

# GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT  
31<sup>ST</sup> OCTOBER 2022

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### CHAIRMAN'S STATEMENT

The pre-tax trading profit for the Group for the first six month period ending 31st October 2022 was £9.1 million (2021: £7.7 million) on a revenue of £89.3 million.

I am pleased to report that at the time of writing the workload has increased to £242 million (2021: £157 million). This increase relates to the materialisation of some of the major projects that the Mechanical Engineering Division has been pursuing within the military and nuclear waste re-processing markets. It is fortunate that the Mechanical Engineering Division has diversified away from oil and gas into other business streams that will likely avoid the effects of a global recession that are almost certainly going to feature over the next two years. These business streams include US and UK government procured components for military ships and boats, nuclear power, along with nuclear waste storage products.

The first half of the financial year has benefitted from the Refractory Engineering Division continuing to generate excellent results, as well as the pump companies having gone from strength to strength, as the recovery of the global economy following the impact of the Covid-19 pandemic has provided the mining industry with the confidence to proceed with spending again.

The Group's overall net debt stands at £46.1 million (31st October 2021: £34.8 million) which, whilst temporarily high, equates to a modest gearing of only 39.5%. Within the debt figure is £8.4 million that has been invested in CO<sub>2</sub> emission projects and with the current escalated electricity prices that continue to be prevalent in the UK and Europe, the payback on the solar investments averages at about two years. Whilst cash flow remains a key focus area, with global supply chains generally remaining under stress around the world, the pro-active decision to build up stocks over the past few years has significantly aided the Group's ability to meet the demand, specifically within the Refractory Division.

Our interest rate swap continues to provide effective protection from inflationary interest on the first £30 million of facility, capping the interest to less than 1% till August 2031. Further to our full explanation as to the accounting for the interest rate swap, which can be read within our Annual Report for the year ending 30th April 2022, the Board has and will continue to focus and report on the trading profit that excludes the profit impact of the interest rate swap valuation. Due to the recent and expected increases to the base interest rate by the Bank of England the Group's swap increased in value by a further £3.1 million over the course of the first six months of the current financial year.

The work ethic of the Group's management and employees is world class and the Board wishes to thank all our employees for their unwavering loyalty, devotion and hard work.

T. J. W. Goodwin  
Chairman

19th December 2022

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Management Report

#### Financial Highlights

	<b>Unaudited Half Year to 31st October 2022</b>	Unaudited Half Year to 31st October 2021	Audited Year Ended 30th April 2022
	<b>£'m</b>	£'m	£'m
<b>Consolidated Results</b>			
Revenue	<b>89.3</b>	68.9	144.1
Operating profit	<b>9.8</b>	8.2	18.3
Trading profit*	<b>9.1</b>	7.7	17.2
Unrealised gain on 10 year interest rate swap derivative	<b>3.1</b>	–	2.7
Profit before tax	<b>12.2</b>	7.7	19.9
Profit after tax	<b>9.1</b>	6.0	13.6
<b>Capital additions:</b>			
Property, plant and equipment (PPE) owned	<b>7.8</b>	9.0	16.4
Property, plant and equipment (PPE) right-of-use assets	<b>1.1</b>	1.1	3.7
Operating lease assets (former IAS 17 definition)	<b>(0.2)</b>	–	(0.1)
Intangible assets	<b>0.3</b>	0.6	1.8
<b>Capital Expenditure for KPI purposes</b>	<b>9.0</b>	10.7	21.8
Earnings per share – basic	<b>113.93p</b>	72.12p	169.14p
Earnings per share – diluted	<b>113.93p</b>	72.12p	169.14p

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

#### Revenue

Revenue of £89,335,000 for the six months represents an 18.8% increase over the £75,200,000 achieved during the six month period to 30th April 2022.

#### Trading Profit

Trading profit for the six months of £9,105,000 represents a 17.9% increase from the £7,723,000 achieved for the same six month period last year.

