

# GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT  
31<sup>ST</sup> OCTOBER 2020

# **GOODWIN PLC**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020**

### **CHAIRMAN'S STATEMENT**

The pre-tax profit for the Group for the six month period ending 31st October 2020 was £5.8 million (2019 £7.4 million) a 22% decrease on a revenue of £62.6 million. The Group cash flow and banking headroom are in line with the Board's expectations, and the order book remains robust at £174 million as at 31st October 2020 but caution is needed with the Covid-19 uncertainty delaying some capital projects and the downturn in the oil and gas industry, which is now likely to be a permanent feature and so a smaller percentage of our targeted business going forwards.

Within the Refractory Engineering Division, the current activity levels are climbing to similar levels to those seen prior to the onset of Covid-19. However, we remain uncertain where we will stand after the effects of the second and possible third lock down. The Castaldo silicone rubber technology and plant that we purchased during the previous financial year has been successfully relocated from the USA to our company in Thailand, Siam Casting Powders. This plant is now installed, commissioned and producing.

Without neglecting the huge recognition due to the dedicated hard work of all Group employees, through careful management of overhead and expenditure combined with the quality of our customer base and the order book that has been built with them, the Group has suffered less than many throughout the pandemic, for which we are grateful. With the high levels of uncertainty that Covid-19 continues to subject the world to, coupled with the side effects of Brexit in the UK, there have been exceedingly challenging trading conditions, which should correct themselves with the markets we address, once normality can resume.

T. J. W. Goodwin  
Chairman

16th December 2020

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Management Report

#### Financial Highlights

	<b>Unaudited Half Year to 31st October 2020</b>	Unaudited Half Year to 31st October 2019	Audited Year Ended 30th April 2020
	<b>£'m</b>	£'m	£'m
<b>Consolidated Results</b>			
Revenue	<b>62.6</b>	70.1	144.5
Operating profit	<b>6.1</b>	7.8	12.9
Profit before tax	<b>5.8</b>	7.4	12.1
Profit after tax	<b>4.5</b>	5.6	8.3
Capital Expenditure (owned and finance lease assets)	<b>8.3</b>	3.0	6.1
Earnings per share – basic	<b>56.64p</b>	72.92p	107.93p
Earnings per share – diluted	<b>55.42p</b>	69.77p	103.31p

#### Turnover

Sales revenue of £62,628,000 for the half year represents a 11% decrease from the £70,090,000 achieved during the same period last year.

#### Profit Before Tax

Profit before tax for the six months of £5,774,000 is a 22% decrease from the £7,406,000 achieved for the same six month period last year.

#### Key performance indicators

The key performance indicators for the business are listed below:

	<b>Unaudited Half Year to 31st October 2020</b>	Unaudited Half Year to 31st October 2019	Audited Year Ended 30th April 2020
Gross profit as a % of turnover	<b>25.9</b>	27.8	24.1
Other income (in £ millions)	–	0.7	0.7
Profit before tax (in £ millions)	<b>5.8</b>	7.4	12.1
Gearing % (excluding deferred consideration)	<b>29.8</b>	25.7	17.9
<b>Non cash charges (in £ millions)</b>			
Depreciation (in £ millions)	<b>2.7</b>	3.2	5.9
Depreciation of finance leased assets (in £ millions)	<b>0.2</b>	0.1	0.3
Amortisation (in £ millions)	<b>0.7</b>	0.5	1.3
Total non cash charges (in £ millions)	<b>3.6</b>	3.8	7.5

Alternative performance measures mentioned above are defined in note 36 on page 86 of the Group Annual accounts to 30th April 2020.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Management Report *(continued)*

#### 2020/21 Outlook

With the upcoming completion of several radar systems in East Asia, the commencement of manufacturing works across our nuclear contracts and, hopefully, an improving Refractory Engineering Division performance, we expect the second half year pre-tax profits to be similar, if not improving on, the first half of this financial year.

Despite conditions remaining tough for our foundry, which is still transitioning away from its historic baseload of petrochemical related work, it is well placed to benefit from the upcoming increase in military expenditure and nuclear related casting requirements as its precision heavy castings niche skillset will be required. However, like all projects within this industry, a significant amount of time is required until the design and procurement of components can occur and value can be realised. Armed with the baseload of casting nuclear waste boxes we believe that going forward it will be able to build its way back to sustainable profitability over time.

