

Registered number: 00509831

HARWIN PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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HARWIN PLC

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COMPANY INFORMATION

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| <b>Directors</b>           | D P de Laszlo<br>W P de Laszlo<br>P D McGuinness<br>A R McQuilken<br>H S Mighell   |
| <b>Company secretary</b>   | H S Mighell  |
| <b>Registered number</b>   | 00509831   |
| <b>Registered office</b>   | Fitzherbert Road<br>Farlington<br>Portsmouth<br>PO6 1RT  |
| <b>Independent auditor</b> | CLA Evelyn Partners Limited<br>Chartered Accountants & Statutory Auditor<br>4th Floor Cumberland House<br>15-17 Cumberland Place<br>Southampton<br>Hampshire<br>SO15 2BG |
| <b>Bankers</b>             | Barclays Bank Plc<br>1 Churchill Place<br>London<br>E14 5HP  |

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HARWIN PLC

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## HARWIN PLC

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

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#### Introduction

The directors present their Strategic Report for the year ended 31 March 2023.

#### Principal activity and business review

Harwin manufactures high reliability connectors and associated PCB hardware. The business operates from high-tech manufacturing and research and development facilities in Portsmouth supported by sales focused subsidiaries in the USA and Singapore and a procurement subsidiary also in Singapore. The group sells mainly through a network of distributors ensuring a truly global customer base. Established in 1952 Harwin has built a reputation for engineering components to the highest possible standards and invests significant amounts in R&D and capital equipment every year to maintain its facilities at the forefront of technology.

#### Financial performance

The group profit before taxation for the year ended 31 March 2023 at £13.1m was higher than the prior year (£8.1m) driven by sales more than 25% higher at £57.2m compared with £44.8m in 2022.

Despite a year of global uncertainty following the Russian invasion of Ukraine, Harwin continued its recent trend of growing revenues significantly year-on-year. The Group is servicing markets in high growth areas such as UAVs, satellites, aviation, electronic vehicles and medical equipment.

The gross margin was 49.7% compared with 49.4% in the prior year. Harwin has been subjected to raw material cost increases during the year although these can usually be passed on to customers, subject to giving appropriate notice. Harwin maintained high levels of raw material stock through Covid and into this year ensuring it had sufficient stock purchased at lower costs to manage the inflation in the supply chain. Lead times on raw materials have reduced as logistics issues lessen post Covid and Harwin expects to be able to manage a controlled decline in inventory levels.

Administrative and distribution expenses increased in the year by 10.8% to £15.5m. In particular, salary costs for the year grew from £9.0m to £11.6m as the company increased hourly rates for production staff by as much as 15% to enable it to meet its recruitment targets. Group employee numbers increased from 248 to 281 over the course of the year. Energy costs did not increase materially during the year as Harwin has fixed much of the cost of its electricity consumption in the UK through to October 2024.

Profit performance converted into operating cash flows of £11.3m (2022 - £5.3m). This cash was significantly utilised for capital expenditure and the repayment of hire purchase facilities as noted below, but by the year-end Harwin had increased its cash on hand to £12.7m (2022 - £6.3m). The Group declared a dividend of £5m post year end.

Harwin does not have bank borrowings. It does purchase some capital equipment through hire purchase agreements, financed at fixed rates at the time of entering the contract. As such Harwin has not been subject to any issues caused by significant increases to interest rates since April 2022. The company has benefited from receiving interest on cash balances in the year.

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## HARWIN PLC

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### Operating facilities

Harwin rents its operating facilities in the UK from a fellow subsidiary of the Group's parent. In March 2023 the Group's administrative team moved into a newly refurbished office in a property adjoining the main production facility, acquired in 2018. Harwin has opened a new prototype cable assembly facility in the same building.

The Group's new R&D facility, including the machine build function was completed in September 2022.

As noted in last year's report, Harwin's fellow subsidiary acquired the property immediately adjoining Harwin's principal manufacturing facility in March 2023. The property is leased to a third party until the end of 2023, but Harwin will take on a lease at that time and in the meantime is pursuing planning permission to build a new four-story production and warehousing facility on the site.

#### Other investment

Harwin invested £3.5m in capital expenditure during the year. The key areas of expense were in high precision production equipment for manufacturing back shells and connectors for and for expanding turning capacity to meet sales demand.

R&D expenditure in the year was £1.9m. The Group continues to develop new robotic production lines to improve productivity and expand capacity.

Harwin continues to invest in the ERP system installed by IFS in 2019 adding new modules to improve efficiencies throughout the organisation. Harwin also installed Salesforce software in 2022 to improve Customer Relationship Management (CRM) across the group.

#### Key performance indicators

In addition to monitoring sales, gross margins, net profit and operating cash flow as key indicators the Directors are heavily focussed on assessing the potential, and subsequent measuring, of the return on investment from capital expenditure, R&D activities and new product development. All three of these areas require crucial investment to ensure the future success of the Group.

#### Overseas entities

Harwin has overseas subsidiaries, in USA and Singapore. The USA based company and one Singapore based Company provide technical and administrative support to Harwin's local distributors, visit end user customers and attend trade shows.

A second subsidiary in Singapore established in late-2020 provides procurement logistics and warehousing to service global distribution partners. The Company continues to expand its team and is investing in improved warehouse facilities to cope with the additional demand from customers for subcontract products.