#### Key performance indicators

	<b>Unaudited Half Year to 31st October 2022</b>	Unaudited Half Year to 31st October 2021	Audited Year Ended 30th April 2022
Trading profit (£'m)	<b>9.1</b>	7.7	17.2
Post tax profit + depreciation + amortisation (£'m)	<b>9.9</b>	9.9	21.9
Gross profit as a % of revenue	<b>26.5%</b>	29.5%	29.6%
Trading profit % of revenue	<b>10.2%</b>	11.2%	11.9%
Gearing %	<b>39.5%</b>	31.7%	25.8%
<b>Non cash charges (£'m)</b>			
Depreciation – owned assets	<b>3.0</b>	2.9	6.2
Depreciation – right-of-use assets	<b>0.6</b>	0.5	1.2
Amortisation and impairment	<b>0.6</b>	0.7	1.6
Total non cash charges	<b>4.2</b>	4.1	9.0

Alternative performance measures mentioned above are defined on pages 96 and 97 of the Group Annual Accounts to 30th April 2022.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Management Report *(continued)*

#### 2022/23 Outlook

While there continues to be some global uncertainties due to the geopolitical environment and rising costs for consumers, the Group's activity and profitability levels are expected to increase over the next twelve months as a result of the increased work load.

The Mechanical Engineering Division performance is recovering, and with the recent increase in order input the Board expects the activity levels to take a significant step forward in the second half of this financial year, which will provide the Division with a much better start to the next financial year. In the Annual Report to 30th April 2022, we stated that we expected to be able to deliver substantially increased profitability in the year ending April 2023. Since the date of writing that statement a greater degree of uncertainty around the world has evolved with high levels of currency pair fluctuations, the continued conflict in Ukraine and with the Bank of England delivering the biggest interest rate hike in 33 years. This uncertainty is resulting in certain industry sectors hesitating in proceeding boldly with their planned investment projects. For this reason we expect the pre-tax profits in the second half of this financial year to be similar to the first half which would result in a modest increase in annual pre-tax profit rather than a substantial increase.

The Group will benefit over the medium and long-term as we near the end of the significant capital investment programmes of installing a second calciner at Hoben International, as well as the upfront costs of installing the high temperature polymer production plant at Duvelco. Thereafter, capital expenditure levels are set to normalise going forwards, as we focus on delivering the orders recently won, as well as the ones still being pursued.

#### 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 14 to 15 of the Group Annual Accounts to 30th April 2022 which describe the principal risks and uncertainties, and to note 26, 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.

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 for the next nine years.

#### Report on Expected Developments

This report describes the expected development of the Group during the year ended 30th April 2023. 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.

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Management Report *(continued)*

#### Going Concern

The Group continues to trade profitably by building on the increase in activity seen in the second half of last year and with the current order book levels as they are this should continue and improve through this current year and into the next financial year. Where many companies have struggled with increased material and energy prices, disruption in the logistics of the supply chain and the impacts of Covid-19, the Group has continued on throughout and been able to carry on with its value added activities. As at 31st October 2022, the Group net debt stood at £46.1 million (*31st October 2021: £34.8 million*) as set out in note 17 of these accounts. Whilst the net debt levels are higher than those recorded at April 2022 and October 2021 the gearing levels at 39.5% remain moderate for a Group of this size. Given the above-mentioned, the Directors do not see an issue with the continued ability of the Group to meet its financial commitments as they fall due and 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 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 2022

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Condensed Consolidated Statement of Profit or Loss for the half year to 31st October 2022

	<b>Unaudited Half Year to 31st October 2022 £'000</b>	Unaudited Half Year to 31st October 2021 £'000	Audited Year Ended 30th April 2022 £'000
<b>Continuing operations</b>			
Revenue	<b>89,335</b>	68,884	144,108
Cost of sales	<b>(65,645)</b>	(48,529)	(101,404)
<b>Gross profit</b>	<b>23,690</b>	20,355	42,704
Distribution expenses	<b>(2,056)</b>	(1,817)	(3,743)
Administrative expenses	<b>(11,801)</b>	(10,335)	(20,654)
<b>Operating profit</b>	<b>9,833</b>	8,203	18,307
Finance costs (net)	<b>(761)</b>	(513)	(1,169)
Share of profit of associate companies	<b>33</b>	33	63
<b>Profit before taxation and movement in fair value of interest rate swap</b>	<b>9,105</b>	7,723	17,201
Unrealised gain on 10 year interest rate swap derivative	<b>3,132</b>	–	2,740
<b>Profit before taxation</b>	<b>12,237</b>	7,723	19,941
Tax on profit	<b>(3,157)</b>	(1,719)	(6,321)
<b>Profit after taxation</b>	<b>9,080</b>	6,004	13,620
<b>Attributable to:</b>			
Equity holders of the parent	<b>8,761</b>	5,546	12,980
Non-controlling interests (NCI)	<b>319</b>	458	640
<b>Profit for the period</b>	<b>9,080</b>	6,004	13,620
<b>Basic earnings per ordinary share</b> (Note 13)	<b>113.93p</b>	72.12p	169.14p
<b>Diluted earnings per ordinary share</b> (Note 13)	<b>113.93p</b>	72.12p	169.14p

