

GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT
31ST OCTOBER 2024

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

CHAIRMAN'S STATEMENT

I am delighted to report that the "trading" pre-tax profit for the Group for the six-month period ending 31st October 2024 was £17.1 million, representing a 53% increase in profitability versus the same period last year. Furthermore, the current forward order book (otherwise known as workload) has continued to strengthen and as at the time of writing stands at £296 million (*December 2023: £266 million*).

The significant growth in profitability and order book, both of which have more than doubled over the past three years, is primarily driven by the foundry and machine shop's success in securing and delivering high-integrity products for the nuclear decommissioning and naval vessel markets. In particular, the contract to supply the 29 tonne Self Shielding Boxes (SSB's) has started to ramp up, as the foundry has reached its production target rate of ten per month. With customer documentation reviews becoming more efficient, the nuclear waste storage boxes are now being regularly delivered to Sellafield.

Duvelco Ltd has reached a significant milestone with the successful production of polyimide resin powder at its cutting-edge, purpose-built facility. This bespoke plant, developed over thirty months, can now produce polyimide resin on an industrial scale.

The facility has two dedicated production lines to ensure zero cross-contamination: one for unfilled polyimide resin and the other for graphite-enhanced resin. The graphite-containing line is scheduled to be online by the end of January, allowing the company to also release graphite-containing trial samples to customers shortly thereafter. This significant step marks the beginning of a new phase for Duvelco as customers can commence validation tests for their specific applications. To complement customers' own validations, formal data sheets are scheduled for publication in the second quarter of 2025.

The Board is delighted by this achievement, which significantly reduces the risks associated with launching this new technology. We are confident that, as major end-users complete their validation processes – for which timelines vary by sector – Duvelco will become a major contributor to the Group's profitability in the years ahead. This milestone represents a key step forward in delivering long-term value to our shareholders and we look forward to providing further updates in the future.

The cash generation of the Group in the first six months has been strong, resulting in the net debt as at 31st October 2024 being £38.8 million (*31st October 2023: £54.6 million*) which equates to a gearing of 31% (*31st October 2023: 48%*). With a lower level of capital expenditure forecast, long-term contracts successfully negotiated with multiple cash milestones as well as the increase in profitability, the Group will benefit from a lower level of debt as it starts to fall within the facility we arranged in 2021 to borrow money at an interest rate of 1% until 2031.

It is the dedication and hard work of the Group's employees over the last few years, which has put the Group in the position that it is in today. The Board would like to

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

CHAIRMAN'S STATEMENT *(continued)*

extend its sincere gratitude to all of its directors, managers and employees for their focus and determination, which has continually set the Group apart, whether that be breaking into new markets or continually adapting existing products and processes to obtain incremental gains. Thank you.

T. J. W. Goodwin
Chairman

16th December 2024

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Management Report

Financial Highlights

	Unaudited Half Year to 31st October 2024	Unaudited Half Year to 31st October 2023	Audited Year Ended 30th April 2024
	£'m	£'m	£'m
Consolidated Results			
Revenue	106.4	97.6	191.3
Operating profit	18.2	12.5	26.9
Trading profit*	17.1	11.2	24.1
Unrealised (loss) / gain on 10 year interest rate swap derivative	(0.4)	0.9	0.1
Profit before tax	16.7	12.1	24.2
Profit after tax	12.5	9.2	17.7

Capital additions:

Property, plant and equipment (PPE) owned	5.3	7.0	16.4
Property, plant and equipment (PPE) right-of-use assets	0.1	0.1	0.2
Operating lease assets (former IAS 17 definition)	–	–	1.5
Intangible assets	0.5	0.4	2.0

Capital Expenditure for KPI purposes	5.9	7.5	20.1
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Earnings per share – basic	150.91p	115.66p	224.53p
Earnings per share – diluted	150.91p	115.66p	224.53p

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

Revenue

Revenue of £106.4 million for the six months represents a 9.0% increase from the £97.6 million achieved for the same six month period last year.