Within the Refractory Engineering Division, trading conditions remain difficult due to several market sectors being affected by lockdowns with reduced confidence in consumer spending. The short to medium term outlook will be dependent on the market recovery and consumer spending.

The Board continues to manage working capital and expenditure to maintain a modest level of gearing. Prior to the end of this current financial year, we will be repaying the Bank of England CCFE loan that we took out as an insurance policy against global financial trauma caused by Covid-19.

#### 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 11 and 13 of the Group Annual Accounts to 30th April 2020 which describe the principal risks and uncertainties, and to note 28 (starting on page 75) 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.

#### Report on Expected Developments

This report describes the expected developments of the Group during the year ended 30th April 2021. 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.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Management Report *(continued)*

#### Going Concern

The Group continues to trade profitably and with the current order book level we are confident that this will continue and improve, especially as we move in to the next financial year, dependent, in the main, on Covid-19 related resolutions as discussed elsewhere in the accounts. As in previous periods, the levels of depreciation and amortisation (both non cash items) remain significant thus masking the true cash generating capability of the Group. As at 31st October 2020, the Group net debt stood at £31.1 million (*31st October 2019 £27.2 million*) as set out in note 10 to these accounts. Whilst the net debt levels are higher than those recorded as at April 2020 and October 2019 the gearing level at 29.8% is still modest and our banking headroom (facilities versus utilisation) is significant. Furthermore, within the second half of this financial year we would expect to significantly reduce our investment in working capital. Given the foregoing, the Directors do not see an issue with the continued ability of the Group to meet its financial commitments and so have drawn up 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 European Union and that 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 financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 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 2020

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Condensed Consolidated Statement of Profit or Loss for the half year to 31st October 2020

	<b>Unaudited Half Year to 31st October 2020 £'000</b>	Unaudited Half Year to 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
<b>Continuing operations</b>			
Revenue	<b>62,628</b>	70,090	144,512
Cost of sales	<b>(46,404)</b>	(50,610)	(109,743)
<b>Gross profit</b>	<b>16,224</b>	19,480	34,769
Other income	-	689	690
Distribution expenses	<b>(1,320)</b>	(1,629)	(2,792)
Administrative expenses	<b>(8,833)</b>	(10,715)	(19,809)
<b>Operating profit</b>	<b>6,071</b>	7,825	12,858
Financial expenses	<b>(323)</b>	(449)	(809)
Share of profit of associate companies	<b>26</b>	30	66
<b>Profit before taxation</b>	<b>5,774</b>	7,406	12,115
Tax on profit	<b>(1,289)</b>	(1,812)	(3,775)
<b>Profit after taxation</b>	<b>4,485</b>	5,594	8,340
<b>Attributable to:</b>			
Equity holders of the parent	<b>4,171</b>	5,260	7,866
Non-controlling interests	<b>314</b>	334	474
<b>Profit for the period</b>	<b>4,485</b>	5,594	8,340
<b>Basic earnings per ordinary share</b> (Note 9)	<b>56.64p</b>	72.92p	107.93p
<b>Diluted earnings per ordinary share</b> (Note 9)	<b>55.42p</b>	69.77p	103.31p

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Condensed Consolidated Statement of Comprehensive Income for the half year to 31st October 2020

	<b>Unaudited Half Year to 31st October 2020 £'000</b>	Unaudited Half Year to 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
<b>Profit for the period</b>	<b>4,485</b>	5,594	8,340
<b>Other comprehensive income / (expense)</b>			
<b>Items that are or may be reclassified subsequently to the income statement</b>			
Foreign exchange translation differences	<b>593</b>	(162)	(1,007)
Goodwill arising from purchase of non-controlling interest in subsidiaries	-	(63)	(72)
Effective portion of changes in fair value of cash flow hedges	<b>(293)</b>	1,928	(355)
Ineffective portion of changes in fair value of cash flow hedges	<b>(617)</b>	-	-
Change in fair value of cash flow hedges transferred to profit or loss	<b>935</b>	379	522
Effective portion of changes in fair value of cost of hedging	<b>88</b>	(515)	(843)
Ineffective portion of changes in fair value of cost of hedging	<b>581</b>	-	-
Change in fair value of cost of hedging transferred to profit or loss	<b>281</b>	276	395
Tax on items that are or may be reclassified subsequently to profit or loss	<b>(186)</b>	(347)	77
<b>Other comprehensive income / (expense) for the period, net of income tax</b>	<b>1,382</b>	1,496	(1,283)
<b>Total comprehensive income for the period</b>	<b>5,867</b>	7,090	7,057
<b>Attributable to:</b>			
Equity holders of the parent	<b>5,465</b>	6,761	6,587
Non-controlling interests	<b>402</b>	329	470
	<b>5,867</b>	7,090	7,057