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Condensed Consolidated Statement of Comprehensive Income for the half year to 31st October 2022

	<b>Unaudited Half Year to 31st October 2022 £'000</b>	Unaudited Half Year to 31st October 2021 £'000	Audited Year Ended 30th April 2022 £'000
<b>Profit for the period</b>	<b>9,080</b>	6,004	13,620
<b>Other comprehensive expense</b>			
<b>Items that are or may be reclassified subsequently to the income statement</b>			
Foreign exchange translation differences	<b>(167)</b>	(697)	1,493
Effective portion of changes in fair value of cash flow hedges	<b>(4,958)</b>	754	(3,834)
Ineffective portion of changes in fair value of cash flow hedges	<b>(92)</b>	–	(339)
Change in fair value of cash flow hedges transferred to profit or loss	<b>949</b>	(731)	(1,432)
Effective portion of changes in fair value of cost of hedging	<b>96</b>	(145)	275
Ineffective portion of changes in fair value of cost of hedging	<b>–</b>	–	(23)
Change in fair value of cost of hedging transferred to profit or loss	<b>(15)</b>	(10)	(75)
Tax on items that are or may be reclassified subsequently to profit or loss	<b>950</b>	(91)	1,114
<b>Other comprehensive expense for the period, net of income tax</b>	<b>(3,237)</b>	(920)	(2,821)
<b>Total comprehensive income for the period</b>	<b>5,843</b>	5,084	10,799
<b>Attributable to:</b>			
Equity holders of the parent	<b>5,633</b>	4,732	10,089
Non-controlling interests	<b>210</b>	352	710
	<b>5,843</b>	5,084	10,799

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2022

	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)
<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>116,056</b>	<b>116,798</b>	<b>4,263</b>	<b>121,061</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 2021 (Unaudited)</b>									
Balance at 1st May 2021	753	(852)	5,244	1,601	(1)	106,396	113,141	4,887	118,028
Total comprehensive income:									
Profit	-	-	-	-	-	5,546	5,546	458	6,004
Other comprehensive income:									
Foreign exchange translation differences	-	(591)	-	-	-	-	(591)	(106)	(697)
Net movements on cash flow hedges	-	-	-	(113)	(110)	-	(223)	-	(223)
<b>Total comprehensive income / expense for the period</b>	<b>-</b>	<b>(591)</b>	<b>-</b>	<b>(113)</b>	<b>(110)</b>	<b>5,546</b>	<b>4,732</b>	<b>352</b>	<b>5,084</b>
Issue of shares	16	-	-	-	-	-	16	-	16
Dividends paid	-	-	-	-	-	(7,862)	(7,862)	(187)	(8,049)
Acquisition of NCI without a change in control	-	-	-	-	-	(74)	(74)	(356)	(430)
<b>Balance at 31st October 2021</b>	<b>769</b>	<b>(1,443)</b>	<b>5,244</b>	<b>1,488</b>	<b>(111)</b>	<b>104,006</b>	<b>109,953</b>	<b>4,696</b>	<b>114,649</b>



# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2022 (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 2022 (Audited)</b>									
Balance at 1st May 2021	<b>753</b>	<b>(852)</b>	<b>5,244</b>	<b>1,601</b>	<b>(1)</b>	<b>106,396</b>	<b>113,141</b>	<b>4,887</b>	<b>118,028</b>
Total comprehensive income:									
Profit	-	-	-	-	-	12,980	12,980	640	13,620
Other comprehensive income:									
Foreign exchange translation differences	-	1,315	-	-	-	-	1,315	178	1,493
Net movements on cash flow hedges	-	-	-	(4,347)	141	-	(4,206)	(108)	(4,314)
<b>Total comprehensive income / expense for the period</b>	<b>-</b>	<b>1,315</b>	<b>-</b>	<b>(4,347)</b>	<b>141</b>	<b>12,980</b>	<b>10,089</b>	<b>710</b>	<b>10,799</b>
Issue of shares	16	-	-	-	-	-	16	-	16
Dividends paid	-	-	-	-	-	(7,862)	(7,862)	(808)	(8,670)
Acquisition of NCI without a change in control	-	-	-	-	-	(74)	(74)	(356)	(430)
<b>Balance at 30th April 2022</b>	<b>769</b>	<b>463</b>	<b>5,244</b>	<b>(2,746)</b>	<b>140</b>	<b>111,440</b>	<b>115,310</b>	<b>4,433</b>	<b>119,743</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Condensed Consolidated Balance Sheet as at 31st October 2022