Trading Profit

Trading profit for the six months of £17.1 million represents a 52.7% increase from the £11.2 million achieved for the same six month period last year.

Key performance indicators

	Unaudited Half Year to 31st October 2024	Unaudited Half Year to 31st October 2023	Audited Year Ended 30th April 2024
Trading profit (£'m)	17.1	11.2	24.1
Post tax profit + depreciation + amortisation (£'m)	17.3	12.7	26.4
Gross profit % of revenue	43.0%	39.0%	40.7%
Trading profit % of revenue	16.1%	11.5%	12.6%
Gearing %	31.4%	47.8%	35.1%
Non cash charges (£'m)			
Depreciation	4.1	3.9	8.1
Amortisation and impairment	0.7	0.7	1.3
Total non cash charges	4.8	4.6	9.4

Alternative performance measures mentioned above are defined on page 105 of the Group Annual Accounts to 30th April 2024.

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Management Report *(continued)*

2024/25 Outlook

Whilst a similar level of activity for the Group is expected for the second half of the year ending 30th April 2025, it is pleasing to report, after many years, that the long-promised future growth for Easat Radar Systems is now coming to fruition. The radar business has signed a significant contract to supply two additional turnkey surveillance systems to an existing Airforce customer based in Southeast Asia, which will return the company to profitability. In addition to this, and following contract award notifications by other customers, Easat is in the final stages of signing two further contracts to supply its proven state-of-the-art primary and secondary surveillance system. This will provide Easat with a workload in excess of £25 million, enabling the company to operate at a higher level of activity and profitability, that will further enhance the Group's profitability over the short to medium term.

Within the Refractory Engineering Division, a stable level of profitability will continue to be generated from its core products, where incremental gains are being targeted within their well-established position in the market. For the newer growth products, such as the fire extinguishing agent for lithium ion battery fires, known as AVD, interest and momentum continue to grow for the superior product, despite alternatives entering the market. Furthermore, with the extinguisher-filling plant having now been commissioned and certified, this will reduce the cost of production of the lithium ion battery fire extinguishers and enable AVD Fire Ltd to have greater control from order placement through to delivery.

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 12 to 13 of the Group Annual Accounts to 30th April 2024 which describe the principal risks and uncertainties, and to note 28, starting on page 83, which describes in detail the key financial risks and uncertainties affecting the business.

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 2025. 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 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 strength of the current order

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Management Report *(continued)*

Going Concern *(continued)*

book levels, this should continue and improve in the second half of this financial year and into the next financial year. As at 31st October 2024, the Group's net debt stood at £38.8 million (*31st October 2023: £54.6 million*) as set out in note 15 of these accounts. The net debt levels are lower than those recorded at both October 2023 and April 2024, which is in line with the Board's expectations and will continue to be reviewed and managed across the Group. Given the above, 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 prepared these accounts 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

16th December 2024

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Condensed Consolidated Statement of Profit or Loss for the half year to 31st October 2024

	Unaudited Half Year to 31st October 2024 £'000	Unaudited Half Year to 31st October 2023 £'000	Audited Year Ended 30th April 2024 £'000
Continuing operations			
Revenue	106,392	97,584	191,258
Cost of sales	(60,666)	*(59,529)	(113,371)
Gross profit	45,726	*38,055	77,887
Selling and distribution costs	(5,498)	*(4,734)	(9,618)
Administrative expenses	(22,001)	*(20,802)	(41,374)
Operating profit	18,227	12,519	26,895
Finance costs (net)	(1,147)	(1,351)	(2,870)
Share of profit of associate company	27	34	69
Profit before taxation and movement in fair value of interest rate swap	17,107	11,202	24,094
Unrealised (loss) / gain on 10 year interest rate swap derivative	(394)	938	113
Profit before taxation	16,713	12,140	24,207
Tax on profit	(4,215)	(2,971)	(6,491)
Profit after taxation	12,498	9,169	17,716
Attributable to:			
Equity holders of the parent	11,333	8,729	16,902
Non-controlling interests (NCI)	1,165	440	814
Profit for the period	12,498	9,169	17,716
Basic earnings per ordinary share (Note 12)	150.91p	115.66p	224.53p
Diluted earnings per ordinary share (Note 12)	150.91p	115.66p	224.53p

