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Harland & Wolff Group Holdings PLC
08 September 2023

This announcement contains inside information.

8 September 2023

Harland & Wolff Group Holdings plc
("H&W" or the "Company" or the "Group")

Unaudited interim results for the six months ended 30 June 2023 & business update

Harland & Wolff Group Holdings plc (AIM: HARL), the UK quoted company focused on strategic infrastructure projects and physical asset lifecycle management , is pleased to present its unaudited interim results for the six-month period ended 30 June 2023 ("H1 23") and business update.

Key highlights:

- Revenues of £25.53 million; a 65% increase from the previous year (30 June 2022: £15.41 million).
- Gross margin of 19.4%, for the portfolio of contracts delivered in the period; cost pressures around labour, energy and inflation feeding into cost of sales.
- EBITDA loss £15.92 million (30 June 2022: loss of £12.71 million) predominantly on account of investment in headcount in preparation for delivery of the Fleet Solid Support contract and other contracts.
- Net debt for the Group stood at £88.53 million as at 30 June 2023 (30 June 2022: £19.74 million) reflecting the upsized Riverstone Credit Facility from $35 million in March 2022 to $100 million as at 30 June 2023.
- Group corporate credit facility of $70 million ($35 million committed plus $35 million uncommitted accordion) signed in March 2022 upsized to $100 million (fully committed) in March 2023 with drawdowns being utilised to fund ongoing working capital requirements.
- Advanced negotiations regarding a new £200 million credit facility along with the UK Export Finance (UKEF) guarantee, which is expected to close in Q4'23.
- Fleet Solid Support Manufacture Subcontract executed with Navantia in February 2023; expected to generate total revenues of between £700 million and £800 million for the Company from this multi-year contract.
- Company's backlog (contracted revenues) now sits at circa £1 billion for the next seven years, an increase of £100 million since March 2023.*
- Directors believe that trading remains on track to achieve FY23 Group revenues of £100 million, subject to various design completions and procurement permissions with revenues from the FSS and M55 contracts expected to increase significantly in the second half.
- The Company reiterates its revenue guidance for FY24 of £200 million.

Post period end highlights:

- Notice to Proceed for the mid-life upgrade and dry docking of a large vessel, expected to be in the region of £60 million - £70 million revenues.
- First contract win for heavy lift vessel at Belfast worth £1.50 million.
- Favourable outcome of Islandmagee Gas Project judicial review in the High Court

* *These figures as at 30 June 2023 in addition to previously reported figures in the Company's 2022 Annual Report are management's best estimates. The Board remains comfortable with the estimates relating to the Company's markets, prospects and pipeline. They should be understood as the Board's views and should not be attributed to the author of the Independent Business Review Report or any other third party.*

John Wood, Chief Executive Officer of Harland & Wolff Group Holdings plc comments:
"These are increasingly exciting times at Harland and Wolff - not just from a broad company perspective - but for each of our yards, the communities that they serve and of course, our workforce. The award this year of the FSS contract provides a substantial baseload over the next five years and will result in a transformation at Belfast which will become one the most modern shipyards from both a national and global perspective. Its facilities - as well as the Group's skill

shipyards from both a national and global perspective. Its facilities - as well as the Group's skill base - are already attracting global clients especially with large and complex vessels dry docking in the Belfast Dock, demonstrated by both orders won and those in the pipeline. The opportunities within the energy and renewables markets are also substantial and will benefit all of the Group's yards with their strategic locations and their ability to flex and scale production. The Group's workforce has scaled rapidly and now totals some 780 employees and the Group is proud to be putting British shipbuilding back on the map.

Like all businesses, we face challenges - from procurement cycles to wage and energy inflation - but the worst of the inflationary effects would appear now to be behind us, and we look forward to increasing our margins as we build out our rapidly growing order book. We have our foot hard on the pedal and are intent on delivering the goals we have laid out. It is full steam ahead at Harland and Wolff."

Operational Review

Cruise & Ferry Market

The ferry market continues to be buoyant and operational recovery post the pandemic is well underway. Whilst the Company continues to undertake ferry repair works on a regular basis, for both planned and emergency dry dockings, there are new enquiries also coming in for ferry refits. These refit contracts are in the range of £5 million - £15 million and the Company is engaged in commercial conversations with ferry owners to find the best solutions. The Company has a deep supply chain in Belfast and Scotland to offer these services and it continues to grow its in-house capabilities and expertise in tandem.