	Unaudited as at 31st October 2022 £'000	Unaudited as at 31st October 2021 £'000	Audited as at 30th April 2022 £'000
<b>Non-current assets</b>			
Property, plant and equipment	92,104	82,949	87,594
Right-of-use assets	6,956	4,276	6,191
Investment in associates	912	815	896
Intangible assets	24,380	24,500	24,817
Derivative financial assets	5,446	613	2,741
Long-term trade receivables	–	–	1,191
	<b>129,798</b>	<b>113,153</b>	<b>123,430</b>
<b>Current assets</b>			
Inventories	43,323	37,315	40,364
Contract assets	17,811	13,245	12,331
Trade and other financial assets	30,341	23,940	23,717
Other receivables	7,323	6,298	6,217
Deferred tax asset	59	144	60
Derivative financial assets	2,105	3,001	1,211
Cash and cash equivalents	8,604	12,257	11,651
	<b>109,566</b>	<b>96,200</b>	<b>95,551</b>
<b>Total assets</b>	<b>239,364</b>	<b>209,353</b>	<b>218,981</b>
<b>Current liabilities</b>			
Bank overdrafts and interest-bearing liabilities	3,318	1,853	2,764
Contract liabilities*	19,462	14,542	14,749
Trade payables and other financial liabilities	18,722	16,606	23,004
Other payables	6,266	4,102	4,256
Derivative financial liabilities	4,984	1,262	2,393
Liabilities for current tax	1,194	1,689	1,886
Provision for liabilities and charges	206	512	205
	<b>54,152</b>	<b>40,566</b>	<b>49,257</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	53,042	47,053	40,376
Derivative financial liabilities	2,326	336	1,643
Provision for liabilities and charges	333	304	251
Deferred tax liabilities	8,450	6,445	7,711
	<b>64,151</b>	<b>54,138</b>	<b>49,981</b>
<b>Total liabilities</b>	<b>118,303</b>	<b>94,704</b>	<b>99,238</b>
<b>Net assets</b>	<b>121,061</b>	<b>114,649</b>	<b>119,743</b>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	769	769	769
Translation reserve	382	(1,443)	463
Share-based payments reserve	5,244	5,244	5,244
Cash flow hedge reserve	(5,860)	1,488	(2,746)
Cost of hedging reserve	207	(111)	140
Retained earnings	116,056	104,006	111,440
<b>Total equity attributable to equity holders of the parent</b>	<b>116,798</b>	<b>109,953</b>	<b>115,310</b>
<b>Non-controlling interests</b>	<b>4,263</b>	<b>4,696</b>	<b>4,433</b>
<b>Total equity</b>	<b>121,061</b>	<b>114,649</b>	<b>119,743</b>

\*Contract liabilities include advance payments from customers of £18,627,000 (October 2021: £13,766,000), with the balance of £835,000 (October 2021: £776,000) being costs accrued for contracts.

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Condensed Consolidated Statement of Cash Flows for the half year ended 31st October 2022

