



IFRS Core Tools

# Good Group (International) Limited

Unaudited interim condensed  
consolidated financial statements

30 June 2023

International GAAP®

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## Abbreviations and key

The following styles of abbreviation are used in these International GAAP® Illustrative Financial Statements:

IAS 33.41	International Accounting Standard No. 33, paragraph 41
IAS 1.BC13	International Accounting Standard No. 1, Basis for Conclusions, paragraph 13
IFRS 2.44	International Financial Reporting Standard No. 2, paragraph 44
SIC 29.6	Standing Interpretations Committee Interpretation No. 29, paragraph 6
IFRIC 5.6	International Financial Reporting Interpretations Committee Interpretation No. 5, paragraph 6
IFRS 9.IG.G.2	International Financial Reporting Standard No. 9 - Guidance on Implementing IFRS 9 - Section G: Other, paragraph G2
IAS 32.AG3	International Accounting Standard No. 32 - Appendix A-Application Guidance, paragraph AG3
Commentary	The commentary explains how the requirements of IFRS have been implemented in arriving at the illustrative disclosure
Macroeconomic and geopolitical uncertainty	This edition of Good Group provides commentary on issues an entity may need to consider due to the impact of the current macroeconomic and geopolitical uncertainty.
GAAP	Generally Accepted Accounting Principles/Practice
IFRS	International Financial Reporting Standards
IASB	International Accounting Standards Board
Interpretations Committee	IFRS Interpretations Committee (formerly International Financial Reporting Interpretations Committee (IFRIC))
SIC	Standing Interpretations Committee

# Introduction

This publication contains an illustrative set of interim condensed consolidated financial statements for Good Group (International) Limited (the parent) and its subsidiaries (the Group) that is prepared in accordance with International Financial Reporting Standards (IFRS) for the six months ended 30 June 2023. These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Group's annual financial statements as at 31 December 2022. The Group is a fictitious, large publicly listed manufacturing company. The parent company is incorporated in a fictitious country in Europe. The presentation currency of the Group is the euro (€).

## Objective

This set of illustrative financial statements is one of many produced by EY to assist you in preparing your own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of entities across a wide variety of industries. Certain disclosures are included in these financial statements for illustrative purposes even though they may be regarded as items or transactions that are not material for Good Group.

### How to use these illustrative financial statements to prepare entity-specific disclosures

Users of this publication are encouraged to prepare entity-specific disclosures. Transactions and arrangements other than those applicable to the Group may require additional disclosures. It should be noted that the illustrative financial statements of the Group are not designed to satisfy any stock market or country-specific regulatory requirements, nor is this publication intended to reflect disclosure requirements that apply mainly to regulated or specialised industries.

Notations shown in the right-hand margin of each page are references to IFRS paragraphs that describe the specific disclosure requirements. Commentaries are provided to explain the basis for the disclosure or to address alternative disclosures not included in the illustrative financial statements. If questions arise as to the IFRS requirements, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

## Improving disclosure effectiveness

Terms such as 'disclosure overload' and 'cutting the clutter' and more precisely 'disclosure effectiveness', describe a problem in financial reporting that has become a priority issue for the International Accounting Standards Board (IASB or Board), local standard setters, and regulatory bodies. The growth and complexity of financial statement disclosure is also drawing significant attention from financial statement preparers, and most importantly, the users of financial statements.

Even though there is no formal definition of 'disclosure overload', from the different discussions and debates among stakeholders, two common themes have emerged, namely: financial statements structure and tailoring, including materiality.

Entities should consider using alternative structures that they may find more effective in permitting users to obtain the relevant information more easily. This may involve reorganising the notes according to their nature and perceived importance. By structuring the notes according to their nature and perceived importance, users may find it easier to extract the relevant information. An example of such an alternative structure for an annual set of financial statements is applied in [Good Group \(International\) Limited – An Alternative Format](#), which can be a useful tool for entities to explore ways to enhance the effectiveness of their financial statement disclosures. Entities may find that alternative structures provide enhanced disclosure effectiveness in their specific situation. Entities should carefully assess their entity-specific circumstances and the preferences of the primary users before deciding on a particular structure for the notes.

Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure, and inappropriate application of the concept may be another cause of the perceived disclosure overload problem. IFRS sets out a set of minimum disclosure requirements which, in practice, are too often complied with without consideration of the information's relevance for the specific entity. That is, if the transaction or item is immaterial to the entity, then it is not relevant to users of financial statements, in which case, IFRS does not require the item to be disclosed (IAS 34.23). If immaterial information is included in the financial statements, the amount of information may potentially reduce the transparency and usefulness of the financial statements as the material, and thus relevant information, loses prominence.

IFRS Practice Statement 2 *Making Materiality Judgements* provides practical guidance and examples that entities may find helpful when deciding whether information is material. The Practice Statement also provides guidance on how to make materiality judgements specific for interim reporting. Entities are encouraged to consider it when making materiality judgements.

## Improving disclosure effectiveness *continued*

As explained above, the primary purpose of these interim condensed consolidated financial statements is to illustrate how the most commonly applicable disclosure requirements in IAS 34 can be met. Therefore, they include disclosures that may, in practice, be deemed not material to Good Group. It is essential that entities consider their particular circumstances in determining which disclosures to include. These illustrative interim condensed consolidated financial statements are not intended to act as guidance for making the materiality assessment; they must always be tailored to ensure that an entity's financial statements reflect and portray its specific circumstances and its own materiality considerations. Only then will the financial statements provide decision-useful financial information.

Furthermore, entities should consider the requirements in IAS 34 when determining the materiality of the interim condensed consolidated financial statements for the purposes of deciding how to recognise, measure, classify, or disclose an item. The materiality judgements at interim dates may differ from those at year-end.

For more guidance on how to improve disclosure effectiveness, please refer to our publication, [Applying IFRS: Enhancing communication effectiveness](#) (February 2017).

### Illustrative financial statements

We provide a number of industry-specific illustrative financial statements and illustrative financial statements addressing specific circumstances that you may consider. The entire series of illustrative financial statements comprises:

- ▶ Good Group (International) Limited
- ▶ Good Group (International) Limited - *Alternative Format*
- ▶ Good Group (International) Limited - *Illustrative interim condensed consolidated financial statements*
- ▶ Good First-time Adopter (International) Limited
- ▶ Good Investment Fund Limited (Equity)
- ▶ Good Investment Fund Limited (Liability)
- ▶ Good Real Estate Group (International) Limited
- ▶ Good Mining (International) Limited
- ▶ Good Petroleum (International) Limited
- ▶ Good Bank (International) Limited
- ▶ Good Insurance (International) Limited
- ▶ Good Life Insurance (International) Limited
- ▶ Good General Insurance (International) Limited

### International Financial Reporting Standards (IFRS)

The abbreviation IFRS, defined in paragraph 5 of the *Preface to International Financial Reporting Standards*, includes "standards and interpretations approved by the IASB, and International Accounting Standards (IAS) and Standing Interpretations Committee interpretations issued under previous Constitutions". Thus, when financial statements are described as complying with IFRS, it means that they comply with the entire body of pronouncements sanctioned by the IASB. This includes the IAS, IFRS and Interpretations originated by the IFRS Interpretations Committee (formerly the SIC).

Paragraph 19 of IAS 34 confirms that an interim financial report must not be described as complying with IFRS unless it complies with all the requirements of IFRS. Thus, in the case of interim condensed financial statements such as these illustrative financial statements, the Group is not claiming compliance with IFRS as such, but rather, with the requirements of IAS 34.

### International Accounting Standards Board (IASB)

The IASB is the independent standard-setting body of the IFRS Foundation (an independent, not-for-profit private sector organisation working in the public interest). The IASB is responsible for the development and publication of IFRS, including the *International Financial Reporting Standard for Small and Medium-sized Entities*, and for approving interpretations of IFRS as developed by the IFRS Interpretations Committee.

In fulfilling its standard-setting duties, the IASB follows due process, of which the publication of consultative documents, such as discussion papers and exposure drafts, for public comment is an important component.

## The IFRS Interpretations Committee (Interpretations Committee)

The Interpretations Committee is a committee, appointed by the IFRS Foundation Trustees, that assists the IASB in establishing and improving standards in financial accounting and reporting standards for the benefit of users, preparers and auditors of financial statements.

The Interpretations Committee addresses issues of reasonably widespread importance, rather than issues of concern to only a small group of entities. These include newly identified financial reporting issues not addressed in IFRS. The Interpretations Committee also advises the IASB on issues to be considered in the annual improvements to IFRS project.

## IFRS as at 28 February 2023

As a general rule, these illustrative financial statements do not adopt standards or amendments before their effective date.

The standards applied in these interim condensed consolidated financial statements are those in issue as at 28 February 2023 and are effective for annual periods beginning on or after 1 January 2023. Entities with annual periods beginning after 1 January 2023 must consider the impact of new standards and interpretations and amendments that become effective after 1 January 2023, but before or at the beginning of the annual period of the entity. Users of this publication are advised to check that there has been no change in the requirements of IFRS between 28 February 2023 and the date on which their financial statements are authorised for issue. In particular, the IASB published the Exposure Draft *International Tax Reform—Pillar Two Model Rules* in January 2023, which proposes the introduction of a mandatory exception to IAS 12 *Income Taxes* that would be effective immediately upon issuance of the amendment. The issuance of final amendments resulting from the Exposure Draft is expected in the second quarter of 2023. In accordance with paragraph 30 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, specific disclosure requirements applicable to complete financial statements apply for standards and interpretations issued but not yet effective, which may serve as guidance for disclosures in interim condensed financial statements. Furthermore, if the financial year of an entity is other than the calendar year, new and revised standards applied in these interim condensed consolidated financial statements may not be applicable.

For an overview of the upcoming changes in standards and interpretations, please refer to our quarterly [IFRS Update](#) publication.

## Interim financial reporting

An interim financial report may contain either a complete set of financial statements (as described in IAS 1 *Presentation of Financial Statements*) or a condensed set of financial statements as described in IAS 34. This publication contains an illustrative set of interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023. These interim condensed consolidated financial statements assume that the Group only publishes half-year interim financial statements. If the Group issued quarterly interim financial statements, the second quarter information would include, in addition to the information included here, statements of profit or loss for the three months ended 30 June 2023 and 2022, irrespective of whether the Group presents a condensed or complete set of interim financial statements.

In these interim condensed consolidated financial statements, the Group presents the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows in the same format as the annual financial statements. An acceptable alternative would be to provide condensed primary statements, including a minimum of each of the headings and subtotals that were included in the most recent annual financial statements (IAS 34.10).

As the Group is not including the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'condensed', as per IAS 34.

## Disclosure of significant events and transactions

The disclosure requirements applicable to interim condensed financial statements are less prescriptive than those applicable to complete financial statements, but entities must include explanations of events and transactions that are necessary to provide an understanding of the changes in financial position and performance of the entity since the last annual reporting date (IAS 34.15). In a few cases, the requirements are the same as those for complete financial statements (e.g., full disclosure in respect of business combinations is required under IAS 34.16A(i)).

Examples of situations in which disclosures are required are provided in IAS 34, but the exact content and format of such disclosures must generally be determined by the reporting entity.

## Comparative information

Financial statements must include the comparable interim period of the previous financial year for the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows. A comparative statement of financial position must be provided as of the end of the preceding annual period. IAS 1 requires that complete financial statements include comparative information for disclosures provided outside the primary financial statements (i.e., in the notes). A similar explicit requirement is not applicable to interim condensed financial statements. Nevertheless, where an explanatory note is required by the standard (such as for inventory write-downs, impairment provisions or

segment revenues) or otherwise necessary to provide information about changes in the financial position and performance since the end of the last annual reporting period, it would be appropriate to provide information for each period presented. However, it would be unnecessary to provide comparative information if this repeats information that was reported in the notes to the most recent annual financial statements. Such an approach has been applied in these interim condensed financial statements.

## **Disclosure of required information outside the financial statements**

Paragraph 51 of IAS 1 requires each financial statement and the corresponding notes to be clearly identified. Paragraph 50 of IAS 1 requires that the financial statements and the notes are distinguished from other information included in an annual report or similar documents. These requirements are met by including all of the information required by IFRS in a separate document. Paragraph 16A of IAS 34 specifies the information required to be provided in the interim financial statements and explicitly allows some of the required disclosures to be presented elsewhere in the interim financial report.

Paragraph 16A of IAS 34 further clarifies that if disclosures are provided outside the interim financial statements elsewhere in the interim report, a cross-reference from the interim financial statements to the location of this information is required. Entities are required to make available the information incorporated by cross-reference on the same terms as the interim financial statements and at the same time. The Group has included all required disclosures in the notes to the interim financial statements; as such, the issue of cross-referencing is not relevant. However, entities that include required disclosures elsewhere in the interim financial report, must ensure that this information is made available to users at the same basis and at the same time as the interim financial statements. We also encourage entities to ensure that the cross-references are clear to users of the interim financial statements, for example, through separately identifiable headings and/or where possible, page number references.

## **Changes in 2023 edition of the interim condensed financial statements**

The 2023 *Good Group (International) Limited Illustrative interim condensed consolidated financial statements* differ from the 2022 edition due to new standards, interpretations and amendments becoming effective. The following amendments to standards have been illustrated as if they were applied for the first time in the 2023 interim financial period, resulting in consequential changes to the accounting policies and other note disclosures, where applicable:

- ▶ IFRS 17 *Insurance Contracts*
- ▶ *Definition of Accounting Estimates* - Amendments to IAS 8
- ▶ *Disclosure of Accounting Policies* - Amendments to IAS 1 and IFRS Practice Statement 2
- ▶ *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* - Amendments to IAS 12

Not all of these amendments impact the Group's interim condensed consolidated financial statements. If an amendment affects the Group, it is described together with the impact, in [Note 2](#) of these interim condensed consolidated financial statements.