#### Other key risks

Currency fluctuations represent a key risk for the Group. Sales in foreign currencies, mainly US Dollars and Euro, are mitigated to a certain extent by purchases in the same currencies. The company will sell forward US Dollars up to three months in advance to match sales receipts.

Availability of suitably qualified engineering staff remains an issue for the Group. To mitigate this Harwin runs an apprenticeship program as noted below to build its teams from internal resources.

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## HARWIN PLC

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### **Other matters and future developments**

Harwin undertook a major rebranding program during the year ready for launch in November 2022 at Electronica, the largest trade show held bi-annually in Munich. Harwin now has three distinct product ranges – HRi (high reliability connectors), EZi (shielding and other hardware products) and BBi (board-to-board connectors) – as well shown on the Group's recently relaunched website – harwin.com.

Harwin has formed a team in-house and appointed external consultants to undertake a carbon benchmarking project and advise the Board on an appropriate ESG strategy.

The second cohort of ten apprentices employed since the Group decided to bring its apprentice training program in-house started in September 2022.

Harwin supported GB Row Challenge again this year, which in turn helps provide research for Portsmouth University into sea conditions around the UK.

Sales in the first quarter of the new year are around 7% higher than the same period in 2022. Distribution customers are being cautious on the levels of Harwin inventory they are holding, but remain very confident that Harwin's principal markets will continue to grow rapidly in the coming years. The Directors remain confident that the investment made in Harwin's production facilities, people and systems improvements makes the Group well positioned to maintain its growth profile in the coming years.

#### **Section 172 statement**

##### ***Consequences of long-term decision making***

Harwin makes superior products of the highest quality for demanding applications expected to last for many years. Our UK headquarters carries EN 9100 / AS9100D certification helping the Company to effectively identify, evaluate, manage and mitigate the risks of long-term supply relationships. We focus on quality, safety and technology. We continually improve our quality systems and invest in advanced manufacturing and automation to ensure our product range is enhanced.

##### ***Interest of employees***

Our employees are fundamental to our long-term objectives and strategies and Harwin aims to be a responsible employer as regards pay and benefits and in particular, health and safety which is central to the way the Company does business. As discussed in the Strategic Report, significant pay rises were awarded in the year and the development of the next generation of engineers is crucial and Harwin has expanded its apprentice scheme since 2021.

##### ***Fostering business relationships with suppliers, customers and others***

To maintain future growth the nature of the relationship with key customers and suppliers is crucial. Each board member plays a significant role in this approach seeking to extend long-term relationships with both customers and suppliers with regular visits overseas. Harwin utilises the latest technologies and systems to bolster this approach working in tandem with distribution customers to improve point of sale analysis. The integration of the supply chain with the Company's manufacturing resources helps to ensure the future growth and profitability of the Company.

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## HARWIN PLC

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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#### *Impact on community and the environment*

Harwin take the impact on the community seriously, supporting it in many ways most notably in 2020 in conjunction with its fellow subsidiary Harwin agreed to provide and fund a new, improved facility for the Portsmouth School of Gymnastics.

Harwin has taken measures to reduce the carbon footprint in recent years including such investments as a water treatment plant attached to one of its manufacturing processes to purify and recycle water that would otherwise flow back into the local ecosystem. The Company also has solar panels on the factory roofs.

Using our positions within the local community to deliver the highest standards of education, while offering a cutting-edge working environment adds value throughout the organisation.

#### *Maintaining a reputation for high standards*

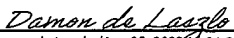
As noted in the investment discussion in the Strategic Report Harwin strives to remain at the cutting edge of technology by investing constantly in new equipment.

The EN9100 accreditation sets an incredibly high standard for the business to operate within and the employees take great personal pride in maintain these standards day to day.

#### *Acting fairly between directors/members of the Company*

As the board of directors, our intention is to behave responsibly toward our shareholders with clear communication so they may benefit from the successful delivery of our plan.

This report was approved by the board and signed on its behalf.

  
Damon de Laszlo (Aug 25, 2023 15:34 GMT+1)

**D P de Laszlo**  
Director

Date: 25/08/2023

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## HARWIN PLC

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

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The directors present their report and the financial statements for the year ended 31 March 2023.

#### Results and dividends

The profit for the year, after taxation, amounted to £12,140k (2022 - £6,429k).

Dividends of £Nil (2022 - £3,350k) were paid or proposed in the year.

#### Directors

The directors who served during the year were:

D P de Laszlo  
W P de Laszlo  
P D McGuinness  
A R McQuilken  
H S Mighell

#### Disabled employees

Harwin's policy is to ensure full and fair consideration is given to employment applications by disabled persons and to ensure continuous employment where practically possible for any employees who become disabled whilst working in the Group.

#### Energy and Carbon Reporting

The Company has appointed independent consultants to determine the carbon emissions associated with operations in the year. Calculations by scope are shown in the table below.

| Scope | Emissions Source                 | Tonnes CO2e    |
|-------|----------------------------------|----------------|
| 1     | Natural gas                      | 79.4           |
| 1     | Company vehicles                 | 5.4            |
| 2     | Electricity                      | 783.4          |
| 3     | Personal vehicles                | 13.0           |
| 3     | Hire vehicles                    | 0.3            |
| 3     | Taxis                            | 0.3            |
| 3     | Hotels                           | 3.5            |
| 3     | Well-to-tank (for sources above) | 223.0          |
| 3     | Transmission and distribution    | 71.7           |
|       | <b>TOTAL</b>                     | <b>1,180.0</b> |

The Company is working with its consultants to develop a carbon reduction plan that will in turn lead to net-zero status.