*The Board took the decision to present the statutory reporting of gross profit to allocate costs, which align more appropriately with the Group's operational structure and how it is calculated with the Group's management accounts, to ensure that the end user of the statutory accounts can review the financial performance of the Group on the same basis as the Board. The comparative figures for October 2023 have been updated to be consistent with the revised presentation of costs.

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Condensed Consolidated Statement of Comprehensive Income for the half year to 31st October 2024

	Unaudited Half Year to 31st October 2024 £'000	Unaudited Half Year to 31st October 2023 £'000	Audited Year Ended 30th April 2024 £'000
Profit for the period	12,498	9,169	17,716
Other comprehensive income / (expense)			
Items that are or may be reclassified subsequently to the income statements			
Foreign exchange translation differences	(240)	(218)	(1,935)
Cash flow hedges – effective portion of changes in fair value	74	(3,243)	(936)
Cash flow hedges – ineffectiveness transferred to profit or loss	806	(177)	433
Cash flow hedges – amounts transferred to profit or loss	(465)	(242)	(438)
Cost flow hedges – deferred tax credit	66	873	85
Cost of hedging – changes in fair value	(129)	1,466	558
Cost of hedging – ineffectiveness transferred to profit or loss	(30)	9	28
Cost of hedging – amounts transferred to profit or loss	226	37	144
Cost of hedging – deferred tax charge	(17)	(378)	(184)
Other comprehensive income / (expense) for the period, net of income tax	291	(1,873)	(2,245)
Total comprehensive income for the period	12,789	7,296	15,471
Attributable to:			
Equity holders of the parent	11,572	6,950	15,039
Non-controlling interests	1,217	346	432
	12,789	7,296	15,471

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Condensed Consolidated Balance Sheet as at 31st October 2024

	Unaudited ast at 31st October 2024 £'000	Unaudited as at 31st October 2023 £'000	Audited as at 30th April 2024 £'000
Non-current assets			
Property, plant and equipment	106,894	99,623	105,337
Right-of-use assets	11,013	11,344	11,744
Investment in associates	863	978	828
Intangible assets	25,902	25,126	25,900
Derivative financial assets	5,597	5,644	5,716
	<u>150,269</u>	<u>142,715</u>	<u>149,525</u>
Current assets			
Inventories	44,486	48,835	46,809
Contract assets	24,050	19,808	22,027
Trade and other financial assets	45,293	36,737	27,807
Corporation tax receivable	709	418	1,288
Other receivables	4,312	5,796	3,896
Deferred tax asset	199	119	191
Derivative financial assets	2,636	1,577	2,007
Cash and cash equivalents	15,057	13,404	30,678
	<u>136,742</u>	<u>126,694</u>	<u>134,703</u>
Total assets	<u>287,011</u>	<u>269,409</u>	<u>284,228</u>
Current liabilities			
Borrowings	20,892	13,942	14,027
Contract liabilities**	20,998	31,412	14,856
Trade payables and other financial liabilities	29,129	*29,495	30,572
Other payables	627	*443	258
Dividends payable	4,994	4,318	–
Derivative financial liabilities	1,262	2,121	251
Corporation tax payable	3,857	2,009	859
Provision for liabilities and charges	241	229	231
	<u>82,000</u>	<u>83,969</u>	<u>61,054</u>
Non-current liabilities			
Borrowings	35,053	55,357	61,906
Contract liabilities**	26,735	–	19,268
Derivative financial liabilities	493	108	277
Provision for liabilities and charges	275	304	274
Deferred tax liabilities	14,107	10,983	14,799
	<u>76,663</u>	<u>66,752</u>	<u>96,524</u>
Total liabilities	<u>158,663</u>	<u>150,721</u>	<u>157,578</u>
Net assets	<u>128,348</u>	<u>118,688</u>	<u>126,650</u>
Equity attributable to equity holders of the parent			
Share capital	751	751	751
Translation reserve	(2,579)	(957)	(2,391)
Share-based payments reserve	–	5,244	–
Cash flow hedge reserve	1,009	(1,298)	633
Cost of hedging reserve	(375)	155	(426)
Retained earnings	125,059	110,297	123,714
Total equity attributable to equity holders of the parent	<u>123,865</u>	<u>114,192</u>	<u>122,281</u>
Non-controlling interests	4,483	4,496	4,369
Total equity	<u>128,348</u>	<u>118,688</u>	<u>126,650</u>