The cruise market has undergone a fundamental change in recent months as a new era of monetary policy unfolds. The construction of new ships has stagnated and we are seeing cruise operators increasingly decommissioning old vessels and refurbishing other vessels as part of their mid-life upgrades. As a result of COVID regulations and lessons learned from the pandemic, the cruise industry is seeing an increasing number of major interior refurbishment projects to reduce the number of cabins and create more open spaces. The Company's optimal capability is in the cruise refurbishment market and therefore expects to benefit from this trend. The Company's newly opened Southampton and Miami offices are being staffed with personnel who have decades of experience in the cruise market and with extensive relationships in the industry. These hires were made with a view to increasing the number of major cruise vessel dry dockings in 2024 from enhanced sales leads.

Defence

The Company formally executed the Manufacture Subcontract for the Fleet Solid Support Programme (FSS Programme) in February 2023. The FSS Programme is transformational for the Company and will enable the regeneration of Belfast and Appledore over the next 18 months. At its peak, the Company expects to employ approximately 1,500 personnel on this contract alone across its various sites. The contract value attributable to the Company is expected to be between £700 million - £800 million (adjusted for inflation) over the duration of this multi-year contract, with fabrication to commence at the end of 2024 / early 2025 and targeted completion of the contract by 2031. Over the next 18 months, the Company will continue to undertake major renovations of the Belfast facility including the acquisition of sophisticated robotics, transporters, new buildings, plant and machinery. Once completed, the Belfast yard will be the most modern and sophisticated yard in the UK. As previously announced, £77 million has been allocated for the capital expenditure in Belfast of which £45 million will come from the project. The balance will be funded through a number of mechanisms such as landlord contributions, levelling up funding in Northern Ireland and long-term asset financing for which discussions are ongoing.

In addition to the FSS Programme, the Company has been actively seeking further sub-contract work from other large and prominent prime contractors based in the UK. The Company has been successful in winning contracts worth circa £7 million in Q4'22 and Q1'23 to begin its sub-contracting journey with such prime contractors. As the Company deepens its relationship with the prime contractors, the value of the future sub-contracts is likely to increase in size and expand in the nature of work being undertaken. For instance, discussions are on-going for the building of blocks in Appledore and Methil in relation to certain prime contractors' ongoing programmes with the Ministry of Defence.

The M55 Regeneration Programme atAppledore continues at pace. All equipment and supplies have now been delivered with sea trials expected to commence in Q1'24 and vessel delivery anticipated in Q2'24. The project remains on schedule and on budget.

Looking ahead, with the establishment and maturing of the National Shipbuilding Office, several tenders are set to be released in the forthcoming months for the fabrication of government vessels (defence and civilian), anticipated in 2025. The Company will be actively engaged in the bidding process, the outcomes of which will be determined in the second half of next year.

Energy

The energy market has shown immense resilience over the last few years. Whilst the energy transition away from traditional fossil fuels is well underway, the UK economy will continue to have both traditional fuels and new energy within its energy mix for the next few decades. The ongoing Russia-Ukraine conflict has magnified the need for energy security in relation to the country's energy supplies and, accordingly, several government programmes have been launched to increase national resilience. Energy, as a core target market for the Company, has now emerged as one of the key markets that will fuel near-term revenue growth.

North Sea developers have commenced new exploration programmes, alongside developing plans to extend the life of existing fields and supporting the renewables markets through modifications of existing infrastructure. The Company recently announced (post period end) that it has received a Notice to Proceed for the mid-life upgrade of a large vessel for circa £60 million - £75 million revenues in 2024. The contract for this project is due to be executed in the next few weeks. Additionally, the Company is in advanced negotiations with other North Sea developers for the refurbishment and new build of offshore platforms. The Company is also actively involved in discussions with owners of oil tankers, LNG carriers and FPSOs for dry docking of these vessels in Belfast. Recognising the growing importance of the energy market, the Company has recently established offices in Aberdeen, the UK's energy capital. This will enable the Company to be in close proximity to its potential clients and deepen relationships with the aim of securing further contracts.

