917</b>	<b>129,157</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	751	769	769
Translation reserve	(957)	382	(849)
Share-based payments reserve	5,244	5,244	5,244
Cash flow hedge reserve	(1,298)	(5,860)	1,504
Cost of hedging reserve	155	207	(976)
Retained earnings	110,297	111,912	119,055
<b>Total equity attributable to equity holders of the parent</b>	<b>114,192</b>	<b>112,654</b>	<b>124,747</b>
<b>Non-controlling interests</b>	<b>4,496</b>	<b>4,263</b>	<b>4,410</b>
<b>Total equity</b>	<b>118,688</b>	<b>116,917</b>	<b>129,157</b>

\*The balance sheet has been restated to reflect the dividends payable at 31st October 2022.

\*\* Contract liabilities include advance payments from customers of £30,462,000 (31st October 2022: £18,627,000), with the balance of £950,000 (31st October 2022: £835,000) being costs accrued for contracts.

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Condensed Consolidated Statement of Cash Flows for the half year ended 31st October 2023

	Unaudited Half Year to 31st October 2023 £'000	Unaudited Half Year to 31st October 2022 £'000	Audited Year Ended 30th April 2023 £'000
<b>Cash flow from operating activities</b>			
Profit from continuing operations after tax	9,169	9,080	16,513
Adjustments for:			
Depreciation of property, plant and equipment	3,153	2,965	6,272
Depreciation of right-of-use assets	717	642	1,198
Amortisation and impairment of intangible assets	654	610	1,257
Finance costs (net)	1,351	761	1,438
Foreign exchange losses / (gains)	267	(1,965)	1,213
Loss / (profit) on sale of property, plant and equipment	(27)	7	134
Unrealised gain on 10 year interest rate swap derivative	(938)	(3,132)	(3,189)
Share of profit of associate companies	(34)	(33)	(65)
UK tax incentive credit on research and development	–	–	(610)
Tax expense	2,971	3,157	5,616
<b>Cash generated from operating activities before changes in working capital and provisions</b>	<b>17,283</b>	<b>12,092</b>	<b>29,777</b>
Increase in inventories	(980)	(3,112)	(8,377)
Increase in contract assets	(3,572)	(5,461)	(3,804)
Increase in trade and other receivables	(8,213)	(5,426)	(5,304)
(Decrease) / increase in contract liabilities	(1,325)	4,720	17,954
(Decrease) / increase in trade and other payables	(1,364)	(2,488)	4,072
<b>Cash inflow from operations</b>	<b>1,829</b>	<b>325</b>	<b>34,318</b>
Interest paid	(1,629)	(763)	(1,940)
Corporation tax paid	(885)	(2,196)	(3,251)
<b>Net cash from operating activities</b>	<b>(685)</b>	<b>(2,634)</b>	<b>29,127</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	196	39	218
Acquisition of property, plant and equipment	(2,385)	(6,796)	(18,871)
Acquisition of intangible assets	(91)	(143)	(675)
Development expenditure capitalised	(307)	(166)	(1,196)
<b>Net cash outflow from investing activities</b>	<b>(2,587)</b>	<b>(7,066)</b>	<b>(20,524)</b>
<b>Cash flows from financing activities</b>			
Buy back of shares	(8,869)	–	–
Payment of capital element of lease obligations	(1,325)	(882)	(1,874)
Dividends paid	(4,318)	(4,145)	(8,289)
Dividends paid to non-controlling interests	(260)	(380)	(556)
Proceeds from new loans and committed facilities	12,500	13,000	11,500
Repayment of loans and committed facilities	(613)	(868)	(1,181)
Change in bank overdrafts	(119)	–	119
<b>Net cash (outflow) / inflow financing activities</b>	<b>(3,004)</b>	<b>6,725</b>	<b>(281)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(6,276)</b>	<b>(2,975)</b>	<b>8,322</b>
Cash and cash equivalents at beginning of year	19,661	11,651	11,651
Effect of exchange rate fluctuations on cash held	19	(72)	(312)
<b>Closing cash and cash equivalents</b>	<b>13,402</b>	<b>8,604</b>	<b>19,661</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes

#### *to the Condensed Consolidated Interim Financial Statements*

#### **1. Reporting Entity**

Goodwin PLC (the “Company”) is a company incorporated in England and Wales. The unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended 31st October 2023 comprise the Company, its subsidiaries, and the Group’s interests in associates (together referred to as the “Group”).

The audited consolidated financial statements of the Group as at and for the year ended 30th April 2023 are available upon request from the Company’s registered office at Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR or via the Company’s web site: [www.goodwin.co.uk](http://www.goodwin.co.uk).