#### Matters covered in the Strategic Report

Where necessary, disclosures relating to principal risks & uncertainties and future developments have been made in the Strategic Report and have not been repeated here in accordance with Section 414C of the Companies Act 2006.

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HARWIN PLC

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DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

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**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

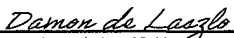
**Post balance sheet events**

The Group declared a dividend of £5m post year end.

**Auditor**

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

  
Damon de Laszlo (Aug 25, 2023 05:34 GMT+1)

D P de Laszlo  
Director

Date: 25/08/2023

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HARWIN PLC

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

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The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARWIN PLC

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### Opinion

We have audited the financial statements of Harwin Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## HARWIN PLC

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARWIN PLC (CONTINUED)

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#### Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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## HARWIN PLC

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARWIN PLC (CONTINUED)

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#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained a general understanding of the Group and Company's legal and regulatory framework through enquiry of management concerning: their understanding of relevant laws and regulations; the entity's policies and procedures regarding compliance; and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Group and Company's industry and regulation.

We understand that the Company complies with the framework through:

For a business which is only subject to "normal" requirements such as Health and Safety, tax or consumer legislation, we may simply state, for example:

- Outsourcing accounts preparation and tax compliance to external experts.
- Subscribing to relevant updates from external experts and making changes to internal procedures and controls as necessary.
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change.

In the context of the audit, we considered those laws and regulations: which determine the form and content of the financial statements; which are central to the Company's ability to conduct its business; and where failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.
- Health & Safety regulations, due to the nature of the Group's operations.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur. The areas identified in this discussion were:

- Stock provision and bad debt provision, as these are estimates made by management.
- Payment of bonuses based on profits, which creates an incentive for management to manipulate results.
- Manipulation of the financial statements, especially revenue, via fraudulent journal entries, particularly as the size of the Company means that there is little opportunity for segregation of duties.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates identified above, and comparison to past performance and post-year-end data as appropriate.
- Substantive work on material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts and those posted at unusual times.

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HARWIN PLC

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HARWIN PLC (CONTINUED)

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A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Edmonds

Andrew Edmonds (Aug 29, 2023 11:11 GMT+1)

Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of  
**CLA Evelyn Partners Limited**

Chartered Accountants  
Statutory Auditor

4th Floor Cumberland House  
15-17 Cumberland Place  
Southampton  
Hampshire  
SO15 2BG

Date: 29/08/2023

HARWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2023

|  | Note | 2023<br>£000  | 2022<br>£000  |
|--|------|---------------|---------------|
| Turnover                                       | 4    | 57,227        | 44,795        |
| Cost of sales                                  |      | (28,760)      | (22,665)      |
| <b>Gross profit</b>                            |      | <b>28,467</b> | <b>22,130</b> |
| Distribution costs                             |      | (5,850)       | (4,449)       |
| Administrative expenses                        |      | (9,635)       | (9,529)       |
| Other operating income                         |      | 53            | 29            |
| <b>Operating profit</b>                        | 5    | <b>13,035</b> | <b>8,181</b>  |
| Interest receivable and similar income         | 9    | 102           | 1             |
| Interest payable and similar expenses          | 10   | (87)          | (87)          |
| <b>Profit before tax</b>                       |      | <b>13,050</b> | <b>8,095</b>  |
| Tax on profit                                  | 11   | (910)         | (1,666)       |
| <b>Profit for the financial year</b>           |      | <b>12,140</b> | <b>6,429</b>  |
| <b>Other comprehensive income for the year</b> |      |               |               |
| Currency translation differences               |      | 181           | 140           |
| <b>Total comprehensive income for the year</b> |      | <b>12,321</b> | <b>6,569</b>  |

The notes on pages 21 to 40 form part of these financial statements.

HARWIN PLC  
REGISTERED NUMBER:00509831

CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2023

|   | Note | 2023<br>£000         | 2022<br>£000         |
|---|------|----------------------|----------------------|
| <b>Fixed assets</b>                                     |      |                      |                      |
| Tangible assets   | 13   | 17,134               | 16,766               |
|   |      | <u>17,134</u>        | <u>16,766</u>        |
| <b>Current assets</b>                                   |      |                      |                      |
| Stocks  | 15   | 14,995               | 10,561               |
| Debtors: amounts falling due within one year            | 16   | 8,317                | 8,956                |
| Cash at bank and in hand                                | 17   | 12,720               | 6,349                |
|   |      | <u>36,032</u>        | <u>25,866</u>        |
| Creditors: amounts falling due within one year          | 18   | (6,213)              | (6,566)              |
| <b>Net current assets</b>                               |      | <u>29,819</u>        | <u>19,300</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>46,953</u>        | <u>36,066</u>        |
| Creditors: amounts falling due after more than one year | 19   | (2,168)              | (3,406)              |
| <b>Provisions for liabilities</b>                       |      |                      |                      |
| Deferred tax  | 21   | (2,465)              | (2,661)              |
| <b>Net assets</b>                                       |      | <u><u>42,320</u></u> | <u><u>29,999</u></u> |
| <b>Capital and reserves</b>                             |      |                      |                      |
| Called up share capital                                 | 22   | 213                  | 213                  |
| Share premium account                                   | 23   | 1,522                | 1,522                |
| Profit and loss account                                 | 23   | 40,585               | 28,264               |
| <b>Shareholders' funds</b>                              |      | <u><u>42,320</u></u> | <u><u>29,999</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*Damon de Laszlo*  
Damon de Laszlo (Aug 25, 2023 16:34 GMT+1)

D P de Laszlo  
Director

Date: 25/08/2023

The notes on pages 21 to 40 form part of these financial statements.