Renewables

The Company has previously stated that there is typically an 18-24-month period required from the award of a sea-bed licence to commencement of fabrication for a wind farm project. During this period, the developer needs to take a number of steps; completion of planning and consenting, environmental impact assessments, obtaining a marine licence and firming up the design specifications of the project in line with seabed and other offshore conditions. Since the Scotwind auction award announcement in April 2022, the Company has been actively engaged with a large number of the awardees, both for fixed and floating wind structures.

There is a very clear commitment from the developers to enhance the value of local content and to strengthen the supply chain. Importantly, fabrication for a project includes not only the structures but also the ancillary equipment and ships, such as Service Operating Vessels (SOVs) and Crew Transfer Vessels (CTVs) to name a couple. The Company has been working alongside these awardees to identify the commercial pathway for these projects and ensure that the fabrication for these projects is de-risked as much as possible.

Along with strengthening the supply chain, the Company has been looking at how to increase its footprint in Belfast, Arnish and Methil with a view to accommodating the fabrication, assembly and load-out of large floating structures. A number of initiatives on capital expenditure are being explored such as co-investment in the yards, long term capacity bookings and joint ventures with the awardees.

The renewables market is substantial and growing, and the Company believes that the best way to monetise the opportunity is to enter into a series of partnerships (in various commercial forms) as opposed to securing standard fabrication contracts. Whilst the Company continues to negotiate with its clients on standard fabrication contracts for smaller pieces of work ranging between £1 million and £5 million, the Company is engaged in strategic partnership discussions for larger and longer-terms contracts. The Company believes that large material contracts should start getting executed at the back end of 2024 and has therefore budgeted for smaller prototype fabrication projects next year with more meaningful contracts commencing from 2025 onwards.

Commercial

The commercial market has opened up globally for the Company. The directors believe that the Company has an established a reputation of delivering complex and large projects on time and on budget. Testament to this is the fact that vessel owners from North America have been making the journey across the Atlantic to seek dry docking and repair works inBelfast. The large dry docks and an experienced team in Belfast lend themselves to be the facility of choice for large vessels such as 'The Sunshine', a heavy lift vessel of Korean origin, which is currently in Belfast undergoing repair work.

More locally, the Company successfully completed the fabrication for a mining project in Greenland and has delivered all the fabricated components to the client. The Cory contract which involves the fabrication and build of 23 barges continues at pace with the barges now being fabricated in Belfast and Methil. This contract has underpinned the rejuvenation of the fabrication halls in Belfast and following a steady ramping-up, both yards are now well-positioned to deliver at least one barge every four to five weeks.

Moreover, as work gathers pace to modernise UK's electricity and energy infrastructure, the Company continues to have discussions with developers and key contactors in the nuclear and electrification markets. These are large projects that are now at the Final Investment Decision (FID) stage and the Company is bidding on work relating to the contracting for significant component and structural steel work in Methil and Arnish.

Islandmagee Gas Storage Project (Islandmagee Project)

The judicial review for the Islandmagee Project was held in the first week of May 2023 with the judgment finally issued on 31 August 2023. The Company is delighted to report that the case was formally dismissed by the High Court in Northern Ireland with all grounds on which the applicants had challenged the issuance of the marine construction licence, abstraction licence and discharge consent comprehensively dismissed. The marine licence issued to the project in November 2021, therefore, stands.

The Islandmagee Project represents a strategic asset both for the island of Ireland and mainland UK, underpinned by a recent independent study (the Large-Scale Hydrogen Concept Study) confirming that the Islandmagee Project is technically suitable to store, blend, process and introduce hydrogen into the network. The hydrogen market is rapidly evolving, and the Company believes that this project will stimulate the growth and monetisation of hydrogen production and consumption. This has the potential to add enormous value in the transition from natural gas to hydrogen, with the recent study emphasising the viability of the business case and economic model. Accordingly, the Company will be seeking to appoint a technical consultant to conduct a Front-End Engineering and Design (FEED) study for hydrogen storage as well as amend its existing permissions to incorporate the storage of hydrogen.

Whilst the Company is currently reviewing the details of the High Court judgement, the judgement has created the opportunity to evaluate several potential strategic options for the asset including:

- Trade sale of the project;
- Government funding (either in full or on a matched basis) through the National Infrastructure Bank or similar entity via a commercial mechanism such as a Contract for difference (CfD) or Regulated Asset Base (RAB) model; and
- Traditional farm-out model with the Company retaining a minority stake in the project.