## **Macroeconomic and geopolitical uncertainty**

In 2022, there has been significant commodity price volatility, high inflation, rising interest rates and increasing energy prices that have affected the current economic environment. The accounting issues that entities will need to pay special attention to as a result include, but are not limited to: impairment of assets; expected credit losses; pensions; determination of fair values; disclosures; and hyperinflation.

Where relevant, these accounting issues have been addressed in commentary throughout this publication. However, as the impact largely depends on the nature of an entity's business and the extent to which it has been affected, relevant accounting issues have not been illustrated in these interim condensed consolidated financial statements themselves.

Interim financial reporting presumes that users of the interim financial report also have access to its most recent annual financial report. Thus, an interim financial report should explain events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the previous annual reporting period and provide an update to the relevant information included in the financial statements of the previous year. Given the current economic environment, entities should consider whether additional disclosures are necessary to explain macroeconomic and geopolitical events and related transactions subsequent to the previous reporting period that are significant to their financial statements

The current macroeconomic and geopolitical environment affects the assumptions and estimation uncertainty associated with the measurement of assets and liabilities. Therefore, entities should carefully consider whether additional disclosures are necessary to help users of financial statements understand the impact of those uncertainties and corresponding judgements applied in the financial statements.

The purpose of the commentaries on macroeconomic and geopolitical uncertainty is to aid entities in making assessments as to the impact of current macroeconomic and geopolitical environment on recognition, measurement, presentation, and

disclosures. Entities should also consider the latest local guidance released in their jurisdiction along with other publications available on [ey.com/ifrs](https://ey.com/ifrs).

In most jurisdictions, the impacts of the Covid-19 pandemic are no longer pervasive and specific commentaries on potential impacts of the Covid-19 pandemic are not included in this publication. Entities that operate in jurisdictions where Covid-19 continues to have a significant impact should refer to previous editions for relevant commentaries.

## Climate-related matters

Efforts to reduce the society's impact on climate change have never been greater, and there is unprecedented pressure from stakeholders for entities to communicate clear commitments. Consequently, there is increasing pressure from both stakeholders and regulators to disclose the impact of climate change on entities' business models, cash flows, financial position and financial performance. Even though the immediate impact on the financial statements may not be quantitatively material, related disclosures may still be material from a qualitative perspective.

While IFRS accounting standards do not explicitly refer to climate-related matters, entities **must** consider them in applying IFRS, as there are a number of areas that may be impacted by climate-related considerations. Key areas that may be affected include: the useful life and residual value of assets; the impairment assessment of assets and goodwill; provisions and contingencies; disclosures; financial instruments; fair value measurement and the going concern assessment.

As climate risk is entity-specific, as well as being specific to sectors, and to some extent jurisdictions, illustrative disclosures and commentaries are not provided in this publication. Entities that are considering climate change in their financial statements should refer to our publication [Applying IFRS: Accounting for Climate Change \(Updated December 2022\)](#).

## Financial review by management

Many entities present a financial review by management that is outside the financial statements. IFRS does not require the presentation of such information, although paragraph 13 of IAS 1 gives a brief outline of what might be included in an annual report. IFRS Practice Statement 1, *Management Commentary* provides a broad non-binding framework for the presentation of a management commentary that relates to financial statements prepared in accordance with IFRS. If an entity decides to follow the guidance in the Practice Statement, management is encouraged to explain the extent to which the Practice Statement has been followed. A statement of compliance with the Practice Statement is only permitted if it is followed in its entirety. The content of a financial review by management is often determined by local market requirements or issues specific to a particular jurisdiction.

No financial review by management has been included for the Group.

### Commentary

Interim financial statements are generally not subject to an audit, unlike annual financial statements. Often interim financial statements are the subject of review; such review requirements may vary depending on the jurisdiction. It is common practice to state that the interim financial statements have not been audited by marking the title and/or parts of the interim financial statements 'unaudited', as illustrated, although this is not required under IAS 34.

This publication does not contain an illustrative report on the review of the interim condensed consolidated financial statements of Good Group (International) Limited because many jurisdictions require reporting under their specific requirements or standards and this publication is not intended to provide guidance on the application of specific requirements of individual jurisdictions.



# **Good Group (International) Limited**

**Unaudited interim condensed  
consolidated financial statements**

**30 June 2023**

# Interim condensed consolidated statement of profit or loss

for the six months ended 30 June

		2023	2022	
		Unaudited		
		€000	€000	
	Notes			
<b>Continuing operations</b>				
Revenue from contracts with customers	<a href="#">3</a>	88,465	72,092	IAS 1.49 IAS 1.10(b) IAS 1.10A IAS 1.51(c) IAS 1.81A IAS 34.10 IAS 34.20(b)
Rental income		770	715	
<b>Revenue</b>	<a href="#">4</a>	<b>89,235</b>	<b>72,807</b>	IAS 1.51(d),(e)
Cost of sales		(64,628)	(53,596)	IAS 1.82(a)
<b>Gross profit</b>		<b>24,607</b>	<b>19,211</b>	IAS 1.103
Other operating income		617	1,728	IAS 1.85, IAS 1.103
Selling and distribution expenses		(9,253)	(7,228)	IAS 1.103
Administrative expenses	<a href="#">3,7</a>	(11,118)	(9,334)	IAS 1.99, IAS 1.103
Other operating expenses	<a href="#">10, 11, 14</a>	(1,497)	(91)	IAS 1.99, IAS 1.103
<b>Operating profit</b>		<b>3,356</b>	<b>4,286</b>	IAS 1.85, IAS 1.BC55-56
Finance costs		(1,662)	(436)	IAS 1.82(b), IFRS 7.20, IFRS 16.49
Finance income		204	166	
Share of profit of an associate and a joint venture		366	329	IAS 1.82(c)
<b>Profit before tax from continuing operations</b>	<a href="#">4</a>	<b>2,264</b>	<b>4,345</b>	IAS 1.85
Income tax expense	<a href="#">8</a>	(389)	(1,194)	IAS 1.82(d), IAS 12.77
<b>Profit for the period from continuing operations</b>		<b>1,875</b>	<b>3,151</b>	IAS 1.85
<b>Discontinued operations</b>				
Profit/(loss) after tax for the period from discontinued operations	<a href="#">6</a>	619	(18)	IAS 1.82(ea) IFRS 5.33(a)
<b>Profit for the period</b>		<b>2,494</b>	<b>3,133</b>	IAS 1.81A(a)
Attributable to:				
Equity holders of the parent		2,447	3,072	IAS 1.81B(a)(ii)
Non-controlling interests		47	61	IAS 1.81B(a)(i)
		<b>2,494</b>	<b>3,133</b>	
Earnings per share (EPS):				
▶ Basic, profit for the period attributable to ordinary equity holders of the parent		€0.11	€0.15	IAS 33.66, IAS 34.11 IAS 33.69 IAS 34.11
▶ Diluted, profit for the period attributable to ordinary equity holders of the parent		€0.10	€0.14	
Earnings per share from continuing operations:				
▶ Basic, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.15	
▶ Diluted, profit from continuing operations attributable to ordinary equity holders of the parent		€0.08	€0.14	

## Commentary

IAS 1.10 suggests titles for the primary financial statements, such as 'Statement of profit or loss and other comprehensive income' or 'Statement of financial position'. However, entities are permitted to use other titles, such as 'Income statement' or 'Balance sheet'.

In an interim condensed financial statement, IAS 34 requires, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements. The Group has chosen to include not only this minimum, but all line items included in the 2021 annual financial statements. As the Group is not providing the full set of disclosures, as required in a complete set of financial statements, the interim financial statements of the Group are regarded as 'Condensed', as per IAS 34.

IAS 1.99 requires expenses to be analysed by the nature of the expense or by their function within the entity, whichever provides information that is reliable and more relevant. In line with its annual financial statements, the Group has presented the analysis of expenses by function. Our publication, [Good Group \(International\) Limited - December 2022](#), includes an appendix that illustrates a statement of profit or loss presented with an analysis of expenses by nature.

IFRS 15 *Revenue from Contracts with Customers*, paragraph 113(a) requires revenue recognised from contracts with customers to be disclosed separately from other sources of revenue, unless presented separately in the statement of comprehensive income. The Group has elected to present the revenue from contracts with customers as a line item in the statement of profit or loss separate from the other source of revenue.

IAS 33 *Earnings per Share*, paragraph 68 requires presentation of basic and diluted amounts per share for discontinued operations either in the statement of profit or loss or in the notes to the financial statements. The Group has elected to show this information with other disclosures required for discontinued operations in [Note 6](#) and to show the earnings per share information for continuing operations in the statement of profit or loss.

The Group has presented operating profit in the statement of profit or loss although not required by IAS 1. If disclosing operating profit, an entity needs to ensure that the amount disclosed is representative of activities that would normally be regarded as 'operating' and that it is relevant to the understanding of the financial statements.

The interim condensed consolidated financial statements have not been audited. To indicate to the users that the financial statements were not audited, the Group is marking each primary financial statements column as 'Unaudited'. While this may be considered best practice, there is no requirement in IFRS to do so.

IAS 1.82(c) requires 'Share of the profit or loss of associates and joint ventures accounted for using the equity method' to be presented in a separate line item on the face of the statement of profit or loss. In complying with this requirement, the Group combines the share of profit or loss from associates and joint ventures in one line item. Alternatively, two separate line items could be presented if it is considered relevant - one for associates and one for joint ventures. In addition, there is no explicit requirement as to where in the statement of income this line item should be shown, and different approaches can be seen in practice (i.e., either within or outside the operating profit).

IAS 1.82(ba) requires that the statement of profit or loss includes line items that present the impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with IFRS 9 *Financial Instruments*. The Group did not present its impairment losses determined in accordance with IFRS 9 separately in the statement of profit or loss as the amounts are not material. Furthermore, according to IAS 34.10, in interim condensed financial statements entities are allowed to combine lines required to be presented separately in the complete financial statements, as long as those condensed statements include, at a minimum, each of the headings and subtotals that were included in its most recent annual financial statements.

IFRS 16 *Leases*, paragraph 49 requires a lessee to present in the statement of profit or loss the interest expense on lease liabilities separately from the depreciation charge for the right-of-use assets. The interest expense on the lease liabilities is a component of finance costs, which IAS 1.82(b) requires to be presented separately in the statement of profit or loss. Consistent with this requirement, the Group presented interest expense on lease liabilities under 'Finance costs' and the depreciation charge on the right-of-use assets was included in the 'Cost of sales' and 'Administrative expenses'.

# Interim condensed consolidated statement of comprehensive income

For the six months ended 30 June

	2023	2022	
	<b>Unaudited</b>		
Notes	<b>€000</b>	<b>€000</b>	
			IAS 1.49
			IAS 1.10(b)
			IAS 1.51(c)
			IAS 1.81A
			IAS 34.10
			IAS 34.20(b)
			IAS 1.90
			IAS 1.51(d),(e)
			IAS 12.61A
<b>Profit for the period</b>	<b>2,494</b>	<b>3,133</b>	IAS 1.81A(a)
<b>Other comprehensive income</b>			IAS 1.82A
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net gain on hedge of net investment	192	90	IAS 21.32
Exchange differences on translation of foreign operations	(205)	(96)	IAS 21.52(b)
Net gain/(loss) on cash flow hedges	9	28	
Net gain on debt instruments at fair value through other comprehensive income	9	57	IFRS 7.20(a)(viii)
Share of other comprehensive income of an associate	9	–	IAS 1.82A(b)
<b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(245)</b>	<b>79</b>	IAS 1.82A
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net loss on equity instruments at fair value through other comprehensive income	(182)	(17)	IFRS 7.20(a)(vii)
Remeasurement gain/(loss) on defined benefit plans	(19)	132	IAS 19.120(c)
Revaluation of office properties in Euroland	–	592	IAS 19.122
Share of other comprehensive income of an associate	10	–	IAS 16.39
			IAS 1.82A(b)
<b>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax</b>	<b>(191)</b>	<b>707</b>	IAS 1.82A
<b>Other comprehensive income/(loss), net of tax</b>	<b>(436)</b>	<b>786</b>	IAS 1.81A(b)
<b>Total comprehensive income, net of tax</b>	<b>2,058</b>	<b>3,919</b>	IAS 1.81A(c)
Attributable to:			
Equity holders of the parent	2,011	3,858	IAS 1.81B(b)(ii)
Non-controlling interests	47	61	IAS 1.81B(b)(i)
	<b>2,058</b>	<b>3,919</b>	

## Commentary

The Group has elected in its annual financial statements to present two statements, a statement of profit or loss and a statement of comprehensive income, rather than a single statement of profit or loss and other comprehensive income combining the two elements. The selection between these two alternatives is a policy choice. Consistent with its annual financial statements, the Group presents the interim statement of profit or loss and other comprehensive income in two statements.

As the Group presents items of other comprehensive income net of the related tax effects in its annual financial statements, the same presentation applies to its interim financial statements. The Group has elected to provide additional information, not required by IAS 34, in the notes ([Note 9](#)) to present the amount of reclassification adjustments and current period gains or losses. If the Group changes its presentation policy, the items of other comprehensive income could be presented before the related tax effects, with the income tax relating to each item presented within the statement of comprehensive income. Alternatively, the total of the related income tax could be presented in the statement of comprehensive income with a breakdown disclosed in the notes (IAS 1.90-91).