#### **2. Statement of Compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the United Kingdom. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 30th April 2023.

The comparative figures for the financial year ended 30th April 2023 are extracts and not the full Group’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Audit Committee has reviewed these unaudited condensed consolidated interim financial statements and has advised the Board of Directors that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group’s half year performance. These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 19th December 2023.

#### **3. Significant Accounting Policies**

The accounting policies applied by the Group in these unaudited condensed consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 30th April 2023, except where accounting standards have been amended and the Group has adopted those amendments during the current period.

The following amendments, which have become effective for the current reporting period, and therefore have been adopted by the Group, are not expected to have a significant impact on the Group’s financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies – (effective for periods commencing on or after 1st January 2023).
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ‘Definition of Accounting Estimates’ – (effective for periods commencing on or after 1st January 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (effective for periods commencing on or after 1st January 2023).
- Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (effective for periods commencing on or after 1st January 2023).

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes (continued)

#### 3. Significant Accounting Policies (continued)

##### New IFRS Standards, Amendments and Interpretations not Adopted

The IASB and IFRIC have issued additional standards and amendments which are effective for periods starting after the date of these financial statements. The following amendments have not yet been adopted by the Group:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date – (effective for periods commencing on or after 1st January 2024).
- Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants – (effective for periods commencing on or after 1st January 2024).

The Group does not expect the above amendments to have a material impact on profit, earnings per share and net assets in future periods.

#### 4. Accounting Estimates and Judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 30th April 2023.

The tax charge in the period is based on management's estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the impact of any disallowed costs.

#### 5. Operating Segments

For reporting to the chief operating decision maker, the Board of Directors, the Group is organised into two reportable operating segments, according to the different products and services provided by the Mechanical Engineering and Refractory Engineering Divisions. Segment assets and liabilities include items directly attributable to segments as well as group centre balances, which can be allocated on a reasonable basis. Associates are included in Refractory Engineering. In accordance with the requirements of IFRS 8, information regarding the Group's operating segments is reported below.

In previous years, the segmental analysis of net assets, capital expenditure and depreciation was based on the legal structure of the Group. As the analysis from 30th April 2023 has been prepared on the basis of the operational structure of the Group, the comparative figures for 31st October 2022 have been restated accordingly.

#### 6. Operating Segment Revenue

	Unaudited			Unaudited			Audited		
	Half Year to 31st October 2023			Half Year to 31st October 2022			Year ended 30th April 2023		
	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000
Total revenue	80,549	38,657	119,206	70,276	40,039	110,315	147,538	80,340	227,878
Inter-segment revenue	(14,723)	(6,899)	(21,622)	(12,226)	(8,754)	(20,980)	(23,771)	(18,365)	(42,136)
External revenue	65,826	31,758	97,584	58,050	31,285	89,335	123,767	61,975	185,742





# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

Notes (continued)

### 10. Geographical Segments

	Unaudited				Unaudited			
	Half Year to 31st October 2023				Half Year to 31st October 2022			
	Revenue	Net assets	Non-current assets	Capital expenditure	Revenue	Net assets	Non-current assets	Capital expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
UK	34,171	73,302	115,763	5,130	25,108	71,240	102,487	7,957
Rest of Europe	10,526	6,530	4,258	330	13,360	9,096	3,981	385
USA	9,458	-	-	-	7,807	-	-	-
Pacific Basin	21,865	16,378	6,656	199	18,349	16,993	7,395	119
Rest of World	21,564	22,478	10,394	1,740	24,711	19,588	10,489	731
<b>Total</b>	<b>97,584</b>	<b>118,688</b>	<b>137,071</b>	<b>7,399</b>	<b>89,335</b>	<b>116,917</b>	<b>124,352</b>	<b>9,192</b>

  

	Audited			
	Year Ended 30th April 2023			
	Revenue	Net assets	Non-current assets	Capital expenditure
	£'000	£'000	£'000	£'000
UK	55,867	82,669	114,235	21,533
Rest of Europe	28,367	10,636	4,224	790
USA	19,854	-	-	-
Pacific Basin	34,725	15,982	7,029	330
Rest of World	46,929	19,870	8,930	1,871
<b>Total</b>	<b>185,742</b>	<b>129,157</b>	<b>134,418</b>	<b>24,524</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes (continued)

#### 11. Revenue

The Group's revenue is derived from contracts with customers. The following tables provide an analysis of revenue by geographical market and by product line.