HARWIN PLC  
REGISTERED NUMBER:00509831

COMPANY BALANCE SHEET  
AS AT 31 MARCH 2023

|   | Note | 2023<br>£000  | 2022<br>£000  |
|---|------|---------------|---------------|
| <b>Fixed assets</b>                                     |      |               |               |
| Tangible assets   | 13   | 17,087        | 16,680        |
| Investments   | 14   | 556           | 556           |
|   |      | <u>17,643</u> | <u>17,236</u> |
| <b>Current assets</b>                                   |      |               |               |
| Stocks  | 15   | 14,293        | 10,142        |
| Debtors: amounts falling due within one year            | 16   | 7,521         | 8,044         |
| Cash at bank and in hand                                | 17   | 11,072        | 5,201         |
|   |      | <u>32,886</u> | <u>23,387</u> |
| Creditors: amounts falling due within one year          | 18   | (6,571)       | (6,834)       |
| <b>Net current assets</b>                               |      | <u>26,315</u> | <u>16,553</u> |
| <b>Total assets less current liabilities</b>            |      | <u>43,958</u> | <u>33,789</u> |
| Creditors: amounts falling due after more than one year | 19   | (2,168)       | (3,398)       |
| <b>Provisions for liabilities</b>                       |      |               |               |
| Deferred taxation                                       | 21   | (2,460)       | (2,656)       |
| <b>Net assets</b>                                       |      | <u>39,330</u> | <u>27,735</u> |
| <b>Capital and reserves</b>                             |      |               |               |
| Called up share capital                                 | 22   | 213           | 213           |
| Share premium account                                   | 23   | 1,522         | 1,522         |
| Profit and loss account brought forward                 |      | 26,000        | 23,583        |
| Profit for the year                                     |      | 11,595        | 5,767         |
| Dividends paid  |      | -             | (3,350)       |
|   |      | <u>37,595</u> | <u>26,000</u> |
| Profit and loss account carried forward                 | 23   | 37,595        | 26,000        |
| <b>Shareholders' funds</b>                              |      | <u>39,330</u> | <u>27,735</u> |

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HARWIN PLC  
REGISTERED NUMBER:00509831

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COMPANY BALANCE SHEET (CONTINUED)  
AS AT 31 MARCH 2023

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The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*Damon de Laszlo*  
Damon de Laszlo (Aug 25, 2023 18:34 GMT+1)

D P de Laszlo  
Director

Date: 25/08/2023

The notes on pages 21 to 40 form part of these financial statements.

HARWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023

|   | Called up<br>share capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| At 1 April 2021                                     | 213                                | 1,522                               | 25,045                             | 26,780               |
| <b>Comprehensive income for the year</b>            |                                    |                                     |                                    |                      |
| Profit for the year                                 | -                                  | -                                   | 6,429                              | 6,429                |
| Currency translation differences                    | -                                  | -                                   | 140                                | 140                  |
| <b>Total comprehensive income for the year</b>      | -                                  | -                                   | 6,569                              | 6,569                |
| <b>Contributions by and distributions to owners</b> |                                    |                                     |                                    |                      |
| Dividends: Equity capital                           | -                                  | -                                   | (3,350)                            | (3,350)              |
| At 1 April 2022                                     | 213                                | 1,522                               | 28,264                             | 29,999               |
| <b>Comprehensive income for the year</b>            |                                    |                                     |                                    |                      |
| Profit for the year                                 | -                                  | -                                   | 12,140                             | 12,140               |
| Currency translation differences                    | -                                  | -                                   | 181                                | 181                  |
| <b>Total comprehensive income for the year</b>      | -                                  | -                                   | 12,321                             | 12,321               |
| At 31 March 2023                                    | 213                                | 1,522                               | 40,585                             | 42,320               |

HARWIN PLC

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2023

|   | Called up<br>share capital<br>£000 | Share<br>premium<br>account<br>£000 | Profit and<br>loss account<br>£000 | Total equity<br>£000 |
|---|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| At 1 April 2021                                     | 213                                | 1,522                               | 23,583                             | 25,318               |
| <b>Comprehensive income for the year</b>            |                                    |                                     |                                    |                      |
| Profit for the year                                 | -                                  | -                                   | 5,767                              | 5,767                |
| <b>Contributions by and distributions to owners</b> |                                    |                                     |                                    |                      |
| Dividends: Equity capital                           | -                                  | -                                   | (3,350)                            | (3,350)              |
| At 1 April 2022                                     | 213                                | 1,522                               | 26,000                             | 27,735               |
| <b>Comprehensive income for the year</b>            |                                    |                                     |                                    |                      |
| Profit for the year                                 | -                                  | -                                   | 11,595                             | 11,595               |
| At 31 March 2023                                    | 213                                | 1,522                               | 37,595                             | 39,330               |