*The split between financial and non-financial liabilities has been updated to be consistent with the classification at April 2024.

** Contract liabilities include advance payments from customers of £47,473,000 (31st October 2023: £30,462,000), with the balance of £260,000 (31st October 2023: £950,000) being costs accrued for contracts.

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2024

	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
Half year to 31st October 2024 (Unaudited)									
Balance at 1st May 2024	751	(2,391)	-	633	(426)	123,714	122,281	4,369	126,650
Total comprehensive income:									
Profit	-	-	-	-	-	11,333	11,333	1,165	12,498
Other comprehensive income:									
Foreign exchange translation differences	-	(188)	-	-	-	-	(188)	(52)	(240)
Net movements on cash flow hedges	-	-	-	376	51	-	427	104	531
Total comprehensive income / (expense) for the period	-	(188)	-	376	51	11,333	11,572	1,217	12,789
Transactions with owners:									
Dividends paid	-	-	-	-	-	(4,994)	(4,994)	(1,103)	(6,097)
Dividends declared	-	-	-	-	-	(4,994)	(4,994)	-	(4,994)
Balance at 31st October 2024	751	(2,579)	-	1,009	(375)	125,059	123,865	4,483	128,348

	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
Half year to 31st October 2023 (Unaudited)									
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)
Total comprehensive income / (expense) for the period	-	(108)	-	(2,802)	1,131	8,729	6,950	346	7,296
Transactions with owners:									
Buy back of shares	(18)	-	-	-	-	(8,851)	(8,869)	-	(8,869)
Dividends paid	-	-	-	-	-	(4,318)	(4,318)	(260)	(4,578)
Dividends declared	-	-	-	-	-	(4,318)	(4,318)	-	(4,318)
Balance at 31st October 2023	751	(957)	5,244	(1,298)	155	110,297	114,192	4,496	118,688

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2024 (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
Year ended 30th April 2024 (Audited)									
Balance at 1st May 2023	769	(849)	5,244	1,504	(976)	119,055	124,747	4,410	129,157
Total comprehensive income:									
Profit	-	-	-	-	-	16,902	16,902	814	17,716
Other comprehensive income:									
Foreign exchange translation differences	-	(1,542)	-	-	-	-	(1,542)	(393)	(1,935)
Net movements on cash flow hedges	-	-	-	(871)	550	-	(321)	11	(310)
Total comprehensive income / (expense) for the period	-	(1,542)	-	(871)	550	16,902	15,039	432	15,471
Transfers between reserves	-	-	(5,244)	-	-	5,244	-	-	-
Transactions with owners:									
Buy back of shares	(18)	-	-	-	-	(8,851)	(8,869)	-	(8,869)
Dividends paid	-	-	-	-	-	(8,636)	(8,636)	(473)	(9,109)
Balance at 30th April 2024	751	(2,391)	-	633	(426)	123,714	122,281	4,369	126,650

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Condensed Consolidated Statement of Cash Flows for the half year ended 31st October 2024