IAS 1.82A requires that items that will be reclassified subsequently to profit or loss, when specific conditions are met, must be grouped on the face of the statement of comprehensive income. Similarly, items that will not be reclassified must also be grouped. Both IAS 1.82A and the Implementation Guidance further clarify that entities must present the share of the other comprehensive income items of associates and joint ventures accounted for using the equity method, in aggregate as single line items within the 'items that will be reclassified' and the 'items that will not be reclassified' groups. As at 30 June 2022, the Group's associate has financial assets at fair value through other comprehensive income (FVOCI) and an office building located in Euroland that is accounted for under the revaluation model. Consequently, the Group presents items of other comprehensive income related to the associate in two separate line items in the interim condensed consolidated statement of comprehensive income.

The Group has presented, under OCI, the gains and losses arising from cash flow hedges, including those related to foreign currency and commodity forward contracts that are hedges of forecast purchases of non-financial assets, that may be reclassified to profit or loss in subsequent periods. Under IFRS 9.6.5.11(d)(i), if a hedged forecast transaction subsequently results in the recognition of a non-financial asset, the entity must remove the amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset as a basis adjustment. IAS 1.96 states that reclassification adjustments do not arise if a cash flow hedge results in amounts that are removed from the cash flow hedge reserve or a separate component of equity and included directly in the initial cost or other carrying amount of an asset. However, other comprehensive income arising from a cash flow hedge of a future transaction of a non-financial item may not always result in a basis adjustment. These amounts might be reclassified to profit or loss in the case of a loss that is expected not to be partially or fully recovered (IFRS 9.6.5.11(d)(iii)), or if the future cash flows are no longer expected to occur (IFRS 9.6.5.12(b)). The Group decided to present other comprehensive income arising from cash flow hedges consistently with the requirements for items of other comprehensive income that may be reclassified subsequently to profit or loss when specified conditions are met. Please refer to [Note 12](#) for a more detailed discussion on hedging transactions that is included in the commentary on macroeconomic and geopolitical uncertainty.

# Interim condensed consolidated statement of financial position

As at

		30 June 2023	31 December 2022	
		Unaudited	Audited	
		€000	€000	
<b>Assets</b>				IAS 1.10(a),(f)
<b>Non-current assets</b>				IAS 1.49, IAS 1.51(c)
Property, plant and equipment	<a href="#">10</a>	39,056	32,979	IAS 1.51(d),(e)
Right-of-use assets		3,044	2,812	IAS 1.60
Investment properties		8,951	8,893	IAS 1.54(a)
Goodwill and intangible assets		4,990	6,019	IFRS 16.47
Investments in an associate and a joint venture		3,553	3,187	IAS 1.54(b)
Non-current financial assets	<a href="#">12</a>	4,284	3,761	IAS 1.54(c)
Deferred tax assets		693	383	IAS 1.54(e)
		<u>64,571</u>	<u>58,034</u>	IAS 1.54(d), IFRS 7.8
<b>Current assets</b>				IAS 1.54(o), IAS 1.56
Inventories	<a href="#">11</a>	22,831	26,375	IAS 1.60, IAS 1.66
Right of return assets		1,356	1,124	IAS 1.54(g)
Trade receivables		27,374	25,672	IFRS 15.B21
Contract assets		4,959	4,541	IAS 1.54(h), IFRS 15.105
Prepayments		208	244	IFRS 15.105
Other current financial assets	<a href="#">12</a>	753	551	IAS 1.55
Cash and short-term deposits	<a href="#">13</a>	15,819	17,114	IAS 1.54(d), IFRS 7.8
		<u>73,300</u>	<u>75,621</u>	IAS 1.54(i)
Assets held for sale	<a href="#">6</a>	–	13,554	IAS 1.54(j), IFRS 5.38
		<u>73,300</u>	<u>89,175</u>	
<b>Total assets</b>		<b>137,871</b>	<b>147,209</b>	
<b>Equity and liabilities</b>				
<b>Equity</b>				
Issued capital		21,888	21,888	IAS 1.54(r), IAS 1.78(e)
Share premium		4,780	4,780	
Treasury shares		(508)	(508)	
Other capital reserves		1,374	1,171	
Retained earnings		33,269	31,926	
Other components of equity		(1,078)	(621)	
Reserves of a disposal group held for sale	<a href="#">6</a>	–	46	
<b>Equity attributable to equity holders of the parent</b>		<b>59,725</b>	<b>58,682</b>	
Non-controlling interests		2,162	2,127	IAS 1.54(q)
<b>Total equity</b>		<b>61,887</b>	<b>60,809</b>	
<b>Non-current liabilities</b>				IAS 1.60
Interest-bearing loans and borrowings	<a href="#">12</a>	22,477	21,978	IAS 1.54(m)
Other non-current financial liabilities	<a href="#">12</a>	806	502	IAS 1.54(m), IFRS 7.8
Provisions	<a href="#">14</a>	1,557	1,898	IAS 1.54(l)
Government grants		2,164	3,300	IAS 20.24
Contract liabilities		1,138	2,962	IFRS 15.105
Net employee defined benefit liabilities		2,972	3,050	IAS 1.55, IAS 1.78(d)
Deferred tax liabilities		3,493	2,454	IAS 1.54(o), IAS 1.56
		<u>34,607</u>	<u>36,144</u>	
<b>Current liabilities</b>				IAS 1.60, IAS 1.69
Trade and other payables		22,385	16,969	IAS 1.54(k)
Contract liabilities		3,029	2,880	IFRS 15.105
Refund liabilities		6,430	6,242	IFRS 15.B21
Interest-bearing loans and borrowings	<a href="#">12</a>	2,759	2,811	IAS 1.54(m), IFRS 7.8(g)
Other current financial liabilities	<a href="#">5, 12</a>	2,234	3,257	IAS 1.54(m), IFRS 7.8
Government grants		400	149	IAS 1.55, IAS 20.24
Income tax payable		3,337	3,511	IAS 1.54(n)
Provisions	<a href="#">14</a>	803	902	IAS 1.54(l)
Dividends payable	<a href="#">18</a>	–	410	
		<u>41,377</u>	<u>37,131</u>	
Liabilities directly associated with the assets held for sale	<a href="#">6</a>	–	13,125	IAS 1.54(p), IFRS 5.38
		<u>41,377</u>	<u>50,256</u>	
<b>Total liabilities</b>		<b>75,984</b>	<b>86,400</b>	
<b>Total equity and liabilities</b>		<b>137,871</b>	<b>147,209</b>	

## Commentary

IAS 1.54(e) requires investments accounted for using the equity method to be presented as a separate line item in the statement of financial position, if material. In complying with this requirement, the Group has combined the investments in an associate and a joint venture in one line. Alternatively, two separate line items could be presented if it is considered relevant - one for associates and one for joint ventures.

Consistent with its annual financial statements, the Group has presented separate classifications on the face of the interim condensed consolidated statement of financial position for current and non-current assets and current and non-current liabilities. IAS 1.60 requires entities to present assets and liabilities in the order of their liquidity when this provides information that is reliable and more relevant.

Under IAS 1.10(f) and IAS 1.40A, an entity is required to present an opening statement of financial position (third balance sheet) when it changes its accounting policies, makes retrospective restatements or reclassifications, and that change has a material effect on the statement of financial position. However, as indicated in IAS 1.40C, the related notes to support the third balance sheet are not required, nor are additional statements of profit or loss and other comprehensive income, changes in equity or cash flows. Unless an entity presents a complete set of financial statements under IAS 34.9, there is no requirement to present a third balance sheet in the interim financial statements. Thus, as the Group applies the condensed format defined in IAS 34.8, there is no requirement to include a third balance sheet even if it had made retrospective restatements in the interim period. Where an entity believes that it is helpful to explain the effect of the retrospective restatements in its interim condensed financial statements, it may voluntarily present an additional third balance sheet.

If the amounts differ from the amounts in the 2022 financial statements on which the Group's auditor previously reported, the 31 December 2022 condensed consolidated statement of financial position should be labelled 'Unaudited'. In the case where an entity had already filed revised prior year audited financial statements with the appropriate regulatory body and the auditor had issued an opinion thereon, it would not be appropriate to label the statement of financial position as 'Unaudited'.

The Group presented 'Contract assets' and 'Contract liabilities' in the statement of financial position using the terminology from IFRS 15. IFRS 15.109 allows an entity to use alternative descriptions. However, it must disclose sufficient information so that users of the financial statements can clearly distinguish a receivable, which is an unconditional right to receive consideration from a contract asset.

IFRS 15.B25 requires an entity to present a refund liability separately from the corresponding asset (on a gross basis, rather than a net basis). The Group presented 'Right of return assets' and 'Refund liabilities' separately in the statement of financial position.

IFRS 16.47 requires a lessee to either present in the statement of financial position, or disclose in the notes, the right-of-use assets separately from other assets and lease liabilities separately from other liabilities. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee is required to include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned (e.g., under property, plant and equipment) and disclose which line items in the statement of financial position include those right-of-use assets. Similarly, if the lessee does not present lease liabilities separately in the statement of financial position, the lessee is required to disclose the line items in the statement of financial position which include those liabilities. The Group presented its 'Right-of-use assets' separately in the statement of financial position. The related lease liabilities were presented in the line item 'Interest-bearing loans and borrowings'.

Under IFRS 16.48, right-of-use assets that meet the definition of investment property are required to be presented in the statement of financial position as investment property. The Group does not have right-of-use assets that meet the definition of investment property.

# Interim condensed consolidated statement of changes in equity

For the six months ended 30 June 2023

	Attributed to equity holders of the parent													
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Reserve of disposal group held for sale	Total	Non-controlling interests	Total equity	
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
<b>As at 1 January 2023</b>	21,888	4,780	(508)	1,171	31,842	(580)	(114)	(469)	542	46	58,598	2,127	60,725	IAS 1.10(c) IAS 1.49 IAS 1.51(b)(c) IAS 34.10 IAS 34.20(c) IAS 1.106(d) IAS 1.51(d),(e)
Profit for the period	–	–	–	–	2,447	–	–	–	–	–	2,447	47	2,494	IAS 1.106(d)(xi)
Other comprehensive income	–	–	–	–	(19)	(238)	(176)	(13)	10	–	(436)	–	(436)	IAS 1.106(d)(xii)
<b>Total comprehensive income</b>	–	–	–	–	2,428	(238)	(176)	(13)	10	–	2,011	47	2,058	IAS 1.106(a)
Depreciation transfer for office properties in Euroland	–	–	–	–	40	–	–	–	(40)	–	–	–	–	IAS 1.96
Share-based payments (Note 15)	–	–	–	203	–	–	–	–	–	–	203	–	203	IAS 1.106(d)(xiii) IFRS 2.50
Dividends (Note 18)	–	–	–	–	(1,087)	–	–	–	–	–	(1,087)	–	(1,087)	IAS 1.107
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	–	(12)	(12)	IAS 1.106(d)(xii)
Transfer of reserve of disposal group held for sale upon disposal	–	–	–	–	46	–	–	–	–	(46)	–	–	–	
<b>At 30 June 2023 (unaudited)</b>	<b>21,888</b>	<b>4,780</b>	<b>(508)</b>	<b>1,374</b>	<b>33,269</b>	<b>(818)</b>	<b>(290)</b>	<b>(482)</b>	<b>512</b>	<b>–</b>	<b>59,725</b>	<b>2,162</b>	<b>61,887</b>	



# Interim condensed consolidated statement of changes in equity *continued*

For the six months ended 30 June 2022

	Attributed to equity holders of the parent												
	Issued capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Fair value reserve of financial assets at FVOCI	Foreign currency translation reserve	Asset revaluation surplus	Total	Non-controlling interests	Total equity	
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	
<b>As at 1 January 2022</b>	19,388	80	(654)	864	26,135	(245)	2	(444)	–	45,126	457	48,841	IAS 1.51(b),(c) IAS 1.10(c) IAS 34.10 IAS 34.20(c) IAS 1.49 IAS 1.106(d) IAS 1.51(d),(e)
Profit for the period	–	–	–	–	3,072	–	–	–	–	3,072	61	3,133	IAS 1.106(d)(xi)
Other comprehensive income	–	–	–	–	132	28	40	(6)	592	786	–	786	IAS 1.106(d)(ii)
<b>Total comprehensive income</b>	–	–	–	–	3,204	28	40	(6)	592	3,858	61	3,919	IAS 1.106(a)
Depreciation transfer for office properties in Euroland	–	–	–	–	40	–	–	–	(40)	–	–	–	IAS 1.96
Issue of share capital	2,500	4,703	–	–	–	–	–	–	–	7,203	–	7,203	IAS 1.106(d)(iii)
Transaction costs related to issue of share capital	–	(32)	–	–	–	–	–	–	–	(32)	–	(32)	IAS 32.39, IAS 1.109
Share-based payments (Note 15)	–	–	–	150	–	–	–	–	–	150	–	150	IAS 1.106(d)(iii) IFRS 2.50
Dividends (Note 18)	–	–	–	–	(1,082)	–	–	–	–	(1,082)	–	(1,082)	IAS 1.107
Dividends paid to non-controlling interest	–	–	–	–	–	–	–	–	–	–	(20)	(20)	IAS 1.106(d)(iii)
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	1,547	1,547	IAS 1.106(d)(iii)
<b>At 30 June 2022 (unaudited)</b>	<b>21,888</b>	<b>4,751</b>	<b>(654)</b>	<b>1,014</b>	<b>28,297</b>	<b>(217)</b>	<b>42</b>	<b>(450)</b>	<b>552</b>	<b>55,223</b>	<b>2,045</b>	<b>57,268</b>	

## Commentary

For equity-settled share-based payment transactions, paragraph 7 of IFRS 2 *Share-based Payment* requires entities to recognise an increase in equity when goods or services are received. However, IFRS 2 does not specify where in equity it should be recognised. The Group has chosen to recognise the credit in other capital reserves.