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HARWIN PLC

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2023

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|   | 2023<br>£000   | 2022<br>£000   |
|---|----------------|----------------|
| <b>Cash flows from operating activities</b>         |                |                |
| Profit for the financial year                       | 12,140         | 6,429          |
| <b>Adjustments for:</b>                             |                |                |
| Depreciation of tangible assets                     | 2,431          | 2,239          |
| Impairment of fixed assets                          | 539            | -              |
| Loss on disposal of tangible assets                 | 17             | 215            |
| Interest paid                                       | 87             | 87             |
| Interest received                                   | (102)          | (1)            |
| Taxation charge                                     | 910            | 1,666          |
| Increase in stocks                                  | (4,400)        | (3,048)        |
| Decrease/(increase) in debtors                      | 243            | (4,524)        |
| (Decrease)/increase in creditors                    | (336)          | 2,864          |
| Corporation tax paid                                | (272)          | (598)          |
| <b>Net cash generated from operating activities</b> | <b>11,257</b>  | <b>5,329</b>   |
| <b>Cash flows from investing activities</b>         |                |                |
| Purchase of tangible fixed assets                   | (3,326)        | (2,326)        |
| Sale of tangible fixed assets                       | 193            | -              |
| Interest received                                   | 102            | 1              |
| <b>Net cash used in investing activities</b>        | <b>(3,031)</b> | <b>(2,325)</b> |

HARWIN PLC

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2023

|   | 2023<br>£000         | 2022<br>£000        |
|---|----------------------|---------------------|
| <b>Cash flows from financing activities</b>                   |                      |                     |
| Repayment of finance leases                                   | (1,820)              | (1,733)             |
| Dividends paid  | -                    | (3,350)             |
| HP interest paid  | (87)                 | (87)                |
| <b>Net cash used in financing activities</b>                  | <u>(1,907)</u>       | <u>(5,170)</u>      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>6,319</b>         | <b>(2,166)</b>      |
| Cash and cash equivalents at beginning of year                | 6,349                | 8,551               |
| Foreign exchange gains and losses                             | 52                   | (36)                |
| <b>Cash and cash equivalents at the end of year</b>           | <u><u>12,720</u></u> | <u><u>6,349</u></u> |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                      |                     |
| Cash at bank and in hand                                      | 12,720               | 6,349               |
|   | <u><u>12,720</u></u> | <u><u>6,349</u></u> |

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HARWIN PLC

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CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 MARCH 2023

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|                          | At 1 April<br>2022<br>£000 | Cash flows<br>£000 | New finance<br>leases<br>£000 | At 31 March<br>2023<br>£000 |
|--------------------------|----------------------------|--------------------|-------------------------------|-----------------------------|
| Cash at bank and in hand | 6,349                      | 6,371              | -                             | 12,720                      |
| Finance leases           | (5,088)                    | 1,820              | (221)                         | (3,489)                     |
|                          | <u>1,261</u>               | <u>8,191</u>       | <u>(221)</u>                  | <u>9,231</u>                |

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## HARWIN PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 1. General information

Harwin Plc is a public company, limited by shares, domiciled and incorporated in England and Wales (registered number: 00509831). The registered office address is Fitzherbert Road, Farlington, Portsmouth, PO6 1RT.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

In preparing the separate financial statements of the Parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the Parent Company would be identical;
- No Statement of Cash Flows has been presented for the Parent Company; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

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## HARWIN PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.3 Going concern

The directors have carefully reviewed the future prospects of the Company and its future cash flows.

The Group has continued to trade profitably and given the significant level of cash and liquid reserves available the directors have concluded that there are no material uncertainties that may cause doubt on the Group's ability to continue as a going concern for the foreseeable future being at least 12 months from the signing of these accounts.

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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2. Accounting policies (continued)

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

**Sale of goods**

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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## HARWIN PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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## 2. Accounting policies (continued)

### 2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                           |   |
|---------------------------|---|
| Freehold property         | - 4% of value                             |
| Plant and machinery       | - between 10% and 25% of cost             |
| Computer equipment        | - 25% of cost                             |
| Assets under construction | - Not depreciated until available for use |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### *Assets under construction*

Upon completion of construction the asset is transferred to its attributable category and depreciated in line with the estimated useful lives policy.

### 2.11 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

### 2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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## HARWIN PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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#### 2. Accounting policies (continued)

##### 2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.14 Leased assets: the Group as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### 2.15 Pensions

###### Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

##### 2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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2. Accounting policies (continued)

2.17 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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2. Accounting policies (continued)

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and assumptions are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group are outlined below:

The directors consider that the following judgements and key sources of estimation uncertainty have had the most significant effect on amounts recognised in the financial statements:

*Trade debtors*

Trade debtors consist of amounts due from customers. An allowance for credit notes is maintained for estimated returns. The allowance is based on the Group's historic data and levels of credit notes issued. At the year end, there was a provision of £1,072k (2022 - £720k).

*Stock*

Certain factors could affect the realisable value of the Group's stocks including customer demand and market conditions. The Group considers usage, anticipated sales price, effect of new product introductions, product obsolescence and other factors when evaluating the value. At the year end, there was a stock provision of £2,424k (2022 - £2,121k).

*Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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HARWIN PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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4. Turnover

The whole of the turnover is attributable to the sale of manufactured hardware.

The Group operates and sells in various geographical markets. Many of the Group's customers are distribution companies with central warehousing facilities.