	Unaudited			Unaudited			Audited		
	Half Year to 31st October 2023			Half Year to 31st October 2022			Year ended 30th April 2023		
	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000
<b>Primary geographical markets:</b>									
UK	25,594	8,577	34,171	17,916	7,193	25,109	41,112	14,755	55,867
Rest of Europe	6,478	4,048	10,526	9,322	4,038	13,360	21,269	7,098	28,367
USA	9,069	389	9,458	7,400	407	7,807	19,141	713	19,854
Pacific Basin	10,082	11,783	21,865	5,885	12,464	18,349	12,253	22,472	34,725
Rest of World	14,603	6,961	21,564	17,527	7,183	24,710	29,992	16,937	46,929
<b>Total</b>	<b>65,826</b>	<b>31,758</b>	<b>97,584</b>	<b>58,050</b>	<b>31,285</b>	<b>89,335</b>	<b>123,767</b>	<b>61,975</b>	<b>185,742</b>
<b>Product lines:</b>									
Standard products and consumables	7,043	31,758	38,801	7,222	31,285	38,507	13,767	61,975	75,742
Bespoke engineered products - point in time	8,377	-	8,377	17,468	-	17,468	30,002	-	30,002
<b>Total point in time revenue</b>	<b>15,420</b>	<b>31,758</b>	<b>47,178</b>	<b>24,690</b>	<b>31,285</b>	<b>55,975</b>	<b>43,769</b>	<b>61,975</b>	<b>105,744</b>
Minimum period contracts for goods and services	2,840	-	2,840	2,252	-	2,252	4,335	-	4,335
Bespoke engineered products - over time	47,566	-	47,566	31,108	-	31,108	75,663	-	75,663
<b>Total over time revenue</b>	<b>50,406</b>	<b>-</b>	<b>50,406</b>	<b>33,360</b>	<b>-</b>	<b>33,360</b>	<b>79,998</b>	<b>-</b>	<b>79,998</b>
<b>Total revenue</b>	<b>65,826</b>	<b>31,758</b>	<b>97,584</b>	<b>58,050</b>	<b>31,285</b>	<b>89,335</b>	<b>123,767</b>	<b>61,975</b>	<b>185,742</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes (continued)

#### 12. Dividends

The Directors do not propose the payment of an interim dividend.

	<b>Unaudited Half Year to 31st October 2023 £'000</b>	Unaudited Half Year to 31st October 2022 £'000	Audited Year Ended 30th April 2023 £'000
<b>Equity dividends paid during the period:</b>			
Ordinary dividends paid in respect of the year ended 30th April 2023	<b>4,318</b>	–	–
Ordinary dividends paid in respect of the year ended 30th April 2022	–	4,145	8,289
<b>Total</b>	<b>4,318</b>	4,145	8,289

As noted in the Group Annual Accounts to 30th April 2023, the dividend payments for the year ended 30th April 2023 are being paid in two equal instalments, with the second payment due in April 2024.

#### 13. Earnings per Share

	<b>Unaudited as at 31st October 2023</b>	Unaudited as at 31st October 2022	Audited as at 30th April 2023
	<b>Number of ordinary shares</b>		
<b>Ordinary shares in issue:</b>			
Opening balance	<b>7,689,600</b>	7,689,600	7,689,600
Shares bought back in the period	<b>(180,000)</b>	–	–
Closing balance	<b>7,509,600</b>	7,689,600	7,689,600
Weighted average number of ordinary shares in issue	<b>7,546,774</b>	7,689,600	7,689,600
	<b>£'000</b>	£'000	£'000
Relevant profits attributable to shareholders	<b>8,729</b>	8,761	15,904

The Company bought back 180,000 of its ordinary shares on 7th June 2023 and cancelled them off the register, following a tender offer to its shareholders.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes (continued)

#### 14. Property, Plant and Equipment and Intangible Assets

	Unaudited Half Year to 31st October 2023			Unaudited Half Year to 31st October 2022		
	Property, plant and equipment £'000	Right-of-use assets £'000	Intangible assets £'000	Property, plant and equipment £'000	Right-of-use assets £'000	Intangible assets £'000
	Net book value at the beginning of the period	101,243	6,763	25,448	87,594	6,191
Additions	6,933	68	398	7,826	1,104	262
Disposals (at net book value)	(169)	-	-	(46)	-	-
Transfers	(5,242)	5,242	-	(306)	306	-
Depreciation	(3,153)	(717)	-	(2,965)	(642)	-
Amortisation	-	-	(654)	-	-	(610)
Exchange adjustment	11	(12)	(66)	1	(3)	(89)
Net book value at the end of the period	<b>99,623</b>	<b>11,344</b>	<b>25,126</b>	92,104	6,956	24,380

The depreciation on right-of-use assets may be analysed as follows:

	Unaudited Half Year to 31st October 2023 £'000	Unaudited Half Year to 31st October 2022 £'000
Finance leases (former IAS 17 definition)	439	365
Operating leases (former IAS 17 definition)	278	277
	<b>717</b>	642

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes (continued)

#### 15. Interest-bearing Liabilities

	<b>Unaudited as at 31st October 2023 £'000</b>	Unaudited as at 31st October 2022 £'000	Audited as at 30th April 2023 £'000
Bank overdrafts	–	–	119
Bank loans – repayable by instalments	<b>1,072</b>	1,058	1,154
Bank loans – rolling credit facilities	<b>10,000</b>	–	3,500
Lease liabilities	<b>2,870</b>	2,260	1,956
<b>Due within one year</b>	<b>13,942</b>	3,318	6,729
Bank loans – repayable by instalments	<b>6,443</b>	7,367	6,985
Bank loans – rolling credit facilities	<b>42,000</b>	41,000	36,000
Lease liabilities	<b>6,914</b>	4,675	4,271
<b>Due after more than one year</b>	<b>55,357</b>	53,042	47,256
Bank overdrafts	–	–	119
Bank loans – repayable by instalments	<b>7,515</b>	8,425	8,139
Bank loans – rolling credit facilities	<b>52,000</b>	41,000	39,500
Lease liabilities	<b>9,784</b>	6,935	6,227
<b>Total</b>	<b>69,299</b>	56,360	53,985
<b>Former IAS 17 analysis of lease liabilities</b>			
Finance leases	<b>8,510</b>	5,306	4,725
Operating leases	<b>1,274</b>	1,629	1,502
	<b>9,784</b>	6,935	6,227

#### 16. Capital Management

At 31st October 2023 the capital utilised was £168,813,000 as shown below:

	<b>Unaudited as at 31st October 2023 £'000</b>	Unaudited as at 31st October 2022 £'000	Audited as at 30th April 2023 £'000
Cash and cash equivalents	<b>(13,404)</b>	(8,604)	(19,661)
Bank overdrafts (Note 15)	–	–	119
Bank loans and committed facilities (Note 15)	<b>59,515</b>	49,425	47,639
Lease liabilities (Note 15)	<b>9,784</b>	6,935	6,227
Net debt in accordance with IFRS 16	<b>55,895</b>	47,756	34,324
Operating lease debt (former IAS 17 definition) (Note 15)	<b>(1,274)</b>	(1,629)	(1,502)
Relevant net debt for KPI purposes	<b>54,621</b>	46,127	32,822
Total equity attributable to equity holders of the parent	<b>114,192</b>	112,654	124,747
<b>Capital</b>	<b>168,813</b>	158,781	157,569

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes (continued)

#### 17. Total Financial Assets and Financial Liabilities

The following table sets out the Group's accounting classification of its financial assets and financial liabilities, and their carrying amounts at 31st October 2023. The carrying amount is a reasonable approximation of fair value for all financial assets and financial liabilities.

	Fair value hedging instruments £'000	Fair value through profit and loss £'000	Amortised cost £'000	Total carrying amount / fair value amount £'000
<b>Financial assets measured at fair value</b>				
Forward exchange contracts used for hedging	335	–	–	335
Other forward exchange contracts	–	19	–	19
Interest rate swap	–	6,867	–	6,867
	<u>335</u>	<u>6,886</u>	<u>–</u>	<u>7,221</u>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	–	–	13,404	13,404
Contract assets	–	–	19,808	19,808
Trade receivables and other financial assets	–	–	36,737	36,737
Corporation tax receivable	–	–	418	418
	<u>–</u>	<u>–</u>	<u>70,367</u>	<u>70,367</u>
<b>Financial liabilities measured at fair value</b>				
Forward exchange contracts used for hedging	1,528	–	–	1,528
Other forward exchange contracts	–	701	–	701
	<u>1,528</u>	<u>701</u>	<u>–</u>	<u>2,229</u>
<b>Financial liabilities not measured at fair value</b>				
Bank loans	–	–	59,515	59,515
Lease liabilities	–	–	9,784	9,784
Contract liabilities	–	–	31,412	31,412
Trade payables and other financial liabilities	–	–	23,065	23,065
Corporation tax payable	–	–	2,009	2,009
	<u>–</u>	<u>–</u>	<u>125,785</u>	<u>125,785</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2023

### Notes *(continued)*

#### 17. Total Financial Assets and Financial Liabilities *(continued)*

The interest rate swap and forward exchange contract and assets and liabilities fair values in the above table are derived using Level 2 inputs as defined by IFRS 7 as detailed in the paragraph below.

IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three level hierarchy: Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).