The Company will fully assess its options in respect of the Islandmagee Project to ensure any future decision on this project is in the best interest of shareholders.

Financial overview

For the period ended 30 June 2023, the Company's revenues were £25.53 million (30 June 2022: £15.41 million) representing a 65% increase from the comparative period last year. The gross profit for the period was £4.95 million (30 June 2022: £3.38 million) representing a gross margin percentage of 19.4% reflecting a highly volatile cost environment in which the Company was not able fully to pass on labour and energy related cost increases to all clients.

As we move into the next phase of the Company's growth, with the onset of large fabrication contracts, our goal is to develop an optimum blend and mix of work across the four sites, in order to increase our gross margin to our target of between 24% - 27% One critical cost consideration is steel and we are, as far as possible, reducing our exposure to the volatility in steel prices by requesting for client delivered materials. Where we are required to acquire steel, our contracts are normally structured on a floating price with the actual costs being passed to the clients. Our ability to negotiate such terms is key to securing the right work at the right price.

The net loss for the period was £31.50 million (30 June 2022: £17.65 million). This widened loss versus the same period last year largely reflects the investment in personnel and general overheads to service a growing workload, along with increased financing costs.

Net debt as at 30 June 2023 was £88.53 million (30 June 2022: £19.74 million) reflecting the upsizing of the Riverstone Credit Facility from $35 million in March 2022 to $100 million as at 30 June 2023. As reported previously, we are now at an advanced stage of refinancing a new £200 million credit facility from UK Export Finance (UKEF). Having completed significant due diligence in the first half of 2023, we are now in the process of negotiating with the high-street banks and Astra Asset Management to structure a syndicate of commercial and private debt along with the UKEF guarantee. We expect to close this facility in Q4'23. Further announcements will be made at completion

Outlook for 2023 (FY23) and 2024 (FY24)

As stated previously, the Company expects to generate revenues of circa £100 million for FY23 and circa £200 million for FY24. The Company currently estimates these revenues would have the following mix:

Market vertical	2023 (£m)	2024 (£m)
Defence	60	63
Energy	20	84
Commercial	12	18
Cruise and ferry	7	20
Renewables	1	15

Revenues for FY23 will be significantly second half weighted reflecting that the FSS Programme was contracted in February 2023 and that deliveries of equipment for the M55 Regeneration Programme were received in Q1 2023. The FSS-related revenues, and a number of other contracts signed in the current financial year, are subject to a number of procurement activities defined by clients and, in the case of FSS, are controlled by the UK Government. The Company continues to liaise closely with its various counterparties to ensure that procurement remains on target to achieve revenue recognition in 2023. As a result of the processes involved in setting up supply chains and seeking a number of security clearances, bench overheads and additional administration expenses will be incurred in the short term. Therefore, the EBITDA loss for FY2023 is expected to be in the region of £22 million - £25 million.

For FY24, the Company already has a significant backlog (contracted revenues) of £145 million providing good visibility, and the Company continues to progress a number of identified contract prospects.

For further information, please visit www.harland-wolff.com or contact:

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About Harland & Wolff

Harland & Wolff is a multisite fabrication company, operating in the maritime and offshore industry through five markets: commercial, cruise and ferry, defence, energy and renewables and six services: technical services, fabrication and construction, decommissioning, repair and maintenance, in-service support and conversion.

Its Belfast yard is one of Europe's largest heavy engineering facilities, with deep water access, two of Europe's largest drydocks, ample quayside and vast fabrication halls. As a result of the acquisition of Harland & Wolff (Appledore) in August 2020, the company has been able to capitalise on opportunities at both ends of the ship-repair and shipbuilding markets where there will be significant demand.

In February 2021, the company acquired the assets of two Scottish-based yards along the east and west coasts. Now known as Harland & Wolff (Methil) and Harland & Wolff (Arnish), these facilities will focus on fabrication work within the renewables, energy and defence sectors.

In addition to Harland & Wolff, it owns the Islandmagee gas storage project, which is expected to provide 25% of the UK's natural gas storage capacity and to benefit the Northern Irish economy as a whole when completed.