Paragraph 35 of IAS 32 *Financial Instruments: Presentation* requires transaction costs of an equity transaction to be accounted for as a deduction from equity, but does not specify where in equity it should be recognised. The Group has chosen to recognise the charge as a reduction of share premium.

According to IAS 1.106(d), a reconciliation between the carrying amount at the beginning and end of the period, separately disclosing changes resulting from profit or loss, other comprehensive income, and transactions with owners must be presented for each component of equity. The Group provides this reconciliation for total other comprehensive income on a more granular basis, presenting some of the components of other comprehensive income as separate columns. Alternatively, the Group could have presented the total other comprehensive income as one component of equity only.

IAS 1.106A requires an entity to present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item. However, IAS 34 does not require this additional information in interim condensed financial statements. The Group provides additional information in [Note 9](#) for line items that are significant to the understanding of the financial statements (given the materiality of the amounts, it is debatable whether the disclosures provided in [Note 9](#) are required, but for the purpose of these illustrative financial statements, they have been included). For items that are not considered material, the Group has concluded that such additional information would not be useful.

Amounts presented as change in 'Asset revaluation surplus' and 'Fair value reserve of financial assets at FVOCI' include a share of the other comprehensive income of the associate, which relates to the revaluation of an office building in Euroland and the remeasurement of financial assets at FVOCI. While IAS 1 specifically requires that entities must present the share of the other comprehensive income items of their equity method investees, in aggregate, as a single line items within the 'items that will be reclassified' and the 'items that will not be reclassified' groups in the other comprehensive income section, IAS 28 *Investments in Associates and Joint Ventures*, IAS 1 and IFRS 12 *Disclosure of Interests in Other Entities* do not provide guidance on the presentation of accumulated shares of other comprehensive income of equity-accounted investees by the investor. The *Guidance on implementing IAS 1* contains an example in which the accumulated property, plant and equipment revaluation gain is included in the revaluation surplus of the investor. Good Group applies similar presentation of accumulated items of other comprehensive income of its associate. However, as current IFRS does not have specific requirements, other presentation approaches may also be acceptable.

# Interim condensed consolidated statement of cash flows

## For the six months ended 30 June

		2023	2022	
		Unaudited		
Notes	€000	€000		
<b>Operating activities</b>				
Profit before tax from continuing operations		2,264	4,345	
Profit/(loss) before tax from discontinued operations	<a href="#">6</a>	890	(30)	
Profit before tax		3,154	4,315	
Adjustments to reconcile profit before tax to net cash flows:				IAS 7.20(b)
Depreciation and impairment of property, plant and equipment and right-of-use assets		1,282	1,449	
Amortisation and impairment of goodwill and intangible assets		1,614	70	
Fair value adjustment of a contingent consideration	<a href="#">12</a>	53	–	
Fair value adjustment of investment properties		(58)	–	
Share-based payment expense	<a href="#">15</a>	203	150	
Gain on disposal of property, plant and equipment	<a href="#">10</a>	(53)	(5)	
Gain on disposal of discontinued operations	<a href="#">6</a>	(885)	–	
Reversal of restructuring provision	<a href="#">14</a>	(266)	–	
Finance income		(204)	(166)	IAS 7.20(c)
Finance costs		1,662	436	IAS 7.20(c)
Other expense	<a href="#">11</a>	700	567	
Share of net profit of an associate and a joint venture		(366)	(329)	
Movements in provisions, pensions and government grants		(1,047)	(252)	
Net foreign exchange differences		303	(283)	IAS 21.52(a)
Working capital adjustments:				IAS 7.20(a)
Increase in trade receivables, contract assets and prepayments		(2,084)	(2,147)	
Decrease in inventories and right of return assets		3,312	1,312	
Increase in trade and other payables, contract liabilities and refund liabilities		4,270	1,797	
		11,590	6,914	
Settlement of contingent consideration of business combination	<a href="#">12</a>	(411)	–	IAS 7.12
Interest received		250	319	IAS 7.31
Interest paid		(596)	(424)	IAS 7.31
Income tax paid		(774)	(846)	IAS 7.35
<b>Net cash flows from operating activities</b>		<b>10,059</b>	<b>5,963</b>	
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment	<a href="#">10</a>	1,352	1,415	IAS 7.10, IAS 7.21 IAS 7.16(b)
Proceeds from sale of discontinued operations, net of cash disposed	<a href="#">6</a>	515	–	IAS 7.39
Purchase of property, plant and equipment	<a href="#">10</a>	(4,087)	(1,320)	IAS 7.16(a)
Acquisition of a subsidiary, net of cash acquired	<a href="#">5</a>	(5,929)	(370)	IAS 7.39
Settlement of contingent consideration of business combination	<a href="#">12</a>	(714)	–	IAS 7.16, IAS 7.39, IAS 7.12
Currency forward contracts paid		(1,061)	–	IAS 7.16(g)
Loan to an associate		(50)	–	IAS 7.16(e)
<b>Net cash flows used in investing activities</b>		<b>(9,974)</b>	<b>(275)</b>	

# Interim condensed consolidated statement of cash flows *continued*

## For the six months ended 30 June

		2023	2022	
		Unaudited		
	Notes	€000	€000	
<b>Financing activities</b>				IAS 1.49
Proceeds from loans	<a href="#">12</a>	1,582	2,559	IAS 1.51(c)
Repayment of loans	<a href="#">12</a>	(1,253)	(108)	IAS 34.20(d)
Payment of lease liabilities	<a href="#">12</a>	(312)	(288)	IAS 1.10(d)
Transaction costs of issue of shares		–	(32)	IAS 1.51(d),(e)
Dividend paid to equity holders of the parent	<a href="#">18</a>	(1,497)	(1,082)	IAS 7.10, IAS 7.21
Dividend paid to non-controlling interests	<a href="#">18</a>	(12)	(20)	IAS 7.17(c)
<b>Net cash flows (used in)/from financing activities</b>		<b>(1,492)</b>	<b>1,029</b>	IAS 7.17(d)
Net (decrease)/increase in cash and cash equivalents		(1,407)	6,717	IFRS 16.50
Net foreign exchange difference		(373)	266	IAS 7.17(a)
Cash and cash equivalents at 1 January		16,699	8,024	IAS 7.31
<b>Cash and cash equivalents at 30 June</b>	<a href="#">13</a>	<b>14,919</b>	<b>15,007</b>	IFRS 12.B10(a)

### Commentary

Paragraph 18 of IAS 7 *Statement of Cash Flows* allows entities to report cash flows from operating activities using either the direct method or the indirect method. The Group presents its cash flows using the indirect method. Our publication, [Good Group \(International\) Limited - Illustrative financial statements for the year ended 31 December 2022](#), includes an appendix that illustrates the presentation of the statement of cash flows using the direct method.

The Group has reconciled profit before tax to net cash flows from operating activities. However, a reconciliation from profit after tax is also acceptable under IAS 7 *Statement of Cash Flows*.

IAS 7 permits interest paid to be shown as an operating or financing activity and interest received to be shown as an operating or investing activity, as deemed relevant for the entity. Interest paid (including the interest on lease liabilities) is classified as an operating activity as the Group considers this to relate directly to the cost of operating the business. Interest received is also considered an operating activity by the Group.

IFRS 16.50 requires that in the statement of cash flows, a lessee classifies: cash payments for the principal portion of the lease liability within financing activities; cash payments for the interest portion of the lease liability applying the requirements in IAS 7 for interest paid (i.e., IAS 7.31-33); and short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities. Non-cash activity (e.g., the initial recognition of the lease at commencement) is required to be disclosed as a supplemental non-cash item in accordance with IAS 7.43.

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# Notes to the interim condensed consolidated financial statements

## 1. Corporate information

The interim condensed consolidated financial statements of Good Group (International) Limited and its subsidiaries (collectively, the Group) for the six months ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 9 August 2023.

IAS 10.17

Good Group (International) Limited (the Company) is a limited company, incorporated and domiciled in Euroland, whose shares are publicly traded. The registered office is located at Fire House, Ashdown Square in Euroville. The Group is principally engaged in the provision of fire prevention and electronic equipment and services and the management of investment property.

IAS 1.138(a)  
IAS 1.138(b)

### Commentary

There is no explicit requirement in IAS 34 to include corporate information in a condensed set of interim financial statements, as is required in a complete set of financial statements under IAS 1. However, it is good practice to disclose such information to provide users insights into the specifics of the reporting entity and its business.

## 2. Basis of preparation and changes to the Group's accounting policies

### 2.1. Basis of preparation

IAS 34.19

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022.

### Commentary

IAS 34.19 clarifies that an interim financial report must not be described as complying with IFRS unless it complies with all of the requirements of IFRS. In these interim condensed consolidated financial statements, the Group is not claiming compliance with IFRS in its entirety, but rather, with the requirements of IAS 34. If a complete set of interim financial statements was provided complying with all requirements of IFRS, entities may be able to include in their compliance statement, with reference to IFRS as issued by the IASB, in addition to IAS 34.

A statement that the financial statements are prepared on a going-concern basis is not a requirement of IFRS. However, it is required by regulators in certain jurisdictions and may be considered a "best practice" disclosure. The Group has decided to disclose the basis of preparation for these reasons.

Entities should consider whether there is any impact of climate-related matters on their going concern assessment. Climate-related matters may create material uncertainties related to events or conditions that cast significant doubt upon an entity's ability to continue as a going concern.

### Commentary on macroeconomic and geopolitical uncertainty

When making the going concern assessment, management takes into consideration the existing and anticipated effects of the current macroeconomic and geopolitical uncertainties on the entity's activities. IAS 34.15 requires an entity to include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Also, an entity is required to include explanations regarding the nature and amount of items that are unusual because of their nature, size or incidence. Information disclosed in relation to those events and transactions should also update the relevant information presented in the most recent annual financial report.

IAS 34.15B includes a number of required disclosures as well as a non-exhaustive list of events and transactions for which disclosures would be required if they are significant. For example, where significant, an entity needs to disclose changes in the business or economic circumstances that affect the fair value of its financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost. An entity is also required to disclose any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period. Similarly, transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments should be disclosed if significant.

# Notes to the interim condensed consolidated financial statements

Although IAS 34 does not contain a detailed requirement to include sensitivity disclosures, if the range of reasonably possible changes in key assumptions has significantly changed since the end of the last annual reporting period, an update of relevant sensitivity disclosures may be required.

IAS 34.15A notes that a user of an entity's interim financial report will have access to the most recent annual financial report of that entity. Therefore, it is unnecessary for the notes to an interim financial report to provide relatively insignificant updates to the information that was reported in the notes in the most recent annual financial report. However, as many entities will be impacted by the current macroeconomic and geopolitical uncertainty, information in their last annual financial report may have changed significantly and, thus, entities may need to provide updated information in their interim financial reporting.

While other standards specify disclosures required in a complete set of financial statements, if an entity's interim financial report includes only condensed financial statements as described in IAS 34.10, then the disclosures required by those other standards are not mandatory. However, if disclosure is considered to be necessary in the context of an interim report, those other standards provide guidance on the appropriate disclosures for many of these items.

## 2.2. New standards, interpretations and amendments adopted by the Group

IAS 34.16A(a)

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### Commentary

The Group has prepared and presented interim condensed consolidated financial statements. IAS 34 requires an entity to include a 'description of the nature and effect of changes in accounting policies' and disclosure of 'the nature and amount of changes in estimates of amounts reported in prior periods'. When determining how to best meet the requirement to disclose the 'nature and effect' in interim condensed financial statements, the more specific requirements applicable to annual financial statements may be considered in the assessment of how to best disclose the nature and effect of the new standards (e.g., applying IAS 8.28).

These interim condensed consolidated financial statements include the disclosures required under IAS 8.28. Some of the changes described may not be material to the Group, but were provided for illustrative purposes. Entities will need to exercise judgement in determining the level of disclosures to include. The extent of disclosures will generally be proportionate to the actual impact of the standard on initial application. The expectations of local regulators on the level of detail in the disclosures must also be taken into account.

## IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 *Insurance Contracts* that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- ▶ A specific adaptation for contracts with direct participation features (the variable fee approach)
- ▶ A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments had no impact on the Group's interim condensed consolidated financial statements.

# Notes to the interim condensed consolidated financial statements

## 2. Basis of preparation and changes to the Group's accounting policies *continued*

### 2.2. New standards, interpretations and amendments adopted by the Group *continued*

#### Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

#### Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

#### Commentary

The amendments to IAS 1 and Practice Statement 2 relate to disclosures of accounting policies in complete financial statements, and thus, unless an entity prepares complete financial statements in interim periods, the amendments generally do not impact interim reporting. Determining whether accounting policy information is material will require significant use of judgement and is expected to result in additional efforts, in particular, in the process of preparing the annual financial statements in the year of adoption of the amendments. For further information, please refer to our publication [Applying IFRS: Disclosure of accounting policy information](#).

#### Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

#### Commentary

Generally, an entity may choose only to comment on those amendments that directly impact the interim condensed financial statements. Alternatively, an entity may choose to provide disclosures on amendments to IFRS that have no impact on the interim condensed financial statements, but are expected to impact the annual financial statements. When considering the impact to the financial statements, IAS 8.28 indicates that an entity should consider whether the amendment might impact future periods.