Analysis of turnover by country of destination:

|                   | 2023<br>£000  | As restated<br>2022<br>£000 |
|-------------------|---------------|-----------------------------|
| United Kingdom    | 3,824         | 4,059                       |
| Rest of Europe    | 19,864        | 15,316                      |
| Rest of the world | 33,539        | 25,420                      |
|                   | <u>57,227</u> | <u>44,795</u>               |

5. Operating profit

The operating profit is stated after charging/(crediting):

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| Research & development charged as an expense     | 1,919        | 1,558        |
| Depreciation - owned assets                      | 1,672        | 1,377        |
| Depreciation - assets on hire purchase contracts | 759          | 862          |
| Operating lease rental                           | 801          | 605          |
| Loss/(profit) on disposal of fixed assets        | 17           | (44)         |
| Foreign exchange differences                     | (109)        | (41)         |
| Sale of scrap                                    | (212)        | (242)        |
|  | <u></u>      | <u></u>      |

6. Auditor's remuneration

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| Fees payable to the Group's auditor and its associates for the audit of the consolidated and parent Company's financial statements | 38           | 27           |
| Fees payable to the Group's auditor and its associates in respect of:  |              |              |
| All other services   | 6            | 5            |
|  | <u></u>      | <u></u>      |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

7. Employees

Staff costs, including directors' remuneration, were as follows:

|                                     | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Wages and salaries                  | 10,170                | 7,885                 | 8,164                   | 6,543                   |
| Social security costs               | 945                   | 698                   | 851                     | 643                     |
| Cost of defined contribution scheme | 501                   | 419                   | 466                     | 404                     |
|                                     | <u>11,616</u>         | <u>9,002</u>          | <u>9,481</u>            | <u>7,590</u>            |

The average monthly number of employees, including the directors, during the year was as follows:

|                | Group<br>2023<br>No. | Group<br>2022<br>No. | Company<br>2023<br>No. | Company<br>2022<br>No. |
|----------------|----------------------|----------------------|------------------------|------------------------|
| Production     | 191                  | 156                  | 191                    | 156                    |
| Distribution   | 21                   | 19                   | 21                     | 19                     |
| Administration | 56                   | 48                   | 25                     | 23                     |
|                | <u>268</u>           | <u>223</u>           | <u>237</u>             | <u>198</u>             |

8. Directors' remuneration

|                          | 2023<br>£000 | As restated<br>2022<br>£000 |
|--------------------------|--------------|-----------------------------|
| Directors' emoluments    | 496          | 487                         |
| Directors' pension costs | 85           | 89                          |
|                          | <u>581</u>   | <u>576</u>                  |

During the year retirement benefits were accruing to 4 directors (2022 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £151k (2022 - £150k).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £40k (2022 - £40k).

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

9. Interest receivable and similar income

|                          | 2023<br>£000 | 2022<br>£000 |
|--------------------------|--------------|--------------|
| Deposit account interest | 102          | 1            |

10. Interest payable and similar expenses

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| Finance leases and hire purchase contracts | 87           | 87           |

11. Taxation

|  | 2023<br>£000 | 2022<br>£000 |
|--|--------------|--------------|
| <b>Corporation tax</b>                           |              |              |
| Current tax on profits for the year              | 918          | 259          |
| Adjustments in respect of previous periods       | 189          | (115)        |
| <b>Total current tax</b>                         | <b>1,107</b> | <b>144</b>   |
| <b>Deferred tax</b>                              |              |              |
| Origination and reversal of timing differences   | 156          | 1,094        |
| Adjustments in respect of previous periods       | (353)        | 54           |
| Effect of tax rate change on opening balance     | -            | 374          |
| <b>Total deferred tax</b>                        | <b>(197)</b> | <b>1,522</b> |
| <b>Taxation on profit on ordinary activities</b> | <b>910</b>   | <b>1,666</b> |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

|  | 2023<br>£000      | 2022<br>£000        |
|--|-------------------|---------------------|
| Profit on ordinary activities before tax   | <u>13,050</u>     | <u>8,095</u>        |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%) | 2,480             | 1,538               |
| <b>Effects of:</b>   |                   |                     |
| Income not taxable for tax purposes  | (1)               | -                   |
| Expenses not deductible for tax purposes   | 4                 | -                   |
| Capital allowances for year in excess of depreciation  | (548)             | (241)               |
| Losses carried back  | -                 | 189                 |
| Adjustments to corporation tax charge in respect of prior periods  | 189               | (115)               |
| Adjustments to deferred tax charge in respect of prior periods   | (353)             | 54                  |
| Other permanent differences  | -                 | 8                   |
| Group income   | (76)              | -                   |
| Exempt ABGH distributions  | -                 | (71)                |
| Research and development refund in respect of current year   | (818)             | (384)               |
| Additional deduction for land remediation expenditure  | (4)               | -                   |
| Remeasurement of deferred tax for changes in tax rates   | 37                | 637                 |
| Other differences leading to a decrease in the tax charge  | -                 | 51                  |
| <b>Total tax charge for the year</b>   | <u><u>910</u></u> | <u><u>1,666</u></u> |

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

12. Dividends

|           | 2023<br>£000    | 2022<br>£000        |
|-----------|-----------------|---------------------|
| Dividends | <u><u>-</u></u> | <u><u>3,350</u></u> |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