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2020

	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 2020 (Unaudited)</b>									
Balance at 1st May 2020	736	361	5,244	(499)	(743)	99,918	105,017	4,585	109,602
Total comprehensive income:									
Profit	-	-	-	-	-	4,171	4,171	314	4,485
Other comprehensive income:									
Foreign exchange translation differences	-	502	-	-	-	-	502	91	593
Net movements on cash flow hedges	-	-	-	68	724	-	792	(3)	789
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>502</b>	<b>-</b>	<b>68</b>	<b>724</b>	<b>4,171</b>	<b>5,465</b>	<b>402</b>	<b>5,867</b>
Issue of shares	16	-	-	-	-	-	16	-	16
Dividends paid	-	-	-	-	-	(6,016)	(6,016)	(125)	(6,141)
<b>Balance at 31st October 2020</b>	<b>752</b>	<b>863</b>	<b>5,244</b>	<b>(431)</b>	<b>(19)</b>	<b>98,073</b>	<b>104,482</b>	<b>4,862</b>	<b>109,344</b>
<b>Half year to 31st October 2019 (Unaudited)</b>									
Balance at 1st May 2019	720	1,044	4,991	(573)	(426)	99,409	105,165	4,126	109,291
Total comprehensive income:									
Profit	-	-	-	-	-	5,260	5,260	334	5,594
Other comprehensive income:									
Goodwill arising from purchase of NCI interest in subsidiary	-	-	-	-	-	(63)	(63)	-	(63)
Foreign exchange translation differences	-	(198)	-	-	-	-	(198)	36	(162)
Net movements on cash flow hedges	-	-	-	1,937	(175)	-	1,762	(41)	1,721
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(198)</b>	<b>-</b>	<b>1,937</b>	<b>(175)</b>	<b>5,197</b>	<b>6,761</b>	<b>329</b>	<b>7,090</b>
Issue of shares	16	-	-	-	-	-	16	-	16
Dividends paid	-	-	-	-	-	(6,927)	(6,927)	-	(6,927)
Acquisition of NCI without a change of control	-	-	-	-	-	-	-	(11)	(11)
Other transactions	-	358	-	-	-	(358)	-	-	-
<b>Balance at 31st October 2019</b>	<b>736</b>	<b>1,204</b>	<b>4,991</b>	<b>1,364</b>	<b>(601)</b>	<b>97,321</b>	<b>105,015</b>	<b>4,444</b>	<b>109,459</b>



# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2020 (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 2020 (Audited)</b>									
Balance at 1st May 2019	720	1,044	4,991	(573)	(426)	99,409	105,165	4,126	109,291
Total comprehensive income:									
Profit	-	-	-	-	-	7,866	7,866	474	8,340
Other comprehensive income:									
Foreign exchange translation differences	-	(964)	-	-	-	-	(964)	(43)	(1,007)
Goodwill arising from purchase of NCI interest in subsidiaries	-	-	-	-	-	(72)	(72)	-	(72)
Net movements on cash flow hedges	-	-	-	74	(317)	-	(243)	39	(204)
<b>Total comprehensive income for the period</b>	-	<b>(964)</b>	-	<b>74</b>	<b>(317)</b>	<b>7,794</b>	<b>6,587</b>	<b>470</b>	<b>7,057</b>
Issue of shares	16	-	-	-	-	-	16	-	16
Tax on equity-settled share-based payment transactions	-	-	253	-	-	-	253	-	253
Dividends paid	-	-	-	-	-	(6,927)	(6,927)	-	(6,927)
Acquisition of NCI without a change of control	-	-	-	-	-	-	-	(11)	(11)
Disposal of equity investments	-	(77)	-	-	-	-	(77)	-	(77)
Reclassification	-	358	-	-	-	(358)	-	-	-
<b>Balance at 30th April 2020</b>	<b>736</b>	<b>361</b>	<b>5,244</b>	<b>(499)</b>	<b>(743)</b>	<b>99,918</b>	<b>105,017</b>	<b>4,585</b>	<b>109,602</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Condensed Consolidated Balance Sheet as at 31st October 2020