In some jurisdictions, the adoption of IFRS for reporting purposes may be subject to a specific legal process or endorsement mechanisms (e.g., in the European Union (EU) or Australia). In such jurisdictions, the effective dates may therefore differ from the IASB's effective dates.

IAS 8.30 requires entities to disclose in a complete set of financial statements those standards that have been issued but are not yet effective and to provide known or reasonably estimable information to enable users to assess the possible impact of the application of such IFRSs on an entity's financial statements. There is no similar requirement for the interim condensed financial statements. However, IAS 34 requires updates of relevant information presented and disclosed in the most recent annual financial statements. Good Group has chosen not to disclose those standards that have been issued but are not yet effective in its interim financial statements.

For specific guidance on applying IFRS 17 in interim financial statements, including in the year of transition to the standard, see our publication [Interim reporting and IFRS 17](#). For detailed illustrative disclosures of the requirements of IFRS 17, see [Good Life Insurance \(International\) Limited](#) and [Good General Insurance \(International\) Limited](#).



# Notes to the interim condensed consolidated financial statements

## 3. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

IAS 34.16A(i)  
IFRS 15.114-115

<b>For the six months ended 30 June 2023</b>			
<b>Segments</b>	<b>Fire prevention equipment</b>	<b>Electronics</b>	<b>Total</b>
<b>Type of goods or service</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Sale of fire prevention equipment	42,492	–	<b>42,492</b>
Sale of electronic equipment	–	37,395	<b>37,395</b>
Installation services	8,578	–	<b>8,578</b>
<b>Total revenue from contracts with customers</b>	<b>51,070</b>	<b>37,395</b>	<b>88,465</b>
<b>Geographical markets</b>			
Euroland	36,291	26,573	<b>62,864</b>
United States	14,779	10,822	<b>25,601</b>
<b>Total revenue from contracts with customers</b>	<b>51,070</b>	<b>37,395</b>	<b>88,465</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	42,492	37,395	<b>79,887</b>
Services transferred over time	8,578	–	<b>8,578</b>
<b>Total revenue from contracts with customers</b>	<b>51,070</b>	<b>37,395</b>	<b>88,465</b>
<b>For the six months ended 30 June 2022</b>			
<b>Segments</b>	<b>Fire prevention equipment</b>	<b>Electronics</b>	<b>Total</b>
<b>Type of goods or service</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Sale of fire prevention equipment	41,941	–	<b>41,941</b>
Sale of electronic equipment	–	22,058	<b>22,058</b>
Installation services	8,093	–	<b>8,093</b>
<b>Total revenue from contracts with customers</b>	<b>50,034</b>	<b>22,058</b>	<b>72,092</b>
<b>Geographical markets</b>			
Euroland	35,104	15,476	<b>50,580</b>
United States	14,930	6,582	<b>21,512</b>
<b>Total revenue from contracts with customers</b>	<b>50,034</b>	<b>22,058</b>	<b>72,092</b>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	41,941	22,058	<b>63,999</b>
Services transferred over time	8,093	–	<b>8,093</b>
<b>Total revenue from contracts with customers</b>	<b>50,034</b>	<b>22,058</b>	<b>72,092</b>

The Group recognised impairment losses on receivables and contract assets arising from contracts with customers, included under Administrative expenses in the statement of profit or loss, amounting to €77,000 and €68,000 for the six months ended 30 June 2023 and 2022, respectively.

IFRS 15.113(b)

# Notes to the interim condensed consolidated financial statements

## 3. Revenue from contracts with customers *continued*

Set out below, is the reconciliation of the revenue from contracts with customers with the amounts disclosed in IFRS 15.115 the segment information (see Note 4):

	For the six months ended 30 June			
	2023		2022	
	Fire prevention equipment	Electronics	Fire prevention equipment	Electronics
Revenue	€000	€000	€000	€000
External customer	70,925	37,395	86,605	22,058
Inter-segment	–	1,845	–	4,094
	70,925	39,240	86,605	26,152
Adjustments and eliminations	(19,855)	(1,845)	(36,571)	(4,094)
<b>Total revenue from contracts with customers</b>	<b>51,070</b>	<b>37,395</b>	<b>50,034</b>	<b>22,058</b>

### Commentary

IAS 34.16A(l) requires disclosure of disaggregated revenue information, consistent with the requirement included in IFRS 15.114-115.

The Group presented disaggregated revenue based on the type of goods or services provided to customers, the geographical region, and the timing of transfer of goods and services. Entities will need to make this determination based on entity-specific and/or industry-specific factors that would be most meaningful to their business.

The Group presented a reconciliation of the disaggregated revenue with the revenue information disclosed for each reportable segment. Other entities may find it appropriate to provide disaggregated revenue information within the segment reporting disclosures.

# Notes to the interim condensed consolidated financial statements

## 4. Segment information

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2023 and 2022, respectively:

Six months ended 30 June 2023	Fire prevention equipment €000	Electronics €000	Investment properties €000	Total segments €000	Adjustments and eliminations €000	Consolidated €000	
<b>Revenue</b>							
External customer	70,925	37,395	770	109,090	(19,855)	89,235	IAS 34.16A(g)(xi)
Inter-segment	–	1,845	–	1,845	(1,845)	–	IAS 34.16A(g)(xii)
<b>Total revenue</b>	<b>70,925</b>	<b>39,240</b>	<b>770</b>	<b>110,935</b>	<b>(21,700)</b>	<b>89,235</b>	
<b>Results</b>							
<b>Segment profit</b>	<b>1,038</b>	<b>2,989</b>	<b>164</b>	<b>4,191</b>	<b>(1,927)</b>	<b>2,264</b>	IAS 34.16A(g)(xiii)
<b>Six months ended 30 June 2022</b>							
Six months ended 30 June 2022	Fire prevention equipment €000	Electronics €000	Investment properties €000	Total segments €000	Adjustments and eliminations €000	Consolidated €000	
<b>Revenue</b>							
External customer	86,605	22,058	715	109,378	(36,571)	72,807	IAS 34.16A(g)(xi)
Inter-segment	–	4,094	–	4,094	(4,094)	–	IAS 34.16A(g)(xii)
<b>Total revenue</b>	<b>86,605</b>	<b>26,152</b>	<b>715</b>	<b>113,472</b>	<b>(40,665)</b>	<b>72,807</b>	
<b>Results</b>							
<b>Segment profit</b>	<b>3,375</b>	<b>1,330</b>	<b>176</b>	<b>4,881</b>	<b>(536)</b>	<b>4,345</b>	IAS 34.16A(g)(xiii)

The following table presents assets and liabilities information for the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively:

	Fire prevention equipment €000	Electronics €000	Investment properties €000	Total segments €000	Adjustments and eliminations €000	Consolidated €000	
<b>Assets</b>							
30 June 2023	65,809	50,482	16,978	133,269	4,602	137,871	IAS 34.16A(g)(xiv)
31 December 2022	68,163	44,814	18,467	131,444	15,765	147,209	
<b>Liabilities</b>							
30 June 2023	30,371	7,002	4,234	41,607	34,377	75,984	IAS 34.16A(g)(xiv)
31 December 2022	27,776	7,252	4,704	39,732	46,668	86,400	

# Notes to the interim condensed consolidated financial statements

## 4. Segment information *continued*

### Commentary

IAS 34.16A(g)(iv) requires disclosure of total assets and total liabilities where there has been a material change from the total assets and total liabilities disclosed in the last annual consolidated financial statements, if this information is provided to the chief operating decision maker (CODM) on a regular basis. To fulfil this requirement, the Group has disclosed segment assets and liabilities at the end of the current period and at the end of the most recent annual financial year.

The Group has disposed of an entire operating segment in February 2023. IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* clarifies that requirements of other standards do not apply to discontinued operations, unless they specify disclosures applicable to them. IFRS 8 *Operating Segments* does not require such disclosures. Therefore, the Group has not provided segment disclosures for the discontinued operations. If an entity believes that segment disclosures about a discontinued operations will be relevant, it may do so.

The Group's CODM regularly reviews the segment information related to the joint venture based on its proportionate share of revenue, profits, assets and liabilities to make decisions about resources to be allocated to the segment and assess its performance. However, as required by IFRS 11 *Joint Arrangements*, the Group's interest in the joint venture is accounted for in the interim condensed consolidated financial statements using the equity method. The eliminations arising on account of differences between proportionate consolidation and the equity method are included under 'Adjustments and eliminations'.

### Adjustments and eliminations

IFRS 8.28

Finance income, finance costs, taxes and fair value gains and losses on certain financial assets and liabilities are not allocated to individual segments as these are managed on an overall group basis. These are included in adjustments and eliminations in the segment disclosures.

Reconciliation of profit	For six months ended 30 June		IAS 34.16A(g)(vi)
	2023	2022	
	€000	€000	
<b>Segment profit</b>	<b>4,191</b>	<b>4,881</b>	
Finance income	204	166	
Finance costs	(1,662)	(436)	
Inter-segment profit/(elimination)	(469)	(266)	
<b>Profit before tax and discontinued operations</b>	<b>2,264</b>	<b>4,345</b>	

### Seasonality of operations

IAS 34.16A(b)

The electronics segment is a supplier of electronic equipment for defence, aviation, electrical safety markets and consumer electronic equipment for home use. It offers products and services in the areas of electronics, safety, thermal and electrical architecture. Due to the seasonal nature of this segment, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased demand for aviation electronic equipment during the peak holiday season, as well as in December, due to increased demand for electronic equipment from private customers. This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with IAS 34.

### Commentary

The business of the Group is seasonal and, therefore, the interim condensed financial statements include disclosure under IAS 34.16A(b). However, the business is not regarded as highly seasonal. Therefore, the additional disclosure of financial information for the twelve months up to the end of the interim period and comparative information for the prior twelve-month period, encouraged in IAS 34.21, are not provided. If the business was regarded as 'highly seasonal', these additional disclosures are recommended.

# Notes to the interim condensed consolidated financial statements

## 5. Business combinations

IAS 34.16A(i)

### Acquisition of Electra Limited

On 1 June 2023, the Group acquired 100% of the voting shares of Electra Limited (Electra), an unlisted company based in Euroland that specialises in the manufacture of electronic equipment. The Group has acquired Electra because it expands both its existing product portfolio and customer base. The acquisition has been accounted for using the acquisition method. The interim condensed consolidated financial statements include the results of Electra for the one month period from the acquisition date.

IFRS 3.59  
IFRS 3.B64(a)  
IFRS 3.B64(b)  
IFRS 3.B64(c)  
IFRS 3.B64(d)

The fair values of the identifiable assets and liabilities of Electra as at the date of acquisition were:

	<b>Fair value recognised on acquisition</b>	
	<b>€000</b>	IFRS 3.B64(i), (f)
<b>Assets</b>		
Property, plant and equipment (provisional)*	4,323	
Right-of-use assets	248	
Cash	642	
Trade receivables	1,763	
Inventories	961	
Deferred tax asset	175	
Patents	375	
	<b>8,487</b>	
<b>Liabilities</b>		
Trade payables	(1,022)	
Interest-bearing loans and borrowings	(224)	
Deferred tax liability	(880)	
	<b>(2,126)</b>	
<b>Total identifiable net assets at fair value</b>	<b>6,361</b>	
Goodwill arising on acquisition (provisional)*	210	
<b>Purchase consideration transferred</b>	<b>6,571</b>	
<b>Analysis of cash flows on acquisition:</b>		
Net cash acquired with the subsidiary (included in cash flows from investing activities)	642	IAS 7.39
Cash paid	(6,571)	
<b>Net cash flow on acquisition</b>	<b>(5,929)</b>	

\*The valuation of land and buildings acquired had not been completed by the date the interim financial statements were approved for issue by the Board of Directors. Thus, property, plant and equipment may need to be subsequently adjusted, with a corresponding adjustment to goodwill prior to 1 June 2024 (one year after the transaction).

IFRS 3.B67(a)

A reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period is presented below:

	<b>Goodwill</b>	
	<b>€000</b>	
<b>Gross carrying amount</b>		
At 1 January 2023	2,281	IFRS 3.B67(dXi)
Acquisition of a subsidiary	210	IFRS 3.B67(dXii)
<b>At 30 June 2023</b>	<b>2,491</b>	IFRS 3.B67(dXviii)
<b>Accumulated impairment losses</b>		
At 1 January 2023	—	IFRS 3.B67(dXi)
Impairment losses recognised during the reporting period (Note 7)	1,541	IFRS 3.B67(dXv)
<b>At 30 June 2023</b>	<b>1,541</b>	IFRS 3.B67(dXviii)
<b>Net book value</b>		
At 1 January 2023	2,281	
At 30 June 2023	950	

# Notes to the interim condensed consolidated financial statements

## 5. Business combinations *continued*

IAS 34.16A(i)

The acquisition date fair value of the trade receivables amounts to €1,763,000. The gross amount of trade receivables is €1,794,000 and it is expected that the full contractual amounts can be collected. The difference between the fair value and the carrying amount is the result of discounting over the expected timing of the cash collection and an adjustment for counterparty credit risk.

IFRS 3.B64(h)

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the unfavourable terms of the lease relative to market terms.

IFRS 3.28B

From the date of acquisition, Electra has contributed €1,151,500 of revenue and €242,000 to the net profit before tax from the continuing operations of the Group. If the acquisition had taken place at the beginning of the year, revenue from continuing operations would have been €110,073,000 and the profit from continuing operations for the period would have been €3,181,000.

IFRS 3.B64(q)(i)  
IFRS 3.B64(q)(ii)

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Electra with those of the Group. The goodwill is not deductible for income tax purposes.