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2023

	Six months to 30 June	Six months to 30 June

	Notes	30 June 2023 Unaudited £	30 June 2022 Unaudited £
Continuing operations			
Revenue		25,532,712	15,413,527
Cost of sales		(20,577,625)	(12,031,833)
Gross profit		**4,955,087**	**3,381,694**
Management and administrative expenses		(21,133,404)	(16,432,799)
Other operating income		250,192	337,960
Depreciation and amortisation		(1,756,530)	(1,354,540)
Operating loss		**(17,684,655)**	**(14,067,685)**
Finance income		597	-
Finance costs		(13,819,604)	(3,580,205)
Loss before taxation		(31,503,662)	(17,647,890)
Taxation		-	-
Loss for the period		(31,503,662)	(17,647,890)
Total comprehensive loss for the period attributable to:			
Owners of the company		(31,503,662)	(17,647,890)
Earnings Per Share			
Basic and diluted	2	(18.21)p	(10.83)p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2023

	Notes	30 June 2023 Unaudited £	30 June 2022 Unaudited £
Non-current assets			
Intangible assets	3	12,579,193	12,055,457
Property, plant and equipment	4	26,670,074	24,437,365
Right of use assets	5	17,575,541	12,580,662
Total non-current assets		56,824,808	49,073,484
Current assets			
Inventories		4,042,617	9,005,144
Trade and other receivables	6	14,070,797	10,637,686
Cash and cash equivalents		6,742,640	2,290,311
Total current assets		24,856,054	21,933,141
Current liabilities			
Trade and other payables	7	(43,836,149)	(29,783,847)
Loans and borrowings	8	(98,303,054)	(8,401,946)
Total current liabilities		(142,139,203)	(38,185,793)
Net current liabilities		(117,283,149)	(16,252,652)
Non-current liabilities			

Loans and borrowings	8	(19,214,540)	(29,017,760)
Financial liability	8	(200,000)	(200,000)
Total non-current liabilities		(19,414,540)	(29,217,760)
Net liabilities		(79,872,881)	3,603,072
Shareholders' funds			
Share capital		12,546,328	12,444,734
Share premium		59,360,117	58,736,711
Merger reserve		8,988,112	8,988,112
Share based payment reserve		392,058	379,904
Revaluation reserve		6,074,895	6,074,895
Retained earnings		(167,234,391)	(83,021,284)
Total equity		(79,872,881)	3,603,072

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2023

	Share capital £	**Share premium £**	**Revaluation Reserve £**	**Merger reserve £**	**Share based payment reserve £**
Balance at 1 January 2022 (Audited)	12,444,734	58,736,711	6,074,895	8,988,112	360,501
Loss for the period	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	-
Transactions with owners recorded directly in equity:					
Share option expense	-	-	-	-	19,403
Balance at 30 June 2022 (Unaudited)	12,444,734	58,736,711	6,074,895	8,988,112	379,904
Balance at 1 January 2023 (Audited)	12,546,328	59,360,117	6,074,895	8,988,112	392,058
Loss for the period	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	392,058
Transactions with owners recorded directly in equity:					
Share option expense	-	-	-	-	-
Balance at 30 June 2023 (Unaudited)	12,546,328	59,360,117	6,074,895	8,988,112	392,058

CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 June 2023

	Six months to 30 June 2023	**Six months to 30 June 2022**

	Unaudited	Unaudited
	£	£
Cash flows from operating activities		
Loss for the period	(31,503,662)	(17,647,890)
Adjustments to cash flows from non-cash items:		
Depreciation and amortisation	1,756,530	1,354,540
Foreign exchange (gain)/loss	(18,684)	101,337
Finance income	(597)	-
Finance costs	13,819,604	3,580,205
Share option expense	-	19,403
	(15,946,809)	(12,592,405)
Working capital adjustments:		
Increase in inventories	(2,308,053)	(7,828,503)
Increase in trade and other receivables	(6,223,884)	(3,811,742)
Increase in trade and other payables	13,496,186	7,673,315
Net cash outflows from operating activities	**(10,982,560)**	**(16,559,335)**
Cash flows from investing activities		
Interest received	597	-
Acquisitions of property, plant and equipment	(3,366,687)	(680,716)
Acquisitions of intangible assets	(117,364)	(133,813)
Net cash outflows from investing activities	**(3,483,454)**	**(814,529)**
Cash flows from financing activities		
Proceeds from borrowings, net of debt issuance costs	20,940,803	20,155,203
Repayment of borrowings and lease liabilities	(1,340,272)	(4,549,580)
Interest paid	(371,702)	(1,219,450)
Net cash inflows from financing activities	**19,228,829**	**14,386,173**
Net increase/(decrease) in cash and cash equivalents	**4,762,815**	**(2,987,691)**
Cash and cash equivalents at the start of the period	1,979,825	5,278,002
Cash and cash equivalents at the end of the period	**6,742,640**	**2,290,311**

NOTES TO THE INTERIM RESULTS

For the six months ended 30 June 2023

1. Accounting policies

Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 30 June 2023.