	Unaudited Half Year to 31st October 2024 £'000	Unaudited Half Year to 31st October 2023 £'000	Audited Year Ended 30th April 2024 £'000
Cash flow from operating activities			
Profit from continuing operations after tax	12,498	9,169	17,716
Adjustments for:			
Depreciation of property, plant and equipment	3,340	3,153	6,607
Depreciation of right-of-use assets	761	717	1,497
Amortisation and impairment of intangible assets	708	654	1,341
Finance costs (net)	1,147	1,351	2,870
Foreign exchange losses / (gains)	955	267	(1,025)
Profit on sale of property, plant and equipment	(15)	(27)	(29)
Unrealised loss / (gain) on 10 year interest rate swap derivative	394	(938)	(113)
Share of profit of associate companies	(27)	(34)	(69)
UK tax incentive credit on research and development	–	–	(660)
Tax expense	4,215	2,971	6,491
Cash generated from operating activities before changes in working capital and provisions	23,976	17,283	34,626
Decrease / (increase) in inventories	2,075	(980)	437
(Increase) in contract assets	(2,060)	(3,572)	(5,849)
(Increase) / decrease in trade and other receivables	(17,983)	(8,213)	2,357
Increase / (decrease) in contract liabilities	13,636	(1,325)	1,388
(Decrease) / increase in trade and other payables	(1,384)	(1,364)	370
Cash inflow from operations	18,260	1,829	33,329
Interest received	563	*612	1,399
Interest paid	(2,104)	*(2,241)	(5,022)
Corporation tax paid	(1,307)	(885)	(2,587)
Net cash from operating activities	15,412	(685)	27,119
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	38	196	392
Acquisition of property, plant and equipment	(4,388)	(2,385)	(15,363)
Acquisition of intangible assets	(8)	(91)	(582)
Development expenditure capitalised	(510)	(307)	(1,456)
Dividend from associate company	63	–	131
Net cash outflow from investing activities	(4,805)	(2,587)	(16,878)
Cash flows from financing activities			
Buy back of shares	–	(8,869)	(8,869)
Payment of capital element of lease obligations	(1,476)	(1,325)	(2,910)
Dividends paid	(4,994)	(4,318)	(8,636)
Dividends paid to non-controlling interests	(1,103)	(260)	(473)
Proceeds from new loans and committed facilities	8,000	12,500	23,098
Repayment of loans and committed facilities	(26,549)	(613)	(1,152)
Change in bank overdrafts	(48)	(119)	(71)
Net cash (outflow) / inflow from financing activities	(26,170)	(3,004)	987
Net (decrease) / increase in cash and cash equivalents	(15,563)	(6,276)	11,228
Cash and cash equivalents at beginning of year	30,678	19,661	19,661
Effect of exchange rate fluctuations on cash held	(58)	19	(211)
Closing cash and cash equivalents	15,057	13,404	30,678

*The comparatives have been adjusted to report separately the interest received from the interest rate swap.

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

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 2024 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 2024 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.

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 2024.

The comparative figures for the financial year ended 30th April 2024 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 16th December 2024.

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 2024, 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: Classification of Liabilities as Current or Non-current – (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).

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 IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments (effective for periods beginning on or after 1st January 2025).

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes (continued)

3. Significant Accounting Policies (continued)

New IFRS Standards, Amendments and Interpretations not Adopted (continued)

- Annual Improvements to IFRS Accounting Standards – volume 11 (effective for periods beginning on or after 1st January 2026).
- IFRS 18 Presentation and Disclosure in Financial Statements (effective for periods commencing on or after 1st January 2027).

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 2024.

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. The Group's associate company is included in Refractory Engineering. In accordance with the requirements of IFRS 8, information regarding the Group's operating segments is reported below.

There are no other reportable segments apart from those identified.