	Unaudited as at 31st October 2020 £'000	Unaudited as at 31st October 2019 £'000	Audited as at 30th April 2020 £'000
<b>Non-current assets</b>			
Property, plant and equipment	80,132	75,279	74,969
Investment in associates	853	817	816
Intangible assets	24,770	22,483	24,695
Derivative financial assets	1,145	–	749
Other financial assets at amortised cost	137	361	252
	<u>107,037</u>	<u>98,940</u>	<u>101,481</u>
<b>Current assets</b>			
Inventories	45,359	56,913	44,887
Contract assets	15,685	9,846	6,558
Trade and other financial assets	23,959	24,620	24,486
Other receivables	5,669	3,694	4,506
Deferred tax asset	151	84	60
Derivative financial assets	1,067	2,247	456
Cash and cash equivalents	10,915	9,416	9,840
	<u>102,805</u>	<u>106,820</u>	<u>90,793</u>
<b>Total assets</b>	<u>209,842</u>	<u>205,760</u>	<u>192,274</u>
<b>Current liabilities</b>			
Bank overdrafts and interest-bearing liabilities	33,661	9,551	14,624
Contract liabilities*	25,461	27,068	18,965
Trade payables and other financial liabilities	19,724	18,174	23,485
Other payables	4,260	6,471	3,298
Deferred consideration	–	204	–
Derivative financial liabilities	1,011	1,552	1,071
Liabilities for current tax	1,881	1,393	1,873
Warranty provision	81	235	160
	<u>86,079</u>	<u>64,648</u>	<u>63,476</u>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	9,709	28,652	15,599
Derivative financial liabilities	474	–	202
Warranty provision	414	219	324
Deferred tax liabilities	3,822	2,782	3,071
	<u>14,419</u>	<u>31,653</u>	<u>19,196</u>
<b>Total liabilities</b>	<u>100,498</u>	<u>96,301</u>	<u>82,672</u>
<b>Net assets</b>	<u>109,344</u>	<u>109,459</u>	<u>109,602</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	752	736	736
Translation reserve	863	1,204	361
Share-based payments reserve	5,244	4,991	5,244
Cash flow hedge reserve	(431)	1,364	(499)
Cost of hedging reserve	(19)	(601)	(743)
Retained earnings	98,073	97,321	99,918
	<u>104,482</u>	<u>105,015</u>	<u>105,017</u>
<b>Total equity attributable to equity holders of the parent</b>	<u>104,482</u>	<u>105,015</u>	<u>105,017</u>
<b>Non-controlling interests</b>	4,862	4,444	4,585
<b>Total equity</b>	<u>109,344</u>	<u>109,459</u>	<u>109,602</u>

\*Contract liabilities include advance payments from customers of £24,991,000, with the balance of £470,000 being costs accrued for contracts.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Condensed Consolidated Statement of Cash Flows for the half year ended 31st October 2020

	Unaudited Half Year to 31st October 2020 £'000	Unaudited Half Year to 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
<b>Cash flow from operating activities</b>			
Profit from continuing operations after tax	4,485	5,594	8,340
Adjustments for:			
Depreciation	2,715	3,180	5,874
Depreciation of right-of-use assets – formerly finance leases	159	141	290
Depreciation of right-of-use assets – formerly operating leases	265	248	537
Amortisation of intangible assets	745	484	1,328
Financial expenses	323	449	809
Foreign exchange losses	48	143	203
(Profit) / loss on sale of property, plant and equipment	(32)	2	52
Share of profit of associate companies	(26)	(30)	(66)
Profit on disposal of subsidiary	–	–	(172)
Tax expense	1,289	1,812	3,775
<b>Operating profit before changes in working capital and provisions</b>	<b>9,971</b>	<b>12,023</b>	<b>20,970</b>
Decrease / (increase) in inventories	85	(6,430)	4,748
Increase in contract assets	(9,083)	(6,107)	(2,863)
Increase in trade and other receivables	(53)	(849)	(2,549)
Increase in contract liabilities	6,509	8,829	874
(Decrease) / increase in trade and other payables	(3,351)	(522)	2,310
Decrease / (increase) in unhedged derivative balances	181	(126)	(980)
<b>Cash inflow from operations</b>	<b>4,259</b>	<b>6,818</b>	<b>22,510</b>
Interest paid	(346)	(320)	(747)
Interest element of lease obligations – formerly finance leases	(14)	(21)	(41)
Interest element of lease obligations – formerly operating leases	(28)	(27)	(56)
Corporation tax paid	(958)	(1,775)	(2,493)
<b>Net cash from operating activities</b>	<b>2,913</b>	<b>4,675</b>	<b>19,173</b>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment	136	75	139
Acquisition of property, plant and equipment	(7,965)	(3,156)	(6,062)
Additional investment in existing subsidiaries	–	(74)	(83)
Acquisition of intangible assets	(600)	(74)	(1,855)
Development expenditure capitalised	(450)	(297)	(1,105)
<b>Net cash outflow from investing activities</b>	<b>(8,879)</b>	<b>(3,526)</b>	<b>(8,966)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	16	16	16
Payment of capital element of finance lease obligations	(524)	(547)	(954)
Payment of capital element of operating lease liabilities	(263)	(167)	(509)
Proceeds from new finance leases	704	54	102
Dividends paid	(6,016)	(6,927)	(6,927)
Dividends paid to non-controlling interests	(125)	–	–
Net proceeds from loans and committed facilities	11,659	11,949	7,556
<b>Net cash inflow / (outflow) from financing activities</b>	<b>5,451</b>	<b>4,378</b>	<b>(716)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(515)</b>	<b>5,527</b>	<b>9,491</b>
Cash and cash equivalents at beginning of year	9,449	493	493
Effect of exchange rate fluctuations on cash held	109	56	(535)
<b>Closing cash and cash equivalents</b> (note 13)	<b>9,043</b>	<b>6,076</b>	<b>9,449</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### 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 2020 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 2020 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 EU. 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 2020.