13. Tangible fixed assets

Group

|                           | Freehold<br>property<br>£000 | Plant and<br>machinery<br>£000 | Computer<br>equipment<br>£000 | Assets under<br>construction<br>£000 | Total<br>£000 |
|---------------------------|------------------------------|--------------------------------|-------------------------------|--------------------------------------|---------------|
| <b>Cost</b>               |                              |                                |                               |                                      |               |
| At 1 April 2022           | 74                           | 24,290                         | 1,194                         | 2,806                                | 28,364        |
| Additions                 | -                            | 383                            | 213                           | 2,951                                | 3,547         |
| Disposals                 | -                            | (476)                          | (56)                          | -                                    | (532)         |
| Transfers between classes | -                            | 1,395                          | -                             | (1,395)                              | -             |
| Impairment                | -                            | -                              | -                             | (539)                                | (539)         |
| At 31 March 2023          | <u>74</u>                    | <u>25,592</u>                  | <u>1,351</u>                  | <u>3,823</u>                         | <u>30,840</u> |
| <b>Depreciation</b>       |                              |                                |                               |                                      |               |
| At 1 April 2022           | 33                           | 10,576                         | 989                           | -                                    | 11,598        |
| Charge for the year       | 41                           | 2,232                          | 158                           | -                                    | 2,431         |
| Disposals                 | -                            | (276)                          | (47)                          | -                                    | (323)         |
| At 31 March 2023          | <u>74</u>                    | <u>12,532</u>                  | <u>1,100</u>                  | <u>-</u>                             | <u>13,706</u> |
| <b>Net book value</b>     |                              |                                |                               |                                      |               |
| At 31 March 2023          | <u>-</u>                     | <u>13,060</u>                  | <u>251</u>                    | <u>3,823</u>                         | <u>17,134</u> |
| At 31 March 2022          | <u>41</u>                    | <u>13,714</u>                  | <u>205</u>                    | <u>2,806</u>                         | <u>16,766</u> |

The net book value of assets held under finance lease is £6,145k (2022 - £8,694k).

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

13. Tangible fixed assets (continued)

Company

|                           | Plant and<br>machinery<br>£000 | Computer<br>equipment<br>£000 | Assets under<br>construction<br>£000 | Total<br>£000 |
|---------------------------|--------------------------------|-------------------------------|--------------------------------------|---------------|
| <b>Cost</b>               |                                |                               |                                      |               |
| At 1 April 2022           | 24,235                         | 1,142                         | 2,806                                | 28,183        |
| Additions                 | 335                            | 184                           | 2,951                                | 3,470         |
| Disposals                 | (476)                          | (56)                          | -                                    | (532)         |
| Transfers between classes | 1,395                          | -                             | (1,395)                              | -             |
| Impairment                | -                              | -                             | (539)                                | (539)         |
| At 31 March 2023          | <u>25,489</u>                  | <u>1,270</u>                  | <u>3,823</u>                         | <u>30,582</u> |
| <b>Depreciation</b>       |                                |                               |                                      |               |
| At 1 April 2022           | 10,547                         | 956                           | -                                    | 11,503        |
| Charge for the year       | 2,229                          | 86                            | -                                    | 2,315         |
| Disposals                 | (276)                          | (47)                          | -                                    | (323)         |
| At 31 March 2023          | <u>12,500</u>                  | <u>995</u>                    | <u>-</u>                             | <u>13,495</u> |
| <b>Net book value</b>     |                                |                               |                                      |               |
| At 31 March 2023          | <u>12,989</u>                  | <u>275</u>                    | <u>3,823</u>                         | <u>17,087</u> |
| At 31 March 2022          | <u>13,688</u>                  | <u>186</u>                    | <u>2,806</u>                         | <u>16,680</u> |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

14. Fixed asset investments

Company

|                  | Investments<br>in subsidiary<br>companies<br>£000 |
|------------------|---|
| <b>Cost</b>      |   |
| At 1 April 2022  | 556   |
| At 31 March 2023 | <u>556</u>  |

Subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

| Name                             | Registered office  | Class of<br>shares | Holding |
|----------------------------------|--|--------------------|---------|
| Harwin Inc                       | 7B Raymond Avenue,<br>Unit 11, Salem, NH<br>03079, USA           | Ordinary           | 100%    |
| Harwin Asia Pte Ltd              | 65 Chulia Street #38-<br>02/03, OCBC Centre,<br>Singapore 049513 | Ordinary           | 100%    |
| Harwin Manufacturing Pte Limited | 65 Chulia Street #38-<br>02/03, OCBC Centre,<br>Singapore 049513 | Ordinary           | 100%    |

15. Stocks

|                               | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|-------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Raw materials and consumables | 3,062                 | 1,167                 | 3,062                   | 1,167                   |
| Work in progress              | 1,215                 | 902                   | 1,175                   | 863                     |
| Finished goods                | 10,718                | 8,492                 | 10,056                  | 8,112                   |
|                               | <u>14,995</u>         | <u>10,561</u>         | <u>14,293</u>           | <u>10,142</u>           |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

16. Debtors

|                                    | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade debtors                      | 6,180                 | 5,902                 | 4,973                   | 4,952                   |
| Amounts owed by group undertakings | -                     | -                     | 923                     | 641                     |
| Amounts owed by related companies  | 10                    | 35                    | 10                      | 27                      |
| Other debtors                      | 649                   | 720                   | 337                     | 338                     |
| Prepayments and accrued income     | 1,478                 | 1,631                 | 1,278                   | 1,425                   |
| Tax recoverable                    | -                     | 668                   | -                       | 661                     |
|                                    | <u>8,317</u>          | <u>8,956</u>          | <u>7,521</u>            | <u>8,044</u>            |