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes (continued)

9. Geographical Segments

	Unaudited				Unaudited			
	Half Year to 31st October 2024				Half Year to 31st October 2023			
	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	31,011	81,203	118,595	4,846	34,171	73,302	115,763	5,130
Rest of Europe	10,741	7,321	5,138	310	10,526	6,530	4,258	330
USA	16,437	-	-	-	9,458	-	-	-
Pacific Basin	22,831	16,563	6,908	161	21,865	16,378	6,656	199
Rest of World	25,372	23,261	14,031	594	21,564	22,478	10,394	1,740
Total	106,392	128,348	144,672	5,911	97,584	118,688	137,071	7,399

	Audited			
	Year Ended 30th April 2024			
	Revenue	Net assets	Non-current assets	Capital expenditure
	£'000	£'000	£'000	£'000
UK	61,595	78,978	117,376	14,887
Rest of Europe	21,552	6,884	5,132	1,532
USA	21,480	-	-	-
Pacific Basin	42,903	17,374	7,009	692
Rest of World	43,728	23,414	14,292	3,095
Total	191,258	126,650	143,809	20,206

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes (continued)

10. 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 2024			Half Year to 31st October 2023			Year ended 30th April 2024		
	Mechanical	Refractory	Total	Mechanical	Refractory	Total	Mechanical	Refractory	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Primary geographical markets:									
UK	23,304	7,707	31,011	25,594	8,577	34,171	45,870	15,725	61,595
Rest of Europe	6,470	4,271	10,741	6,478	4,048	10,526	13,460	8,092	21,552
USA	16,143	294	16,437	9,069	389	9,458	20,571	909	21,480
Pacific Basin	10,719	12,112	22,831	10,082	11,783	21,865	19,503	23,400	42,903
Rest of World	17,660	7,712	25,372	14,603	6,961	21,564	28,628	15,100	43,728
Total	74,296	32,096	106,392	65,826	31,758	97,584	128,032	63,226	191,258
Product lines:									
Standard products and consumables	6,347	32,096	38,443	7,043	31,758	38,801	13,833	63,226	77,059
Bespoke engineered products – point in time	10,408	–	10,408	8,377	–	8,377	17,380	–	17,380
Total point in time revenue	16,755	32,096	48,851	15,420	31,758	47,178	31,213	63,226	94,439
Minimum period contracts for goods and services	2,520	–	2,520	2,840	–	2,840	5,767	–	5,767
Bespoke engineered products – over time	55,021	–	55,021	47,566	–	47,566	91,052	–	91,052
Total over time revenue	57,541	–	57,541	50,406	–	50,406	96,819	–	96,819
Total revenue	74,296	32,096	106,392	65,826	31,758	97,584	128,032	63,226	191,258

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes (continued)

11. Dividends

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

	Unaudited Half Year to 31st October 2024 £'000	Unaudited Half Year to 31st October 2023 £'000	Audited Year Ended 30th April 2024 £'000
Equity dividends paid during the period:			
Ordinary dividends paid in respect of the year ended 30th April 2024	4,994	–	–
Ordinary dividends paid in respect of the year ended 30th April 2023	–	4,318	8,636
Total	4,994	4,318	8,636

As noted in the Group Annual Accounts to 30th April 2024, the dividend payments for the year ended 30th April 2024 are being paid in two equal instalments. The second payment will be made on 11th April 2025 to shareholders on the register on 21st March 2025.

12. Earnings per Share

	Unaudited as at 31st October 2024	Unaudited as at 31st October 2023	Audited as at 30th April 2024
Number of ordinary shares			
Ordinary shares in issue:			
Opening balance	7,509,600	7,689,600	7,689,600
Shares bought back in the period	–	(180,000)	(180,000)
Closing balance	7,509,600	7,509,600	7,509,600
Weighted average number of ordinary shares in issue	7,509,600	7,546,774	7,527,797
	£'000	£'000	£'000
Relevant profits attributable to shareholders	11,333	8,729	16,902

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 2024

Notes (continued)