The comparative figures for the financial year ended 30th April 2020 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 2020.

#### **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 2020. The changes in accounting policies are to be reflected in the Group's consolidated financial statements as at and for the year ending 30th April 2021.

The following standards and amendments became effective and therefore were adopted by the Group.

- Amendments to IFRS 3 – Definition of a business (effective for annual periods beginning on or after 1st January 2020)
- Amendments to IAS 1 and IAS 8 – Definition of material (effective for annual periods beginning on or after 1st January 2020)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1st January 2020)

The Group has considered the impact on profit, earnings per share and net assets in future periods, of the other new standards and interpretations referred to above, and none of the above standards or interpretations is expected to have a material impact.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

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 standards and amendments have not yet been adopted by the Group:

- Amendments to IFRS 16 – Covid-19 Related Rent Concessions (effective for annual periods beginning on or after 1st June 2020)
- Annual Improvements to IFRS Standards 2018-2000 Cycle (effective for annual periods beginning on or after 1st January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (effective for annual periods beginning on or after 1st January 2022)

### 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 2020.

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.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

Notes (continued)

### 5. Operating Segments

#### Products and services from which reportable segments derive their revenues

In accordance with the requirements of IFRS 8 "Operating Segments" the Group's reportable segments based on information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance are as follows:

- Mechanical Engineering - casting, machining and general engineering
- Refractory Engineering - powder manufacture and mineral processing

Information regarding the Group's operating segments is reported in the following tables:

#### Segment Revenue

	Mechanical Engineering			Refractory Engineering			Sub Total		
	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
<b>Revenue</b>									
External sales	43,121	47,244	100,078	19,507	22,846	44,434	62,628	70,090	144,512
Inter-segment sales	9,418	13,085	25,821	4,651	4,757	8,361	14,069	17,842	34,182
Total revenue	<u>52,539</u>	<u>60,329</u>	<u>125,899</u>	<u>24,158</u>	<u>27,603</u>	<u>52,795</u>	<u>76,697</u>	<u>87,932</u>	<u>178,694</u>
Reconciliation to consolidated revenues:									
Inter-segment sales							(14,069)	(17,842)	(34,182)
Consolidated revenue for the period							<u>62,628</u>	<u>70,090</u>	<u>144,512</u>

#### Segment Profits

	Mechanical Engineering			Refractory Engineering			Sub Total		
	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
<b>Profits</b>									
Segment result including associates	4,587	5,419	8,065	2,309	3,446	7,034	6,896	8,865	15,099
Group administration costs							(799)	(1,010)	(2,175)
Group finance expenses							(323)	(449)	(809)
Consolidated profit before tax for the period							5,774	7,406	12,115
Tax							(1,289)	(1,812)	(3,775)
Consolidated profit after tax for the period							<u>4,485</u>	<u>5,594</u>	<u>8,340</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

Notes (continued)