IFRS 3.B64(e)  
IFRS 3.B64(k)

Transaction costs of €90,000 have been expensed and are included in Administrative expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

IFRS 3.B64(m)

### Information on prior year acquisition

On 26 May 2022, the Group acquired 80% of the voting shares of Extinguishers Limited, an unlisted company based in Euroland, specialising in the manufacture of fire-retardant fabrics. The consideration paid included an element of contingent consideration. Refer to [Note 12](#) for adjustments to the related liability in the current period.

### Commentary

IAS 34.16A(i) requires an entity to disclose all the information required by IFRS 3 in an interim financial report. This requirement applies not only for those effected during the current interim period, but also to business combinations after the reporting period but before the interim financial report is authorised for issue (IFRS 3.59(b), IFRS 3.B66).

According to IFRS 3 (IFRS 3.28B), lease liabilities of acquirees are to be measured at the present value of the remaining lease payments as if the acquired lease is a new lease at the acquisition date. That is, the acquirer applies IFRS 16's initial measurement provisions using the present value of the remaining lease payments at the acquisition date.

Right-of-use assets are measured at an amount equal to the corresponding lease liabilities, adjusted to reflect the favourable or unfavourable terms of the leases when compared with market terms. Because the off-market nature of leases is captured in the right-of-use assets, the acquirer does not separately recognise intangible assets or liabilities for favourable or unfavourable lease terms relative to market terms.

Information on business combinations in the comparative period is typically not necessary as it only repeats information that was reported in the notes to the most recent annual financial statements. However, in some cases, it would be necessary to provide information about business combinations in a comparative period if, for example, there is a revision of previously disclosed fair values. The Group provided brief information about its business combination in the comparative period as it is relevant to understanding the settlement of the contingent consideration in the current period.

# Notes to the interim condensed consolidated financial statements

## 6. Discontinued operations

IAS 34.16A(i)

On 1 October 2022, the Group publicly announced the decision of its Board of Directors to sell Hose Limited, a wholly owned subsidiary. On 15 November 2022, the shareholders of the Company approved the plan to sell. At 31 December 2022, Hose Limited was classified as a disposal group held for sale and as a discontinued operation. The business of Hose Limited represented the entirety of the Group's Rubber Equipment operating segment until 15 November 2022. With Hose Limited being classified as discontinued operations, the Rubber Equipment segment is no longer presented in the segment note. The sale of Hose Limited was completed on 28 February 2023 for €1,000,000, resulting in a pre-tax gain of €885,000. The results of Hose limited for the period are presented below:

	For the six months ended 30 June		
	2023*	2022	
	€000	€000	IFRS 5.33(b)(i)
Revenue	3,329	21,548	IFRS 5.34 IFRS 5.30
Expenses	(3,285)	(21,535)	IFRS 5.41
Operating income	44	13	
Finance costs	(39)	(43)	
Profit/(loss) before tax from discontinued operations	5	(30)	
Tax (expense)/benefit:			
Related to current pre-tax profit/(loss)	(2)	12	IAS 12.81(h)(ii)
<b>Post-tax profit/(loss) of discontinued operations</b>	<b>3</b>	<b>(18)</b>	IFRS 5.33 (a)(i)
Gain on sale of the discontinued operations	885	–	IFRS 5.33 (b)(iii)
Attributable tax expense	(269)	–	IAS 12.81(h)(i)
<b>Post-tax gain on the sale of discontinued operations</b>	<b>616</b>	<b>–</b>	IFRS 5.33 (a)(ii)
<b>Profit/(loss) after tax for the period from discontinued operations</b>	<b>619</b>	<b>(18)</b>	

\*Represents two months of activity prior to the sale on 28 February 2023.

The net cash flows generated from the sale of Hose Limited are, as follows:

	€000
Cash received from sale of the discontinued operations	1,000
Cash sold as a part of discontinued operations	(485)
<b>Net cash inflow on date of disposal</b>	<b>515</b>

The net cash flows generated/(incurred) by Hose Limited are, as follows:

IFRS 5.33(c)

	For the six months ended 30 June	
	2023*	2022
	€000	€000
Operating	204	(1,055)
Financing	40	35
<b>Net cash inflow/(outflow)</b>	<b>244</b>	<b>(1,020)</b>

### Earnings/(loss) per share:

IAS 34.11  
IAS 33.68

Basic, profit/(loss) for the year from discontinued operations	€0.03	€(0.00)
Diluted, profit/(loss) for the year from discontinued operations	€0.03	€(0.00)

\*Represents two months of activity prior to the sale on 28 February 2023.

As Hose Limited was sold prior to 30 June 2023, the assets and liabilities classified as held for sale are no longer included in the statement of financial position.

# Notes to the interim condensed consolidated financial statements

## 6. Discontinued operations *continued*

IAS 34.16A(i)

### Commentary

Condensed interim reporting under IAS 34 is based on the most recent annual financial statements. Providing the disclosures required by the relevant standards (in this case, IFRS 5) for transactions and events occurring after the end of the most recent annual financial statements, is consistent with that premise.

The Group elected to present earnings per share (EPS) from discontinued operations in the notes. Alternatively, it could have presented those figures in the interim condensed consolidated statement of profit or loss.

The discontinued operations only had operating and financing cash flows for the first two months of 2023 and the Group has presented these cash flows separately in the table above.

## 7. Impairment testing of goodwill and intangible assets with indefinite lives

The Group performs its annual impairment test in December and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

IAS 34.15B(b)  
IAS 36.134(c)

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2023, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment of goodwill. In addition, the overall decline in construction and development activities around the world, as well as ongoing economic uncertainty, have led to a decreased demand in the fire prevention equipment and electronics units. As a result, management performed an impairment test as at 30 June 2023 for the electronics and fire prevention equipment segments, which are the cash generating units with goodwill. The investment property segment did not have any goodwill.

IAS 36.130(a),(d)

IAS 36.130(e)

### Electronics cash-generating unit

The Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15.6% (31 December 2022: 15.5%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.5% growth rate (31 December 2022: 3.0%). All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2022. As a result of the updated analysis, management did not identify an impairment for this cash-generating unit to which goodwill of €260,000 is allocated.

IAS 36.134(d)(iii)  
IAS 36.134(d)(iv)  
IAS 36.134(d)(v)  
IAS 36.130(g)

### Fire prevention equipment cash-generating unit

The Group used the cash-generating unit's value-in-use, as this is higher than fair value less costs of disposal, to determine the recoverable amount of €59,099,000. The projected cash flows were updated to reflect the decreased demand for products and services and a pre-tax discount rate of 15.5% (31 December 2022: 14.4%) was applied. Cash flows beyond the five-year period have been extrapolated using a 2.6% growth rate (31 December 2022: 4.1%). All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2022.

IAS 36.130 (e)  
IAS 36.134(d)(iii)  
IAS 36.134(d)(iv)  
IAS 36.134(d)(v)  
IAS 36.126(a)  
IAS 36.130(g)

As a result of this analysis, management recognised an impairment charge of €1,541,000 against goodwill previously carried at €2,231,000. The impairment charge is recorded within administrative expenses in the statement of profit or loss.

IAS 36.130(b)

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the electronics unit, there are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for the year ended 31 December 2022.

IAS 36.134(f)

For the fire prevention equipment unit, the estimated recoverable amount is equal to its carrying value. Consequently, any adverse change in a key assumption could result in a further impairment loss. The key assumptions for the recoverable amount are discussed below:

IAS 36.134(f)(i)

*Growth rate assumptions* – Rates are based on published industry research. These have been updated for the current economic outlook. The revised growth rate of 2.6% reflects the effect of a significant industry patent that was acquired during the year ended 31 December 2022. However, given the economic uncertainty, reductions in growth estimates may be necessary in the future.



# Notes to the interim condensed consolidated financial statements

## 7. Impairment testing of goodwill and intangible assets with indefinite lives *continued*

*Discount rate* – The discount rate has been adjusted to reflect the current market assessment of the risks specific to the fire prevention equipment unit, and was estimated based on the weighted average cost of capital for the Group. This rate was further adjusted to reflect the market assessment of risks specific to the fire prevention equipment unit for which future estimates of cash flows have not been adjusted. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

### Commentary

Under IAS 34.15B(b), the recognition of a loss from impairments and the reversal of such impairments is required to be disclosed 'if they are significant for the understanding of the financial position and the performance of the entity'. The content and format of such disclosures are not specified. There is no explicit requirement to disclose headroom in the event of reasonably possible impairments (as in IAS 36.134(f)), but an entity may be required to provide such disclosures "if significant to an understanding of the changes since the end of the last annual reporting period" (IAS 34.15).

For instance, for impairment in the fire prevention equipment cash generating unit, the Group has chosen to provide disclosures generally in accordance with IAS 36 *Impairment of Assets*. Additional sensitivity disclosures have not been provided by the Group since the estimated recoverable amount, after recognition of the impairment loss in the current period, is equal to the carrying value, so any adverse change in assumptions could result in an impairment loss.

If no impairment charge was recognised for a cash-generating unit, but it is believed that a reasonably possible change in the key assumptions may lead to an impairment sensitivity disclosures similar to those required by IAS 36 may be appropriate. Even though IAS 34 does not specifically require sensitivity disclosures, IAS 34.15 requires disclosure of significant events.

Furthermore, considering the decline in the relevant markets and the current economic uncertainties, the Group has found it useful to provide additional information about the impairment tests performed for the electronics cash generating unit. These disclosures are based on the requirement in IAS 36.134 applicable in the case of complete interim financial statements.

Impairments of goodwill in interim periods cannot be reversed by a subsequent impairment test later in the annual reporting period (paragraph 8 of IFRIC 10 *Interim Financial Reporting and Impairment*)

### Commentary on macroeconomic and geopolitical uncertainty

The ongoing macroeconomic and geopolitical uncertainty in many economies may be a trigger that requires an entity to perform impairment tests. Rising interest rates, slowing or negative economic growth and increasing geopolitical risk in key markets are examples of such triggers. Entities will need to assess any continuing impact on the key assumptions used to determine the recoverable amount for the different cash generating units. Key inputs to both the value in use and the fair value less cost of disposal models used to undertake the impairment assessment should be reassessed to factor in any impact. IAS 36.40 requires any adjustments in assumptions to reflect increasing inflation rates to be made consistently in either the cash flows or discount rate.

It is important that entities provide detailed disclosure of the assumptions made, the evidence they are based on and the impact of a change in the key assumptions (sensitivity analysis). This will equally apply to impairment tests performed at an interim date.

Given the inherent level of uncertainty and the sensitivity of judgements and estimates, disclosures of the key assumptions used, sensitivity to changes in those assumptions, and judgements made in estimating recoverable amounts will be important. The increasing uncertainty may also require the use of multiple scenarios for impairment calculations, and additional disclosure may be required to explain the scenarios. When disclosing sensitivity, entities also need to consider which changes can be considered reasonably possible under the current economic conditions.

# Notes to the interim condensed consolidated financial statements

## 8. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

IAS 34.16A(c)

	For the six months ended 30 June	
	2023	2022
	€000	€000
<b>Income taxes</b>		
Current income tax expense	249	934
Deferred income tax expense relating to origination and reversal of temporary differences	140	260
<b>Income tax expense recognised in statement of profit or loss</b>	<b>389</b>	<b>1,194</b>

### Commentary

IAS 34.16A(c) requires the Group to disclose the nature and amount of items affecting net income that are unusual because of their nature, size or incidence. The Group has disclosed the major components of its income tax expense as this provides useful information to understand the amount reported in the interim condensed consolidated statement of profit or loss.

The Pillar Two Global anti-Base Erosion rules (GloBE or Pillar Two Rules) represent the first substantial overhaul of the international tax rules in almost a century. The GloBE Rules propose four new taxing mechanisms under which multinational enterprises (MNEs) would pay a minimum level of tax (Minimum Tax).

Under IAS 12, a new tax law is effective when it is enacted or substantively enacted in a particular jurisdiction. MNEs need to monitor the regulatory developments in respect of (substantive) enactment of the GloBE Rules in all of the jurisdictions where they operate either through wholly- or partially-owned subsidiaries, joint ventures, flow through entities or permanent establishments.

The IASB has proposed relief for entities affected by these rules through a mandatory exception from the requirement to account for deferred taxes from the implementation of the GloBE Rules. However, at the time this publication was finalised, the final amendments to IAS 12 had not yet been published. Under the IASB's proposals the mandatory exception would be effective immediately upon publication of the amendments, so entities with operations in jurisdictions where these rules have been enacted or substantively enacted should pay attention to the status of the amendments when preparing interim financial statements.

### Commentary on macroeconomic and geopolitical uncertainty

The requirements of IAS 34.30(c) require that income tax expense is recognised in each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. The method applied to estimate the tax expense including the uncertainty of this estimate caused by the macroeconomic and geopolitical uncertainty may need to be disclosed.

Increasing interest rates, slowing or negative economic growth, geopolitical risks, rising inflation and other factors may lead to an entity recognising asset impairments or forecasting future losses. These circumstances may introduce new uncertainties that an entity must consider in its analysis of the recoverability of deferred tax assets. Entities should update their projections of income for recent events. Tax losses that were otherwise expected to be utilised in the near term should be reviewed to determine if they might expire unutilised and how this would impact management's judgement on the amount of deferred tax asset to be recognised. Entities should further consider whether they need to provide additional disclosures to more fully explain the use of estimates or management's judgement in reaching its conclusions on the amount of unrecognised deferred tax assets. Such judgements may include whether the tax laws were substantively enacted as of the reporting date, and the determination of the accounting for income tax credits.