13. Property, Plant and Equipment and Intangible Assets

	Unaudited Half Year to 31st October 2024			Unaudited Half Year to 31st October 2023		
	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	105,337	11,744	25,900	101,243	6,763	25,448
Additions	5,323	61	527	6,933	68	398
Disposals (at net book value)	(13)	(10)	-	(169)	-	-
Transfers	-	-	-	(5,242)	5,242	-
Depreciation	(3,340)	(761)	-	(3,153)	(717)	-
Amortisation	-	-	(708)	-	-	(654)
Exchange adjustment	(413)	(21)	183	11	(12)	(66)
Net book value at the end of the period	106,894	11,013	25,902	99,623	11,344	25,126

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes (continued)

14. Borrowings

	Unaudited as at 31st October 2024 £'000	Unaudited as at 31st October 2023 £'000	Audited as at 30th April 2024 £'000
Due within one year			
Bank overdrafts	–	–	48
Bank loans – repayable by instalments	1,116	1,072	1,106
Bank loans – rolling credit facilities	17,000	10,000	10,000
Lease liabilities	2,776	2,870	2,873
	<u>20,892</u>	<u>13,942</u>	<u>14,027</u>
Due after more than one year			
Bank loans – repayable by instalments	5,396	6,443	5,966
Bank loans – rolling credit facilities	24,000	42,000	49,000
Lease liabilities	5,657	6,914	6,940
	<u>35,053</u>	<u>55,357</u>	<u>61,906</u>
Total borrowings			
Bank overdrafts	–	–	48
Bank loans – repayable by instalments	6,512	7,515	7,072
Bank loans – rolling credit facilities	41,000	52,000	59,000
Lease liabilities	8,433	9,784	9,813
	<u>55,945</u>	<u>69,299</u>	<u>75,933</u>

15. Capital Management

At 31st October 2024 the capital employed was £162,705,000 as shown below:

	Unaudited as at 31st October 2024 £'000	Unaudited as at 31st October 2023 £'000	Audited as at 30th April 2024 £'000
Cash and cash equivalents	(15,057)	(13,404)	(30,678)
Bank overdrafts	14 –	–	48
Bank loans and committed facilities	14 47,512	59,515	66,072
Lease liabilities	14 8,433	9,784	9,813
Net debt in accordance with IFRS 16	40,888	55,895	45,255
Operating lease debt (former IAS 17 definition)	14 (2,048)	(1,274)	(2,324)
Relevant net debt for KPI purposes	38,840	54,621	42,931
Total equity attributable to equity holders of the parent	123,865	114,192	122,281
Capital employed	<u>162,705</u>	<u>168,813</u>	<u>165,212</u>

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes (continued)

16. 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 2024. 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
Financial assets measured at fair value				
Forward exchange contracts used for hedging	2,583	–	–	2,583
Interest rate swap	–	5,650	–	5,650
	<u>2,583</u>	<u>5,650</u>	<u>–</u>	<u>8,233</u>
Financial assets not measured at fair value				
Cash and cash equivalents	–	–	15,057	15,057
Contract assets	–	–	24,050	24,050
Trade receivables and other financial assets	–	–	45,293	45,293
Corporation tax receivable	–	–	709	709
	<u>–</u>	<u>–</u>	<u>85,109</u>	<u>85,109</u>
Financial liabilities measured at fair value				
Forward exchange contracts used for hedging	1,755	–	–	1,755
	<u>1,755</u>	<u>–</u>	<u>–</u>	<u>1,755</u>
Financial liabilities not measured at fair value				
Bank loans	–	–	47,512	47,512
Lease liabilities	–	–	8,433	8,433
Contract liabilities	–	–	47,733	47,733
Trade payables and other financial liabilities	–	–	29,129	29,129
Dividends payable	–	–	4,994	4,994
Corporation tax payable	–	–	3,857	3,857
	<u>–</u>	<u>–</u>	<u>141,658</u>	<u>141,658</u>

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2024

Notes *(continued)*

16. Total Financial Assets and Financial Liabilities *(continued)*

The interest rate swap and forward exchange contract 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).