### 5. Operating Segments (continued)

#### Segmental Assets and Liabilities

	Segmental total assets			Segmental total liabilities			Segmental net assets		
	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000	Unaudited Half Year Ended 31st October 2020 £'000	Unaudited Half Year Ended 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
Mechanical Engineering	105,602	110,736	95,193	78,068	80,245	72,207	27,534	30,491	22,986
Refractory Engineering	42,239	44,191	41,962	21,643	23,125	22,850	20,596	21,066	19,112
Sub total reportable segment	<u>147,841</u>	<u>154,927</u>	<u>137,155</u>	<u>99,711</u>	<u>103,370</u>	<u>95,057</u>	<u>48,130</u>	<u>51,557</u>	<u>42,098</u>
Goodwin PLC (the Company) net assets							76,944	73,384	83,415
Elimination of Goodwin PLC investments							(25,801)	(25,301)	(25,801)
Goodwill							10,071	9,819	9,890
Consolidated total net assets							<u>109,344</u>	<u>109,459</u>	<u>109,602</u>
<b>Segmental property, plant and equipment (PPE) capital expenditure (owned and finance lease assets)</b>									
Goodwin PLC							4,701	1,456	2,824
Mechanical Engineering							2,489	1,249	2,655
Refractory Engineering							1,069	259	633
							<u>8,259</u>	<u>2,964</u>	<u>6,112</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

Notes (continued)

### 6. Geographical Segments

	Half Year Ended 31st October 2020				Half Year Ended 31st October 2019			
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	Revenue £'000	Operational net assets £'000	Non- current assets £'000	PPE Capital expenditure £'000	Revenue £'000	Operational net assets £'000	Non- current assets £'000	PPE Capital expenditure £'000
UK	17,928	72,558	85,076	6,638	16,836	73,865	80,895	2,623
Rest of Europe	9,598	9,208	3,515	183	10,852	6,990	3,496	80
USA	5,557	-	-	-	6,787	-	-	-
Pacific Basin	13,267	14,734	8,875	615	16,377	15,464	7,528	122
Rest of World	16,278	12,844	9,571	823	19,238	13,140	7,021	139
Total	<u>62,628</u>	<u>109,344</u>	<u>107,037</u>	<u>8,259</u>	<u>70,090</u>	<u>109,459</u>	<u>98,940</u>	<u>2,964</u>

  

	Year Ended 30th April 2020			
	Audited	Audited	Audited	Audited
	Revenue £'000	Operational net assets £'000	Non- current assets £'000	PPE Capital expenditure £'000
UK	39,609	76,467	84,198	5,148
Rest of Europe	20,004	8,346	3,439	173
USA	12,749	-	-	-
Pacific Basin	34,844	13,513	7,132	225
Rest of World	37,306	11,276	6,712	566
Total	<u>144,512</u>	<u>109,602</u>	<u>101,481</u>	<u>6,112</u>



# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Notes (continued)

#### 7. 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.

	Mechanical Engineering £'000	Refractory Engineering £'000	Total £'000
<b>Primary Geographical markets</b>			
<b>Unaudited half year ended 31st October 2020</b>			
UK	12,548	5,380	17,928
Rest of Europe	6,677	2,921	9,598
USA	5,444	113	5,557
Pacific Basin	4,698	8,569	13,267
Rest of World	13,754	2,524	16,278
	<hr/>	<hr/>	<hr/>
Total	43,121	19,507	62,628
	<hr/>	<hr/>	<hr/>
<b>Unaudited half year ended 31st October 2019</b>			
UK	11,584	5,252	16,836
Rest of Europe	7,053	3,799	10,852
USA	6,735	52	6,787
Pacific Basin	6,988	9,389	16,377
Rest of World	14,884	4,354	19,238
	<hr/>	<hr/>	<hr/>
Total	47,244	22,846	70,090
	<hr/>	<hr/>	<hr/>
<b>Product lines</b>			
<b>Unaudited half year ended 31st October 2020</b>			
Standard products and consumables	4,487	19,507	23,994
Minimum period contracts for goods and services	1,626	-	1,626
Bespoke engineered products – over time	27,306	-	27,306
Bespoke engineered products – point in time	9,702	-	9,702
	<hr/>	<hr/>	<hr/>
Total	43,121	19,507	62,628
	<hr/>	<hr/>	<hr/>
<b>Unaudited half year ended 31st October 2019</b>			
Standard products and consumables	5,131	22,846	27,977
Minimum period contracts for goods and services	2,171	-	2,171
Bespoke engineered products – over time	25,146	-	25,146
Bespoke engineered products – point in time	14,796	-	14,796
	<hr/>	<hr/>	<hr/>
Total	47,244	22,846	70,090
	<hr/>	<hr/>	<hr/>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Notes (continued)