Non-statutory accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

A copy of the statutory accounts of the Company for the 12-month period ended 31 December 2022 has been delivered to the Registrar of Companies. The audit report on these accounts is unqualified and did not contain a statement under Sections 498(2) or (3) of the Companies Act 2006.

The financial information for the six months ended 30 June 2023 and 30 June 2022 is unaudited.

The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information'.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the 12-month period ended 31 December 2022, which was prepared under IFRS as adopted by the EU, and any public announcements made by Harland & Wolff Group Holdings plc during the interim reporting period.

Accounting policies

The interim financial information has been prepared under the historical cost convention except for certain items that are shown at fair value as disclosed in the accounting policies.

The same accounting policies, presentation and methods of computation are followed in preparing the interim financial information as were applied in preparation of the Group's financial statements for the 12-month period ended 31 December 2022.

The financial statements are presented in Sterling which is the functional currency of the Group, and all values are rounded to the nearest Pound Sterling (£).

Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

NOTES TO THE INTERIM RESULTS
For the six months ended 30 June 2023

1. Accounting policies (continued)

Going concern

The interim results have been prepared on a going concern basis. The Group's assets are now generating revenue following the acquisitions of assets in Belfast, Appledore, Methil and Arnish under the Harland & Wolff umbrella. Operating cash outflows have been incurred in the period and an operating loss has been recorded in the profit and loss account for the period. There is a baseload level of work flowing through the shipyard in Belfast with continuous ship repair and refurbishment activities in the Belfast Repair Dock. In addition, the Group has been able to win smaller fabrication contracts in Appledore, Methil and Arnish in addition to the multi-year M55 Regeneration Programme worth £55 million and the fabrication of 23 barges for the Cory group worth £18 million. In February 2023, the Group executed the Fleet Solid Support Manufacture Subcontract with Navantia UK Limited (Navantia).
This Subcontract is expected to generate total revenues of between £700 million and £800 million for the Company over a seven-year period that provides a baseload of revenues over the next few years. Additionally, there is a strong pipeline of opportunities across the five markets that the Group is involved in that management seeks to convert into firm contracts. .

The directors have a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the interim results for the six months ended 30 June 2023. Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

The Company is in advanced discussions with potential lenders along with a UK Export Finance (UKEF) guarantee to raise £200 million. Whilst there is no indication at the date of issuing the interim results that this financing will not be forthcoming, there can be no certainty that it will be successful. Should the Company not be successful in raising these additional funds and continues to retain its current cost base, a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

The auditors have included material uncertainty in relation to going concern in the audit opinion of the Group's financial statements for the 12-month period ended 31 December 2022.

2. Earnings per share

	Six months to 30 June	**Six months to 30 June**

	2023 Unaudited £	2022 Unaudited £
The loss for the purposes of basic and diluted earnings per share being the net loss attributable to equity shareholders		
Continuing operations	(31,503,662)	(17,647,890)
Number of shares Weighted average number of ordinary shares for the purpose of:		
Basic earnings per share	173,047,211	162,887,840
Basic and diluted earnings per share		
Continuing operations	(18.21)p	(10.83)p

NOTES TO THE INTERIM RESULTS

For the six months ended 30 June 2023

3. Intangible assets

	Artefacts £	Trademarks £	Computer software £	Development costs £	Gas storage development £	Project costs	Total £
Cost							
At 1 January 2023	647,395	1,013,192	181,273	55,000	10,433,973	184,177	12,515,010
Additions	-	-	6,631	-	110,733	-	117,364
At 30 June 2023	647,395	1,013,192	187,904	55,000	10,544,706	184,177	12,632,374
Amortisation							
At 1 January 2023	-	-	25,846	7,833	-	-	33,679
Amortisation charge	-	-	18,127	1,375	-	-	19,502
At 30 June 2023	-	-	43,973	9,208	-	-	53,181
Net book value							
At 30 June 2023	647,395	1,013,192	143,931	45,792	10,544,706	184,177	12,579,193
At 31 December 2022	647,395	1,013,192	155,427	47,167	10,433,973	184,177	12,481,331