	Unaudited Half Year to 31st October 2022 £'000	Unaudited Half Year to 31st October 2021 £'000	Audited Year Ended 30th April 2022 £'000
<b>Cash flow from operating activities</b>			
Profit from continuing operations after tax	9,080	6,004	13,620
Adjustments for:			
Depreciation of property, plant and equipment	2,965	2,932	6,202
Depreciation of right-of-use assets	642	456	1,192
Amortisation and impairment of intangible assets	610	747	1,572
Finance costs (net)	761	513	1,169
Foreign exchange (gains) / losses	(1,965)	125	(1,535)
Loss / (profit) on sale of property, plant and equipment	7	(95)	(18)
Unrealised gain on 10 year interest rate swap derivative	(3,132)	–	(2,740)
Share of profit of associate companies	(33)	(33)	(63)
UK tax incentive credit on research and development	–	–	(675)
Tax expense	3,157	1,719	6,321
<b>Cash generated from operating activities before changes in working capital and provisions</b>	<b>12,092</b>	<b>12,368</b>	<b>25,045</b>
Increase in inventories	(3,112)	(3,073)	(5,175)
(Increase) / decrease in contract assets	(5,461)	2,583	3,498
Increase in trade and other receivables	(5,426)	(4,076)	(3,341)
Increase in contract liabilities	4,720	266	472
(Decrease) / increase in trade and other payables	(2,488)	(5,192)	804
Increase in unhedged derivative balances	–	180	–
<b>Cash inflow from operations</b>	<b>325</b>	<b>3,056</b>	<b>21,303</b>
Interest paid (net)	(763)	(513)	(1,258)
Corporation tax paid	(2,196)	(576)	(2,051)
<b>Net cash from operating activities</b>	<b>(2,634)</b>	<b>1,967</b>	<b>17,994</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	39	213	341
Acquisition of property, plant and equipment	(6,796)	(9,220)	(16,215)
Additional investment in existing subsidiaries	–	(430)	(430)
Acquisition of intangible assets	(143)	(269)	(282)
Development expenditure capitalised	(166)	(408)	(1,505)
<b>Net cash outflow from investing activities</b>	<b>(7,066)</b>	<b>(10,114)</b>	<b>(18,091)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	–	16	16
Payment of capital element of lease obligations	(882)	(385)	(1,153)
Dividends paid	(4,145)	(7,862)	(7,862)
Dividends paid to non-controlling interests	(380)	(187)	(808)
Proceeds from new loans and committed facilities	13,000	14,200	6,702
Repayment of loans and committed facilities	(868)	(355)	(683)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>6,725</b>	<b>5,427</b>	<b>(3,788)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,975)</b>	<b>(2,720)</b>	<b>(3,885)</b>
Cash and cash equivalents at beginning of year	11,651	15,160	15,160
Effect of exchange rate fluctuations on cash held	(72)	(183)	376
<b>Closing cash and cash equivalents</b> (Note 15)	<b>8,604</b>	<b>12,257</b>	<b>11,651</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### 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 2022 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 2022 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 2022.

The comparative figures for the financial year ended 30th April 2022 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 2022.

#### 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 2022, 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 IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 – (effective for periods commencing on or after 1st January 2022)

#### **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 8 Accounting Policies, Changes in Accounting Estimates and Errors ‘Definition of Accounting Estimates’ – (effective for periods commencing on or after 1st January 2023, subject to UK endorsement).

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Notes (continued)

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

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

- 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 2023, subject to endorsement).
- 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, subject to UK endorsement).
- 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, subject to endorsement).

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 2022.

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

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

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

#### 6. Operating Segment Revenue

	Unaudited			Unaudited			Audited		
	Half Year to 31st October 2022			Half Year to 31st October 2021			Year ended 30th April 2022		
	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000
Total revenue	70,276	40,039	110,315	49,747	34,443	84,190	105,389	72,026	177,415
Inter-segment revenue	(12,226)	(8,754)	(20,980)	(8,203)	(7,103)	(15,306)	(17,784)	(15,523)	(33,307)
External revenue	<u>58,050</u>	<u>31,285</u>	<u>89,335</u>	<u>41,544</u>	<u>27,340</u>	<u>68,884</u>	<u>87,605</u>	<u>56,503</u>	<u>144,108</u>

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

Notes (continued)

### 7. Operating Segment Profit

	Unaudited			Unaudited			Audited		
	Half Year to 31st October 2022			Half Year to 31st October 2021			Year ended 30th April 2022		
	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000
Operating profit	5,809	6,525	12,334	3,565	6,015	9,580	9,139	12,657	21,796
Share of profit of associate companies	-	33	33	-	33	33	-	63	63
Group centre			(2,501)			(1,377)			(3,489)
Group finance costs (net)			(761)			(513)			(1,169)
Unrealised gain on 10 year interest rate swap			3,132			-			2,740
Consolidated profit before tax			12,237			7,723			19,941
Tax			(3,157)			(1,719)			(6,321)
Consolidated profit after tax			9,080			6,004			13,620