#### 8. Dividends

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

	<b>Unaudited Half Year to 31st October 2020 £'000</b>	Unaudited Half Year to 31st October 2019 £'000	Audited Year Ended 30th April 2020 £'000
<b>Equity Dividends Paid:</b>			
Ordinary dividends paid during the period in respect of the year ended 30th April 2020 (81.71p per share)	<b>6,016</b>	–	–
Ordinary dividends paid during the period in respect of the year ended 30th April 2019 (96.21p per share)	–	6,927	6,927
Total dividends paid during the period	<b>6,016</b>	6,927	6,927

#### 9. Earnings Per Share

The calculation of the basic earnings per ordinary share is based on the number of ordinary shares in issue. The weighted average number of ordinary shares in issue during the 6 months ended 31st October 2020 was 7,364,087 (31st October 2019: 7,213,304). The relevant profits attributable to ordinary shareholders were £4,171,000, (six months ended 31st October 2019: £5,260,000).

There is a share option scheme in place for the Directors of the Company under the Company's Equity Long Term Incentive Plan (LTIP), based on the Company exceeding a target growth in the total shareholder return of the Company over the period from 1st May 2016 to 30th April 2019. Under the scheme, a maximum of 489,600 share options vested at 1st May 2019 of which 163,200 were exercised during this period and 163,200 during the previous six month period. The total number of shares used as the denominator for the diluted earnings per share is 7,526,719 (half year ended 31st October 2019: 7,538,727; year ended 30th April 2020: 7,613,654).

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

Notes (continued)

### 10. Capital Management, Issuance and Repayment of Debt

At 31st October 2020 the capital utilised was £135,603,000 as shown below:

	<b>Unaudited as at 31st October 2020 £'000</b>	Unaudited as at 31st October 2019 £'000	Audited as at 30th April 2020 £'000
Cash and cash equivalents	<b>(10,915)</b>	(9,416)	(9,840)
Lease liabilities – finance leases (note 14)	<b>1,451</b>	1,684	1,256
Bank loans and committed facilities (note 14)	<b>38,713</b>	31,390	27,010
Bank overdrafts (note 14)	<b>1,872</b>	3,340	391
Deferred consideration	–	204	–
	<hr/>	<hr/>	<hr/>
Net debt	<b>31,121</b>	27,202	18,817
Total equity attributable to equity holders of the parent	<b>104,482</b>	105,015	105,017
	<hr/>	<hr/>	<hr/>
Capital	<b>135,603</b>	132,217	123,834
	<hr/>	<hr/>	<hr/>

### 11. Property, Plant and Equipment

	<b>Unaudited as at 31st October 2020 £'000</b>	<b>Unaudited as at 31st October 2020 £'000</b>	<b>Unaudited as at 31st October 2020 £'000</b>	<b>Unaudited as at 31st October 2020 £'000</b>
	<b>Owned assets</b>	<b>Right-of-use assets – formerly finance leases</b>	<b>Right-of-use assets – formerly operating leases</b>	<b>Total</b>
Net book value at the beginning of the period	<b>69,626</b>	<b>3,805</b>	<b>1,538</b>	<b>74,969</b>
Additions	<b>7,498</b>	<b>761</b>	<b>–</b>	<b>8,259</b>
Disposals (at net book value)	<b>(104)</b>	<b>–</b>	<b>–</b>	<b>(104)</b>
Depreciation	<b>(2,715)</b>	<b>(159)</b>	<b>(265)</b>	<b>(3,139)</b>
Exchange adjustment	<b>99</b>	<b>19</b>	<b>29</b>	<b>147</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at the end of the period	<b>74,404</b>	<b>4,426</b>	<b>1,302</b>	<b>80,132</b>
	<hr/>	<hr/>	<hr/>	<hr/>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Notes (continued)