17. Cash and cash equivalents

|                          | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|--------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Cash at bank and in hand | <u>12,720</u>         | <u>6,349</u>          | <u>11,072</u>           | <u>5,201</u>            |

18. Creditors: Amounts falling due within one year

|   | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade creditors   | 2,976                 | 2,255                 | 1,957                   | 1,532                   |
| Amounts owed to group undertakings                          | -                     | -                     | 2,103                   | 1,761                   |
| Amounts owed to related companies                           | 27                    | 25                    | 27                      | 25                      |
| Corporation tax   | 229                   | -                     | 229                     | -                       |
| Other taxation and social security                          | 481                   | 333                   | 210                     | 184                     |
| Obligations under finance lease and hire purchase contracts | 1,321                 | 1,682                 | 1,321                   | 1,649                   |
| Other creditors   | 85                    | 80                    | 63                      | 52                      |
| Accruals and deferred income                                | 1,094                 | 2,191                 | 661                     | 1,631                   |
|   | <u>6,213</u>          | <u>6,566</u>          | <u>6,571</u>            | <u>6,834</u>            |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

19. Creditors: Amounts falling due after more than one year

|  | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Net obligations under finance leases and hire purchase contracts | 2,168                 | 3,406                 | 2,168                   | 3,398                   |

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

|                   | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|-------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Within one year   | 1,321                 | 1,682                 | 1,321                   | 1,649                   |
| Between 1-5 years | 2,168                 | 3,406                 | 2,168                   | 3,398                   |
|                   | 3,489                 | 5,088                 | 3,489                   | 5,047                   |

The Group and Company liabilities held under hire purchase and finance lease agreements are secured against the assets to which they relate.

21. Deferred taxation

Group

|                           | 2023<br>£000 | 2022<br>£000 |
|---------------------------|--------------|--------------|
| At beginning of year      | 2,661        | 1,136        |
| Charged to profit or loss | (196)        | 1,525        |
| At end of year            | 2,465        | 2,661        |

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

21. Deferred taxation (continued)

Company

|                           | 2023<br>£000 | 2022<br>£000 |
|---------------------------|--------------|--------------|
| At beginning of year      | 2,656        | 1,134        |
| Charged to profit or loss | (196)        | 1,522        |
| <b>At end of year</b>     | <b>2,460</b> | <b>2,656</b> |

The provision for deferred taxation is made up as follows:

|                                | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|--------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Accelerated capital allowances | 2,480                 | 2,661                 | 2,475                   | 2,656                   |
| Short-term timing differences  | (15)                  | -                     | (15)                    | -                       |
|                                | <b>2,465</b>          | <b>2,661</b>          | <b>2,460</b>            | <b>2,656</b>            |

Fixed asset timing differences are expected to reverse in line with each corresponding fixed asset class and the classes depreciation rates, as noted in the accounting policies.

22. Share capital

|   | 2023<br>£000 | 2022<br>£000 |
|---|--------------|--------------|
| <b>Allotted, called up and fully paid</b> |              |              |
| 1,062,675 Ordinary shares of £0.20 each   | 213          | 213          |

The Ordinary shares carry one vote per share held.

23. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Profit and loss account

This reserve relates to the cumulative retained earning less amounts distributed to shareholders.

HARWIN PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

24. Capital commitments

At 31 March 2023 the Group and Company had capital commitments as follows:

|   | Group<br>2023<br>£000 | Group<br>2022<br>£000 |
|---|-----------------------|-----------------------|
| Contracted for but not provided in these financial statements | 1,194                 | 451                   |

25. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £499k (2022 - £419k). Contributions totalling £61k (2022 - £51k) were payable to the fund at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

|  | Group<br>2023<br>£000 | Group<br>2022<br>£000 | Company<br>2023<br>£000 | Company<br>2022<br>£000 |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| Not later than 1 year                        | 600                   | 590                   | 600                     | 590                     |
| Later than 1 year and not later than 5 years | 2,274                 | 2,202                 | 2,274                   | 2,202                   |
| Later than 5 years                           | 9,864                 | 10,412                | 9,864                   | 10,412                  |
|  | <u>12,738</u>         | <u>13,204</u>         | <u>12,738</u>           | <u>13,204</u>           |

27. Related party transactions

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

During the year rental payments were made to commonly controlled entities totalling £759k (2022 - £586k). Further costs of £16k (2022 - £14k) were incurred with entities under the common control of two of the directors.

During the year, Harwin donated £25k (2022 - £Nil) to a charity with two trustees who are directors of the Company.

During the year, a management charge of £60k (2022 - £40k) was paid to the parent entity. No balance was owed at the year end (2022 - £Nil).

Key management personnel remuneration in the year totalled £996k (2022 - £1,114k).

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HARWIN PLC

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023

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**28. Post balance sheet events**

The Group declared a dividend of £5m post year end.

**29. Controlling party**

The immediate and ultimate parent undertaking is Harwin Engineers S.A., registered in Vaduz, Liechtenstein.

The largest group of undertakings for which group accounts for the year ending 31 March 2023 have been drawn up, is that headed by Harwin Engineers S.A.. Copies of the group accounts are available from Kirchstrasse 1, Vaduz, 9490, Liechtenstein.

The directors do not consider there to be an ultimate controlling party.