### 8. Operating Segment Assets and Liabilities

	Unaudited			Unaudited			Audited		
	Half Year to 31st October 2022			Half Year to 31st October 2021			Year ended 30th April 2022		
	Mechanical 2022 £'000	Refractory 2022 £'000	Total 2022 £'000	Mechanical 2021 £'000	Refractory 2021 £'000	Total 2021 £'000	Mechanical 2022 £'000	Refractory 2022 £'000	Total 2022 £'000
Total assets	106,141	50,968	157,109	104,014	46,094	150,108	93,049	48,843	141,892
Total liabilities	(82,797)	(22,431)	(105,228)	(76,441)	(18,376)	(94,817)	(71,950)	(22,643)	(94,593)
Net assets - reportable segment net assets	23,344	28,537	51,881	27,573	27,718	55,291	21,099	26,200	47,299
Net assets - Goodwin PLC (the Company)			85,411			75,450			88,595
Elimination of Goodwin PLC investments			(25,822)			(25,822)			(25,822)
Goodwill			9,591			9,730			9,671
Consolidated total net assets			121,061			114,649			119,743

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

Notes (continued)

### 9. Operating Segment Capital Expenditure, Depreciation and Amortisation

	Unaudited				Unaudited			
	Half Year to 31st October 2022				Half Year to 31st October 2021			
	Mechanical £'000	Refractory £'000	Goodwin PLC £'000	Total £'000	Mechanical £'000	Refractory £'000	Goodwin PLC £'000	Total £'000
<b>Capital expenditure on:</b>								
Property, plant and equipment	1,482	382	5,962	7,826	2,228	715	6,094	9,037
Right-of-use assets	336	-	768	1,104	-	-	1,078	1,078
Intangible assets	188	45	29	262	420	21	188	629
<b>Total capital expenditure</b>	<b>2,006</b>	<b>427</b>	<b>6,759</b>	<b>9,192</b>	<b>2,648</b>	<b>736</b>	<b>7,360</b>	<b>10,744</b>
Depreciation - property, plant and equipment	950	461	1,554	2,965	829	527	1,576	2,932
Depreciation - right-of-use assets	171	147	324	642	159	140	157	456
Amortisation	26	74	510	610	21	220	506	747
<b>Total</b>	<b>1,147</b>	<b>682</b>	<b>2,388</b>	<b>4,217</b>	<b>1,009</b>	<b>887</b>	<b>2,239</b>	<b>4,135</b>

	Audited			
	Year Ended 30th April 2022			
	Mechanical £'000	Refractory £'000	Goodwin PLC £'000	Total £'000
<b>Capital expenditure on:</b>				
Property, plant and equipment	5,396	1,631	9,326	16,353
Right-of-use assets	2,401	881	441	3,723
Intangible assets	1,121	429	237	1,787
<b>Total capital expenditure</b>	<b>8,918</b>	<b>2,941</b>	<b>10,004</b>	<b>21,863</b>
Depreciation - property, plant and equipment	1,895	1,092	3,215	6,202
Depreciation - right-of-use assets	305	294	593	1,192
Amortisation	47	330	1,180	1,557
Impairment	-	-	15	15
<b>Total</b>	<b>2,247</b>	<b>1,716</b>	<b>5,003</b>	<b>8,966</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

Notes (continued)

### 10. Geographical Segments

	Unaudited				Unaudited			
	Half Year to 31st October 2022				Half Year to 31st October 2021			
	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	25,108	75,384	107,933	7,957	17,815	76,575	92,602	9,483
Rest of Europe	13,360	9,096	3,981	385	9,212	8,069	3,878	926
USA	7,807	-	-	-	6,159	-	-	-
Pacific Basin	18,349	16,993	7,395	119	16,025	15,044	7,375	97
Rest of World	24,711	19,588	10,489	731	19,673	14,961	9,298	238
<b>Total</b>	<b>89,335</b>	<b>121,061</b>	<b>129,798</b>	<b>9,192</b>	<b>68,884</b>	<b>114,649</b>	<b>113,153</b>	<b>10,744</b>

  

	Audited			
	Year Ended 30th April 2022			
	Revenue	Net assets	Non-current assets	Capital expenditure
	£'000	£'000	£'000	£'000
UK	38,599	77,447	104,995	19,670
Rest of Europe	21,388	8,648	3,728	1,009
USA	14,046	-	-	-
Pacific Basin	31,085	15,867	6,703	278
Rest of World	38,990	17,781	8,004	906
<b>Total</b>	<b>144,108</b>	<b>119,743</b>	<b>123,430</b>	<b>21,863</b>