# Notes to the interim condensed consolidated financial statements

## 10. Property, plant and equipment *continued*

Assets (other than those classified as held for sale) with a net book value of €1,299,000 were disposed by the Group during the six months ended 30 June 2023 (30 June 2022: €1,410,000), resulting in a net gain on disposal of €53,000 (30 June 2022: €5,000).

See [Note 16](#) for capital commitments.

### Commentary

In accordance with IAS 34.15B(d), the Group has disclosed the acquisitions and disposals of property, plant and equipment during the interim period, as they are significant to an understanding of the changes in financial position and financial performance during the interim period.

Entities should consider the impact of climate-related matters on the life of property, plant and equipment. The introduction of legislation or other regulations may, for example, result in a reduction of the economic life of assets, compared to original forecasts. Entities may also need to assess depreciation rates to increase the rate of depreciation of these assets. Furthermore, new legislation may introduce new or stricter obligations to decommission assets and, as a result, may give rise to new or remeasured provisions for decommissioning.

## 11. Inventories

During the six months ended 30 June 2023, the Group wrote down €700,000 (30 June 2022: €567,000) of inventories that had been damaged by flooding. This expense is included in other operating expenses in the statement of profit or loss. The financial loss resulting from the flooding is likely to be covered by the Group's insurance policy. However, as at 30 June 2023, the insurance company's investigations were still ongoing. Consequently, it is not virtually certain that the Group will receive the proceeds under the insurance policy.

IAS 34.15B(a)

IAS 37.33

### Commentary

In accordance with IAS 34.15B(a), the Group has disclosed the write-down of inventory as it is significant to understanding the financial performance of the Group during the interim period.

# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities

Set out below, is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2023 and 31 December 2022: IAS 34.16A(c)

	<u>30 June 2023</u>	<u>31 December 2022</u>	<i>IFRS 7.6</i>
	€000	€000	<i>IFRS 7.8</i>
<b>Debt instruments at amortised cost:</b>			
Trade and other receivables	27,374	25,672	
Loan to an associate	253	200	
Loan to directors	10	13	
<b>Debt instruments at fair value through OCI</b>			
Quoted debt instruments	1,809	1,622	
<b>Equity instruments at fair value through OCI</b>			
Non-quoted equity investments	938	1,038	
<b>Financial assets at fair value through profit or loss</b>			
Quoted equity investments	524	337	
<b>Derivatives not designated as hedging instruments</b>			
Foreign exchange forward contracts	1,100	640	
Embedded derivatives	161	210	
<b>Derivatives designated as hedging instruments</b>			
Foreign exchange forward contracts	242	252	
<b>Total</b>	<u>32,411</u>	<u>29,984</u>	
<b>Total current</b>	<b>28,127</b>	<b>26,223</b>	
<b>Total non-current</b>	<b>4,284</b>	<b>3,761</b>	

# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities *continued*

Set out below is an overview of financial liabilities held by the Group as at 30 June 2023 and 31 December 2022:

	<u>30 June 2023</u>	<u>31 December 2022</u>
	€000	€000
<b>Derivatives not designated as hedging instruments</b>		
Foreign exchange forward contracts	1,073	720
Embedded derivatives	764	782
<b>Derivatives designated as hedging instruments</b>		
Foreign exchange forward contracts	194	170
Commodity futures contract	913	–
Commodity forward contract	–	980
Interest rate swaps	–	35
<b>Financial liabilities at fair value through profit or loss</b>		
Contingent consideration	–	1,072
<b>Financial liabilities at amortised cost:</b>		
Trade and other payables	22,385	16,969
Other long-term payable	96	–
Non-current interest bearing loans and borrowings		
Lease liabilities	2,736	2,537
8% debentures	3,274	3,374
8.25% secured loan of USD3,600,000	2,146	2,246
Secured bank loan	4,379	3,479
Other non-current loans		
€2,750,000 bank loan	2,386	2,486
€2,200,000 bank loan	1,978	2,078
Loan from a third-party investor in Fire Equipment Test Lab Limited	2,900	3,000
Convertible preference shares	2,678	2,778
Current interest bearing loans and borrowings		
Lease liabilities	467	434
Bank overdrafts	900	966
Other current loans		
€1,500,000 bank loan	1,392	1,411
<b>Total</b>	<u>50,661</u>	<u>45,517</u>
<b>Total current</b>	<b>23,283</b>	<b>22,480</b>
<b>Total non-current</b>	<b>27,378</b>	<b>23,037</b>

### Commentary

The Group determined that financial instruments, in general, and its hedge instruments, in particular, are relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in the interim condensed consolidated financial statements, as per IAS 34.16A(c), to provide an overview of the financial instruments held by the Group.

### Commentary on macroeconomic and geopolitical uncertainty

Entities may obtain additional financing, amend the terms of existing debt agreements or obtain waivers if they no longer satisfy debt covenants. In such cases, they will need to consider the guidance provided in IFRS 9 to determine whether any changes to existing contractual arrangements represent a substantial modification or, potentially, a contract extinguishment, which would have accounting implications in each case. Entities need to determine whether a breach of covenants will require non-current liabilities being reclassified as current liabilities in the interim financial statements.

The macroeconomic and geopolitical uncertainty may also result in changes to an entity's expected purchase, sale or usage requirements for non-financial items, such as raw materials used in an entity's production. Entities that have applied the own-use scope exemption in IFRS 9 may need to reassess whether it continues to meet these requirements. If they are no longer met, the entity would be required to recognise related contracts as financial instruments under IFRS 9.

# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities *continued*

### Contingent consideration

As part of the purchase agreement with the previous owners of Extinguishers Limited, dated 26 May 2022 (see Note 5), a portion of the consideration was determined to be contingent, based on the performance of the acquired entity.

IFRS 13.93(h)(ii)

As at 31 December 2022, the key performance indicators of Extinguishers Limited showed that it was highly probable that the target would be achieved due to a significant expansion of the business and the synergies realised. The fair value of the contingent consideration determined at 31 December 2022 reflected this development, amongst other factors and a fair value adjustment was recognised through profit or loss. At 29 April 2023, a total of €1,125,000 was paid out under this arrangement. A reconciliation of the fair value of the contingent consideration liability is provided below:

	<b>€000</b>	
Initial fair value of the contingent consideration at acquisition date	714	IFRS 13.93(e)
Unrealised fair value changes recognised in profit or loss during year ended 31 December 2022	358	IFRS 13.93(f)
Financial liability for the contingent consideration as at 31 December 2022	1,072	
Fair value adjustment as at 29 April 2023	53	
<b>Total consideration paid</b>	<b>1,125</b>	IAS 34.16A(i)

Adjustments to the contingent liability from acquisition on 26 May 2022 to the date it was settled on 29 April 2023 were recognised in the statement of profit or loss. The initial fair value of the consideration of €714,000 was included in cash flows from investing activities, the remainder, €411,000, has been recognised in cash flows from operating activities. The fair value is determined using the discounted cash flow (DCF) method. The fair value of the contingent consideration liability increased due to improved performance of Extinguishers Limited compared to the initial forecast.

### Commentary

As required by IAS 34.16A(i), the Group has made disclosures about the contingent consideration liability incurred on the business combination in 2022.

The Group has split the settlement of this contingent consideration liability in the statement of cash flows. The payment of the acquisition date fair value was classified as a cash flow from investing activities, while the additional payment, which was dependent on meeting performance targets was classified as a cash flow from operating activities. Under paragraph 16 of IAS 7 *Statement of Cash Flows*, only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Therefore, cash payments for any contingent consideration in excess of the amount recorded on the acquisition date is not classified as investing activities because that incremental amount was not necessary to obtain control and was not recognised as an asset.

### Risk management activities

#### Cash flow hedges for currency risks

During the period, the Group designated foreign currency forward contracts as hedges of highly probable purchases of property, plant and equipment in US dollars (USD) and British pounds sterling (GBP) from suppliers in the United States and the United Kingdom, respectively. The forecast purchases are expected to occur in October and December 2023.

IAS 34.16A(c)

The terms of the foreign currency forward contracts have been negotiated to match the terms of the forecast transactions. Both parties to the contract have fully cash-collateralised the foreign currency forward contracts, and, therefore, effectively eliminated any credit risk associated with the contracts (both the counterparty's and the Group's own credit risk).

As at 30 June 2023, an unrealised gain of €12,000 relating to the USD forward contracts and an unrealised loss of €18,000 related to the GBP forward contracts are included in other comprehensive income.

# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities *continued*

### *Cash flow hedges for copper price risks*

In January 2022, the Group entered into a firm commitment to purchase copper in September 2023. In order to reduce the exposure to fluctuations in the copper price, the Group also entered into an exchange-traded copper futures contract. The futures contract is designated in a cash flow hedge of the firm commitment.

The copper futures contract is based on the price of a copper benchmark quality that is different from the copper quality the Group is committed to purchase (i.e., there is basis risk). Consequently, ineffectiveness arises in this hedging relationship. As of 30 June 2023, the fair value of the copper futures contract was €913,000, while the cumulative change in the fair value of the firm commitment from inception amounted to €956,000. As the fair value of the copper futures contract exceeded the cumulative change in the fair value of the firm commitment, the Group recorded a loss for the period of €334,000 in other comprehensive income while ineffectiveness of €43,000 remains unrecognised. The ineffectiveness is due to the basis risk between the copper futures contract and the firm commitment, as well as the change in the Group's own credit risk.

### **Commentary**

The Group's accounting policy is to designate all forward contracts for commodity purchases and purchases of property, plant and equipment as hedging instruments. Under IFRS 9.6.4(b), an entity may separate the forward element and spot element of a forward contract and designate as the hedging instrument only the change in the value of the spot element. In such cases, the forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve. Refer to [Good Group \(International\) Limited - Illustrative financial statements for the year ended 31 December 2022](#) for illustration of this approach.

### *Hedge of net investments in foreign operations*

Included in loans as at 30 June 2023 was a borrowing of US\$3,600,000, which is designated as a hedge of the net investments in the United States subsidiaries, Wireworks Inc. and Sprinklers Inc., which have the USD as their functional currency. During the six months ended 30 June 2023, an after tax gain of €192,000 on the translation of this borrowing was transferred to other comprehensive income to offset the losses on translation of the net investments in the subsidiaries. There was no ineffectiveness in the period ended 30 June 2023.

### *Other risk management activities*

As a result of its international activities, the Group is exposed to foreign currency risk on part of its sales and day-to-day purchases. In order to reduce this risk, the Group regularly determines its net exposure to the primary currencies (USD, GBP and Canadian dollar (CAD)) based on its predicted sales and purchases over the next 18 months. The Group then enters into foreign currency forward contracts to hedge those exposures.

For operational reasons, the Group decided not to designate these foreign currency forward contracts as hedge accounting relationships. Consequently, all changes in the fair values of such foreign currency forward contracts are recognised in the statement of profit or loss.

The six months ended 30 June 2023 experienced volatility in the euro exchange rates against the USD and the GBP, resulting in losses on related foreign currency forward contracts recorded in Finance costs. These losses are, to some extent, compensated by higher revenues and lower cost of sales.

### **Commentary**

The Group determined the risk management activities as relevant and significant for the users of its financial statements. Therefore, the Group has included the above disclosure in the interim financial statements, as per IAS 34.16A(c). These disclosures will vary depending on the nature of the entity.



# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities *continued*

### Fair values

Set out below, is a comparison of the carrying amounts and fair values of financial assets and financial liabilities as at 30 June 2023 and 31 December 2022: IAS 34.16A(j)

	30 June 2023		31 December 2022		IFRS 7.25 IFRS 7.26
	Carrying amount	Fair value	Carrying amount	Fair value	
	€000	€000	€000	€000	
<b>Financial assets:</b>					
Loans	263	252	213	209	
Non-quoted equity investments	938	938	1,038	1,038	
Quoted equity investments	524	524	337	337	
Quoted debt instruments	1,809	1,809	1,622	1,622	
Foreign exchange forward contracts in cash flow hedges	242	242	252	252	
Foreign exchange forward contracts	1,100	1,100	640	640	
Embedded derivatives	161	161	210	210	
<b>Total</b>	<b>5,037</b>	<b>5,026</b>	<b>4,312</b>	<b>4,308</b>	
<b>Financial liabilities:</b>					
Interest bearing loans and borrowings					
Floating rate borrowings	13,181	13,131	12,666	12,616	
Fixed rate borrowings	6,174	5,924	6,374	6,371	
Convertible preference shares	2,678	2,568	2,778	2,766	
Contingent consideration	–	–	1,072	1,072	
Other long-term payable	96	94	–	–	
Derivatives in effective hedges	1,107	1,107	1,185	1,185	
Derivatives not designated as hedges					
Embedded commodity derivatives	–	–	782	782	
Embedded foreign exchange derivatives	764	764	–	–	
Interest rate swaps	–	–	35	35	
Foreign exchange forward contracts	1,073	1,073	685	685	
<b>Total</b>	<b>25,073</b>	<b>24,661</b>	<b>25,577</b>	<b>25,512</b>	

### Commentary

IAS 34.16A(j) requires the Group to disclose information about the fair values for each class of financial assets and financial liabilities as set out in IFRS 7.25, 26, 28, 29 and 30 in a way that permits it to be compared with its carrying amount. As per IFRS 7.29, fair value disclosures are not required when the carrying amount is a reasonable approximation of fair value (e.g., short-term trade receivables and payables) or for lease liabilities. The Group does not provide the disclosures required by IFRS 7.28 as the fair values of all the financial assets and financial liabilities recognised during the period were not different from the transaction prices at the date of initial recognition.

# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities *continued*

The following table provides the fair value measurement hierarchy of the Group's financial assets and financial liabilities as at 30 June 2023:

As at 30 June 2023:	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:	€000	€000	€000	€000
Derivative financial assets				
Foreign exchange forward contracts - USD	742	–	742	–
Foreign exchange forward contracts - GBP	600	–	600	–
Embedded foreign exchange derivatives - CAD	161	–	–	161
Quoted equity investments				
Power sector	474	474	–	–
Telecommunication sector	50	50	–	–
Financial assets at fair value through OCI				
Non-quoted equity investments				
Power sector	625	–	–	625
Electronics sector	313	–	–	313
Quoted debt instruments				
Euroland government bonds	1,554	1,554	–	–
Corporate bonds - consumer products sector	95	95	–	–
Corporate bonds - technology sector	160	160	–	–
Financial liabilities measured at fair value:				
Derivative financial liabilities				
Foreign exchange forward contracts - GBP	1,267	–	1,267	–
Embedded foreign exchange derivatives - USD	764	–	–	764
Commodity futures contract	913	913	–	–

IFRS 13.93(a),(b)  
IFRS 13.94

### Commentary

IAS 34.16A(j) requires disclosures about fair values of financial instruments as set out in paragraphs 91-93(h), 94-96, 98 and 99 of IFRS 13 *Fair Value Measurement*.

Under IFRS 13.91, an entity is required to disclose information that helps users of the financial statements to assess:

- ▶ The valuation techniques and inputs used to develop the fair value measurements for assets and liabilities measured at fair value on a recurring and non-recurring basis after initial recognition
- ▶ The effect of fair value measurements on profit or loss or other comprehensive income for recurring fair value measurements using unobservable inputs (Level 3)

To meet this objective, IFRS 13.92 states that an entity needs to consider the level of detail necessary to satisfy the disclosure requirements, how much emphasis to place on each of the various requirements, how much aggregation to undertake and whether users of the financial statements need additional information to evaluate the quantitative information disclosed.

The Group has provided the disclosures required by IAS 34.16A(j) in this section of the notes. The information for the comparative period was not provided as this is available in the annual financial statements for 2022. In addition, certain disclosures, like the description of the valuation processes (IFRS 13.93(g)) and the valuation techniques and the inputs used (IFRS 13.93(d)) have not been provided in this note. These disclosures are also available in the annual financial statements for 2022 and the Group elected to just state in this note that there were no changes during the interim period.

IFRS 13.99 requires an entity to present the quantitative disclosures of IFRS 13 to be included in a tabular format, unless another format is more appropriate. The Group included the quantitative disclosures in a tabular format.

### Commentary on macroeconomic and geopolitical uncertainty

There may be an impact on fair value measurement of certain assets arising from the current macroeconomic conditions. When valuations are subject to significant measurement uncertainty due to the current environment, and there is a wider range of estimates of fair value, the entity is required to apply judgement to determine the point within that range that is most representative of fair value in the circumstances. While market volatility may suggest that the prices are aberrations and do not reflect fair value, it would not be appropriate for an entity to disregard market prices at the measurement date, unless those prices are from transactions that are not orderly. A significant decrease in volume or activity in a

# Notes to the interim condensed consolidated financial statements

market can also influence the valuation techniques used in the fair value measurement. Entities will need to assess how those techniques are applied and whether inputs are observable at the measurement date and provide additional disclosures if material.

Factors such as increasing interest rates and volatile commodity prices may have a significant impact on fair values. Entities should consider whether the credit risk of counterparties to the derivative contracts has changed, which may also impact the fair value. The increased uncertainty may require more extensive disclosures about valuation levels, fair valuation techniques and inputs.

A lack of active markets and observable transactions may also suggest that items measured at fair value must be transferred to another level in the fair value hierarchy.

## 12. Financial assets and financial liabilities continued

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

IFRS 13.93(e)

	Non-quoted equity investments		
	Power	Electronics	Total
	€000	€000	€000
<b>As at 1 January 2023</b>	<b>675</b>	<b>363</b>	<b>1,038</b>
Remeasurement recognised in OCI	(125)	(135)	(260)
Purchases	95	130	225
Sales	(20)	(45)	(65)
<b>As at 30 June 2023</b>	<b>625</b>	<b>313</b>	<b>938</b>

	Embedded foreign exchange derivative		Embedded commodity derivative	
	Asset CAD	Liability USD	Liability Brass Chrome	
	€000	€000	€000	€000
<b>As at 1 January 2023</b>	<b>210</b>	<b>–</b>	<b>600</b>	<b>182</b>
Purchases	–	55	–	–
Sales	(166)	(83)	(57)	(16)
Net unrealised loss recognised in statement of profit or loss	117	792	(543)	(166)
<b>As at 30 June 2023</b>	<b>161</b>	<b>764</b>	<b>–</b>	<b>–</b>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2023. The fair value decrease on financial instruments categorised within Level 3 of €66,000 (31 December 2022: €38,000), was recorded in the statement of profit or loss.

IAS 34.15B(k)  
IFRS 13.91(b)  
IFRS 13.93(c),(f)  
IFRS 13.93(e)(ii)  
IFRS 13.93(e)(iv)

### Fair value hierarchy

IAS 34.16A(j)

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

IFRS 13.93(b)

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IFRS 13.95

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

IFRS 15.93(b)  
IFRS 13.93(g)

# Notes to the interim condensed consolidated financial statements

## 12. Financial assets and financial liabilities *continued*

Set out below are the significant unobservable inputs to valuation as at 30 June 2023:

IFRS 13.93(d)  
IFRS 13.93(h)(i)  
IFRS 13.93(h)(ii)

	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Range (weighted average)</b>	<b>Sensitivity of the input to fair value</b>
Non-quoted equity investments power sector	DCF method	Long-term growth rate for cash flows for subsequent years	3.1% - 5.2% (4.2%)	5% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by €15,000
		Long-term operating margin	5.0% - 12.1% (8.3%)	15% increase/(decrease) in the margin would result in increase/(decrease) in fair value by €20,000
		WACC	11.2% - 14.3% (12.6%)	1% increase/(decrease) in the WACC would result in decrease/(increase) in fair value by €12,000
		Discount for lack of marketability	5.1% - 15.6% (12.1%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.
Non-quoted equity investments – electronics sector	DCF method	Long-term growth rate for cash flows for subsequent years	4.4% - 6.1% (5.3%)	3% increase/(decrease) in the growth rate would result in increase/(decrease) in fair value by €21,000
		Long-term operating margin	10.0% - 16.1% (14.3%)	5% increase/(decrease) in the margin would result in increase/(decrease) in fair value by €11,000
		WACC	12.1% - 16.7% (13.2%)	1% increase/(decrease) in the WACC would result in decrease/(increase) in fair value by €23,000
		Discount for lack of marketability	5.1% - 20.2% (16.3%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.
Embedded derivative assets	Forward pricing model	Discount on counterparty credit risk	0.02% - 0.05% (0.04%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.
Embedded derivative liabilities	Forward pricing model	Discount on non-performance risk	0.01% - 0.05% (0.03%)	Increase/(decrease) in the discount would decrease/(increase) the fair value.

Discount for lack of marketability represents the amounts that the Group has determined that market participants would take into account when pricing the investments.

# Notes to the interim condensed consolidated financial statements

## 13. Cash and short-term deposits

IAS 34.16A(c)

For the purpose of the interim condensed statement of cash flows, cash and cash equivalents are comprised of the following:

IAS 7.45

	<u>30 June 2023</u>	<u>31 December 2022</u>
	<u>€000</u>	<u>€000</u>
Cash at bank and in hand	12,323	11,316
Short-term deposits	3,496	5,798
<b>Total cash and short-term deposits</b>	<b>15,819</b>	<b>17,114</b>
Bank overdraft	(900)	(966)
Cash at bank and in hand attributable to discontinued operations	–	551
<b>Total cash and cash equivalents</b>	<b>14,919</b>	<b>16,699</b>

### Commentary

The interim condensed consolidated financial statements are based on the most recent annual financial statements. The provision of the disclosures required by the relevant standards (in this case, IAS 7) in the interim condensed consolidated financial statements in response to transactions and events occurring after the end of the most recent annual financial statements, is consistent with that premise.

The Group has disclosed the breakdown of the cash and cash equivalents balance as it provides further useful information for the statement of cash flows.

## 14. Reversal of restructuring provision

IAS 34.15B(c)

As at 31 December 2022, a restructuring provision of €466,000 had been recognised for the elimination of certain product lines of Extinguishers Limited. Expenditures of €200,000 to complete the restructuring in February 2023 were charged against the provision and the remaining unused amount of €266,000 was reversed and is included within other operating expenses in the statement of profit or loss where the creation of the provision was initially recorded. The reversal arises from contract termination costs being lower than expected.

## 15. Share-based payments

IAS 34.16A(c)

In March 2023, 450,000 share options were granted to senior executives under the Senior Executive Plan (SEP). The exercise price of the options of €3.45 was equal to the market price of the shares on the date of grant. The options vest if the Group's basic EPS increases by 10% within three years from the date of grant and the senior executive is still employed on such date. If this increase is not met, the options lapse. The fair value at grant date is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contractual life of each option granted is five years. There is no cash settlement of the options. The fair value of options granted during the six months ended 30 June 2023 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	3.55
Expected volatility (%)	15.50
Risk-free interest rate (%)	5.15
Expected life of share options (years)	3.75
Weighted average share price (€)	3.45

The weighted average fair value of the options granted during the six months ended 30 June 2023 was €1.35 (year ended 31 December 2022: €1.32).

For the six months ended 30 June 2023, the Group has recognised €203,000 of share-based payment expense in the statement of profit or loss (30 June 2022: €150,000).

# Notes to the interim condensed consolidated financial statements

## 15. Share-based payments *continued*

### Commentary

In accordance with IAS 34.16A(e), the Group has disclosed the number of share options granted to senior executives for the six months ended 30 June 2023 together with the terms of the options, as this is considered to be a significant event impacting the results for the period and gives an understanding of the impact for future periods. Entities should also update the information on changes to existing plans made in the period if that provides information relevant for understanding the plans.

## 16. Commitments and contingencies

### Legal claims contingency

In March 2023, an overseas customer commenced a legal action against the Group in respect of equipment sold that is claimed to be defective. Should the action against the Group be successful, the estimated loss is €850,000. A trial date has been scheduled for 5 September 2023. The Group has been advised by its legal advisers that it is possible, but not probable, that the customer will succeed. Accordingly, no provision for any liability has been made in these financial statements.

IAS 34.15B(m)

### Commitments

At 30 June 2023, the Group had capital commitments of €1,610,000 (31 December 2022: €2,310,000) relating to the completion of the operating facilities of Sprinklers Inc. and commitments of €300,000 (31 December 2022: €310,000) in relation to the trade purchase commitments by the joint venture in which the Group holds an interest.

IAS 34.15B(e)

## 17. Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2023 and 2022, as well as balances with related parties as at 30 June 2023 and 31 December 2022:

IAS 34.15B(j)

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
		€000	€000	€000	€000
<b>Entity with significant influence over the Group:</b>					
International Fires P.L.C.	2023	3,382	–	412	–
	2022	3,620	–	320	–
<b>Associate:</b>					
Power Works Limited	2023	1,380	–	865	–
	2022	1,458	–	980	–
<b>Joint venture in which the parent is a venturer:</b>					
Showers Limited	2023	–	327	–	75
	2022	–	285	–	20
<b>Key management personnel of the Group:</b>					
Other directors' interests	2023	132	270	6	18
	2022	–	220	15	7

# Notes to the interim condensed consolidated financial statements

## 17. Related party disclosures *continued*

For loans to directors, see [Note 12](#). The following table provides the interest received during the six months ended 30 June 2023 and 2022, as well as the loans outstanding from related parties as at 30 June 2023 and 31 December 2022:

<b>Loans to related parties</b>		<b>Interest received</b>	<b>Amounts owed by related parties</b>
<b>Associate:</b>		<b>€000</b>	<b>€000</b>
Power Works Limited	2023	27	431
	2022	10	200
<b>Key management personnel of the Group</b>			
Directors' loans	2023	1	6
	2022	1	13

## 18. Distributions made and proposed

IAS 34.16A(h)  
IAS 34.16A(f)

<b>Cash dividends to the equity holders of the parent:</b>	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>€000</b>	<b>€000</b>
<b>Dividends on ordinary shares declared and paid:</b>		
Final dividend for 2022: 5.01 cents per share (2021: 5.66 cents per share)	1,087	1,082
<b>Proposed dividends on ordinary shares:</b>		
First dividend for 2023: 4.60 cents per share (2022: 4.10 cents per share)	1,004	890

The proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognised as a liability as at 30 June 2023. The 2023 proposed dividend was approved on 1 August 2023.

One of the Group's subsidiaries, Extinguishers Limited, issued cash dividends during the six months ended 30 June 2023 and 2022. The amount paid/received within the Group was eliminated on consolidation and the amounts paid to non-controlling interests were €12,000 and €20,000, respectively.

## 19. Events after the reporting period

IAS 34.16A(h)

On 15 July 2023, a customer commenced an action against the Group in respect of inventory that it claims to be defective. Should the action against the Group be successful, the estimated loss is €550,000. However, a trial date has not yet been set. The Group has been advised by its legal counsel that, at the date of authorisation of these interim condensed financial statements, it is not practicable to determine the likelihood of the outcome of the action or state the timing of the payment, if any.

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