#### 11. Property, Plant and Equipment (continued)

	Unaudited as at 31st October 2019 £'000	Unaudited as at 31st October 2019 £'000	Unaudited as at 31st October 2019 £'000	Unaudited as at 31st October 2019 £'000
	Owned assets	Right-of-use assets – formerly finance leases	Right-of-use assets – formerly operating leases	Total
Net book value at the beginning of the period	74,106	–	–	74,106
Balance recognised on transition to IFRS 16	–	–	1,055	1,055
Additions	2,887	77	929	3,893
Transfer to right-of-use assets – on transition	(3,959)	3,959	–	–
Disposals (at net book value)	(77)	–	–	(77)
Depreciation	(3,180)	(141)	(248)	(3,569)
Exchange adjustment	(162)	(10)	43	(129)
Net book value at the end of the period	<u>69,615</u>	<u>3,885</u>	<u>1,779</u>	<u>75,279</u>

#### 12. Intangible assets

	<b>Unaudited as at 31st October 2020 £'000</b>	Unaudited as at 31st October 2019 £'000
Net book value at the beginning of the period	<b>24,695</b>	22,354
Additions	<b>564</b>	535
Amortisation	<b>(745)</b>	(484)
Exchange adjustment	<b>256</b>	78
Net book value at the end of the period	<u><b>24,770</b></u>	<u>22,483</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Notes (continued)

#### 13. Cash and cash equivalents

	<b>Unaudited as at 31st October 2020 £'000</b>	Unaudited as at 31st October 2019 £'000	Audited as at 30th April 2020 £'000
Cash and cash equivalents per balance sheet	<b>10,915</b>	9,416	9,840
Bank overdrafts	<b>(1,872)</b>	(3,340)	(391)
	<b><u>9,043</u></b>	<u>6,076</u>	<u>9,449</u>
Cash and cash equivalents per cash flow statement	<b>9,043</b>	6,076	9,449

#### 14. Interest-bearing liabilities

	<b>Unaudited as at 31st October 2020 £'000</b>	Unaudited as at 31st October 2019 £'000	Audited as at 30th April 2020 £'000
Bank overdrafts	<b>1,872</b>	3,340	391
Bank loans and committed facilities	<b>30,749</b>	4,740	12,750
Lease liabilities – formerly finance leases	<b>731</b>	948	992
Lease liabilities – formerly operating leases	<b>309</b>	523	491
	<b><u>33,661</u></b>	<u>9,551</u>	<u>14,624</u>
Due within one year	<b>33,661</b>	9,551	14,624
Bank loans and committed facilities	<b>7,964</b>	26,650	14,260
Lease liabilities – formerly finance leases	<b>720</b>	736	264
Lease liabilities – formerly operating leases	<b>1,025</b>	1,266	1,075
	<b><u>9,709</u></b>	<u>28,652</u>	<u>15,599</u>
Due after more than one year	<b>9,709</b>	28,652	15,599
Bank overdrafts	<b>1,872</b>	3,340	391
Bank loans and committed facilities	<b>38,713</b>	31,390	27,010
Lease liabilities – formerly finance leases	<b>1,451</b>	1,684	1,256
Lease liabilities – formerly operating leases	<b>1,334</b>	1,789	1,566
	<b><u>43,370</u></b>	<u>38,203</u>	<u>30,223</u>
Total	<b>43,370</b>	38,203	30,223

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Notes (continued)

#### 15. 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 2020. The carrying amount is a reasonable approximation of fair value for all financial assets and financial liabilities.

	Fair value – hedging instruments £'000	FVTPL £'000	Amortised cost £'000	Total carrying amount / fair value amount £'000
<b>Financial assets</b>				
<b>measured at fair value</b>				
Forward exchange contracts used for hedging	1,152	–	–	1,152
Other forward exchange contracts	–	1,060	–	1,060
	<u>1,152</u>	<u>1,060</u>	<u>–</u>	<u>2,212</u>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	–	–	10,915	10,915
Contract assets	–	–	15,685	15,685
Trade receivables and other financial assets	–	–	24,096	24,096
	<u>–</u>	<u>–</u>	<u>50,696</u>	<u>50,696</u>
<b>Financial liabilities</b>				
<b>measured at fair value</b>				
Forward exchange contracts used for hedging	753	–	–	753
Other forward exchange contracts	–	732	–	732
	<u>753</u>	<u>732</u>	<u>–</u>	<u>1,485</u>
<b>Financial liabilities not measured at fair value</b>				
Bank overdrafts	–	–	1,872	1,872
Bank loans	–	–	38,713	38,713
Finance lease liabilities	–	–	1,451	1,451
Contract liabilities	–	–	25,461	25,461
Trade payables and other financial liabilities	–	–	19,724	19,724
	<u>–</u>	<u>–</u>	<u>87,221</u>	<u>87,221</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2020

### Notes *(continued)*

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

The 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).