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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### 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 2022			Half Year to 31st October 2021			Year ended 30th April 2022		
	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000	Mechanical £'000	Refractory £'000	Total £'000
<b>Primary geographical markets:</b>									
UK	17,916	7,193	25,109	11,256	6,559	17,815	25,261	13,338	38,599
Rest of Europe	9,322	4,038	13,360	5,327	3,885	9,212	13,304	8,084	21,388
USA	7,400	407	7,807	5,796	363	6,159	13,398	648	14,046
Pacific Basin	5,885	12,464	18,349	5,461	10,564	16,025	9,457	21,628	31,085
Rest of World	17,527	7,183	24,710	13,704	5,969	19,673	26,185	12,805	38,990
<b>Total</b>	<b>58,050</b>	<b>31,285</b>	<b>89,335</b>	<b>41,544</b>	<b>27,340</b>	<b>68,884</b>	<b>87,605</b>	<b>56,503</b>	<b>144,108</b>
<b>Product lines:</b>									
Standard products and consumables	7,222	31,285	38,507	5,105	27,340	32,445	12,155	56,503	68,658
Bespoke engineered products - point in time	17,468	-	17,468	6,022	-	6,022	9,992	-	9,992
<b>Total point in time revenue</b>	<b>24,690</b>	<b>31,285</b>	<b>55,975</b>	<b>11,127</b>	<b>27,340</b>	<b>38,467</b>	<b>22,147</b>	<b>56,503</b>	<b>78,650</b>
Minimum period contracts for goods and services	2,252	-	2,252	1,879	-	1,879	3,804	-	3,804
Bespoke engineered products - over time	31,108	-	31,108	28,538	-	28,538	61,654	-	61,654
<b>Total over time revenue</b>	<b>33,360</b>	<b>-</b>	<b>33,360</b>	<b>30,417</b>	<b>-</b>	<b>30,417</b>	<b>65,458</b>	<b>-</b>	<b>65,458</b>
<b>Total revenue</b>	<b>58,050</b>	<b>31,285</b>	<b>89,335</b>	<b>41,544</b>	<b>27,340</b>	<b>68,884</b>	<b>87,605</b>	<b>56,503</b>	<b>144,108</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

Notes (continued)

### 12. Dividends

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

	<b>Unaudited Half Year to 31st October 2022 £'000</b>	Unaudited Half Year to 31st October 2021 £'000	Audited Year Ended 30th April 2022 £'000
<b>Equity dividends paid during the period:</b>			
Ordinary dividends paid in respect of the year ended 30th April 2022 (53.90p per share)	<b>4,145</b>	–	–
Ordinary dividends paid in respect of the year ended 30th April 2021 (102.24p per share)	–	7,862	7,862
<b>Total</b>	<b>4,145</b>	7,862	7,862

As noted in the Group Annual Accounts to 30th April 2022, the dividend payments for the year ended 30th April 2022 are being paid in two equal instalments, with the second payment due in April 2023.

### 13. Earnings per Share

	<b>Unaudited as at 31st October 2022</b>	Unaudited as at 31st October 2021	Audited as at 30th April 2022
	<b>Number of ordinary shares</b>		
<b>Ordinary shares in issue:</b>			
Opening balance	<b>7,689,600</b>	7,526,400	7,526,400
Shares issued in the period	–	163,200	163,200
Closing balance	<b>7,689,600</b>	7,689,600	7,689,600
Weighted average number of ordinary shares in issue	<b>7,689,600</b>	7,689,600	7,673,951
	<b>£'000</b>	£'000	£'000
Relevant profits attributable to shareholders	<b>8,761</b>	5,546	12,980

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Notes (continued)

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

	Unaudited Half Year to 31st October 2022			Unaudited Half Year to 31st October 2021		
	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	87,594	6,191	24,817	77,063	3,691	24,813
Additions	7,826	1,104	262	9,037	1,078	629
Disposals (at net book value)	(46)	-	-	(117)	-	-
Transfers	(306)	306	-	-	-	-
Depreciation	(2,965)	(642)	-	(2,932)	(456)	-
Amortisation	-	-	(610)	-	-	(747)
Exchange adjustment	1	(3)	(89)	(102)	(37)	(195)
Net book value at the end of the period	<u>92,104</u>	<u>6,956</u>	<u>24,380</u>	<u>82,949</u>	<u>4,276</u>	<u>24,500</u>