4. Property, plant and equipment

	Land and buildings £	Office equipment £	Motor vehicles £	Plant and machinery £	Total £
Cost or valuation					
At 1 January 2023	11,946,019	813,723	554,517	16,493,425	29,807,684
Additions	25,517	-	-	3,341,170	3,366,687
At 30 June 2023	11,971,536	813,723	554,517	19,834,595	33,174,371
Depreciation					
At 1 January 2023	1,310,069	283,628	175,006	3,668,652	5,437,355
Charge for the period	214,064	77,681	28,082	747,115	1,066,942
At 30 June 2023	1,524,133	361,309	203,088	4,415,767	6,504,297
Carrying amount					
At 30 June 2023	10,447,403	452,414	351,429	15,418,828	26,670,074
At 31 December 2022	10,635,950	530,095	379,511	12,824,773	24,370,329

NOTES TO THE INTERIM RESULTS

For the six months ended 30 June 2023

5. Right of use assets

	Property £
Cost or valuation	
At 1 January 2023	20,833,652
Additions	-
At 30 June 2023	20,833,652
Depreciation	
At 1 January 2023	2,588,025
Charge for the period	670,086

At 30 June 2023	3,258,111
Carrying amount	
At 30 June 2023	17,575,541
At 31 December 2022	18,245,627

6. Trade and other receivables

	30 June 2023 Unaudited £	**30 June 2022 Unaudited £**
Trade receivables	5,183,693	2,411,008
Accrued Income	6,047,093	5,532,511
Other receivables	1,032,211	1,060,560
Prepayments	1,807,800	1,633,607
	14,070,797	**10,637,686**

7. Trade and other payables

	30 June 2023 Unaudited £	**30 June 2022 Unaudited £**
Trade payables	8,532,133	17,814,372
Social security and other taxes	1,059,753	2,707,543
Outstanding defined contribution pension costs	85,178	118,092
Other payables	4,030,099	153,560
Accruals and deferred income	30,128,986	8,990,280
	43,836,149	**29,783,847**

NOTES TO THE INTERIM RESULTS

For the six months ended 30 June 2023

8. Loans and borrowings

	30 June 2023 Unaudited £	**30 June 2022 Unaudited £**
Current liabilities:		
Lease liabilities - right of use	3,034,804	1,499,946
Other borrowings	95,268,250	6,902,000
	98,303,054	**8,401,946**
Non-current liabilities:		
Lease liabilities - right of use	19,214,540	13,891,686
Other borrowings	-	15,126,074
Financial liability	200,000	200,000
	19,414,540	**29,217,760**

Other borrowings

Riverstone Credit Partners LLC ("RCP")

On 9 March 2022, the Company entered into a group-wide $70 million Green Term Loan Facility (the "Facility") with affiliates of Riverstone Credit Partners, LLC ("RCP"). The Company upsized the Facility on 1 March 2023 to a total of $100 million, with the entire Facility maturing on 31 December 2024. The Facility will attract an interest rate of the published 90 day Secured Overnight Financing Rate (the "SOFR") plus 9% per annum, with the floor of the SOFR set at 1%. The Facility will be securitised against substantially all the assets of the Company, including land, property, plant and machinery and receivables.

Financial liability

Moyle Investments

In December 2017, the Company's wholly owned subsidiary, InfraStrata UK Limited increased its ownership in Islandmagee Energy Limited from 90% to 100% by acquiring the remaining interest from Moyle Energy Investments Limited at par value. In recognition of the support by Moyle of the gas storage project at Islandmagee, Harland & Wolff Group Holdings plc will pay

Moyle £200,000 on first gas storage.

9. Seasonal trend analysis

The Company normally observes a seasonal trend of ferry and cruise repairs being conducted over the winter period in preparation for summer sailings. There are no particular seasonal variations observed within the other markets.

10. Dividend

The Directors do not recommend payment of a dividend for the period to 30 June 2023.

11. Publication of the interim report

This interim report is available on the Company's websitehttps://www.harland-wolff.com