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

	Unaudited Half Year to 31st October 2022 £'000	Unaudited Half Year to 31st October 2021 £'000
Finance leases (former IAS 17 definition)	365	210
Operating leases (former IAS 17 definition)	<u>277</u>	<u>246</u>
	<u>642</u>	<u>456</u>

#### 15. Cash and Cash Equivalents

	Unaudited as at 31st October 2022 £'000	Unaudited as at 31st October 2021 £'000	Audited as at 30th April 2022 £'000
Cash and cash equivalents per balance sheet and cash flow statement	<u>8,604</u>	<u>12,257</u>	<u>11,651</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Notes (continued)

#### 16. Interest-bearing Liabilities

	<b>Unaudited as at 31st October 2022 £'000</b>	Unaudited as at 31st October 2021 £'000	Audited as at 30th April 2022 £'000
Bank loans – repayable by instalments	<b>1,058</b>	833	1,005
Other loans	–	–	202
Lease liabilities	<b>2,260</b>	1,020	1,557
Due within one year	<b>3,318</b>	1,853	2,764
Bank loans – repayable by instalments	<b>7,367</b>	4,076	8,059
Bank loans – rolling credit facilities	<b>41,000</b>	40,000	28,000
Lease liabilities	<b>4,675</b>	2,977	4,317
Due after more than one year	<b>53,042</b>	47,053	40,376
Bank loans – repayable by instalments	<b>8,425</b>	4,909	9,064
Bank loans – rolling credit facilities	<b>41,000</b>	40,000	28,000
Other loans	–	–	202
Lease liabilities	<b>6,935</b>	3,997	5,874
<b>Total</b>	<b>56,360</b>	48,906	43,140
<b>Former IAS 17 analysis of lease liabilities</b>			
Finance leases	<b>5,306</b>	2,169	4,170
Operating leases	<b>1,629</b>	1,828	1,704
	<b>6,935</b>	3,997	5,874

#### 17. Capital Management

At 31st October 2022 the capital utilised was £162,925,000 as shown below:

	<b>Unaudited as at 31st October 2022 £'000</b>	Unaudited as at 31st October 2021 £'000	Audited as at 30th April 2022 £'000
Cash and cash equivalents (Note 15)	<b>(8,604)</b>	(12,257)	(11,651)
Bank loans and committed facilities (Note 16)	<b>49,425</b>	44,909	37,064
Other loans	–	–	202
Lease liabilities (Note 16)	<b>6,935</b>	3,997	5,874
Net debt in accordance with IFRS 16	<b>47,756</b>	36,649	31,489
Operating lease debt (former IAS 17 definition) (Note 16)	<b>(1,629)</b>	(1,828)	(1,704)
Relevant net debt for KPI purposes	<b>46,127</b>	34,821	29,785
Total equity attributable to equity holders of the parent	<b>116,798</b>	109,953	115,310
<b>Capital</b>	<b>162,925</b>	144,774	145,095

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

Notes (continued)

### 18. 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 2022. 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</b>				
<b>measured at fair value</b>				
Forward exchange contracts used for hedging	844	–	–	844
Other forward exchange contracts	–	835	–	835
Interest rate swap	–	5,872	–	5,872
	<u>844</u>	<u>6,707</u>	<u>–</u>	<u>7,551</u>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	–	–	8,604	8,604
Contract assets	–	–	17,811	17,811
Trade receivables and other financial assets	–	–	30,341	30,341
Corporation tax receivable	–	–	1,339	1,339
	<u>–</u>	<u>–</u>	<u>58,095</u>	<u>58,095</u>
<b>Financial liabilities</b>				
<b>measured at fair value</b>				
Forward exchange contracts used for hedging	7,077	–	–	7,077
Other forward exchange contracts	–	233	–	233
	<u>7,077</u>	<u>233</u>	<u>–</u>	<u>7,310</u>
<b>Financial liabilities not measured at fair value</b>				
Bank loans	–	–	49,425	49,425
Lease liabilities	–	–	6,935	6,935
Contract liabilities	–	–	19,462	19,462
Trade payables and other financial liabilities	–	–	18,722	18,722
Corporation tax payable	–	–	1,194	1,194
	<u>–</u>	<u>–</u>	<u>95,738</u>	<u>95,738</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2022

### Notes *(continued)*

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

The forward exchange and interest rate swap 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).