23 June 2025

Petards Group plc
("Petards", "the Group" or "the Company")

Final results for the year ended 31 December 2024

Petards Group plc (AIM: PEG), the AIM quoted developer of advanced security, communication and surveillance systems, is pleased to report its audited final results for the year ended 31 December 2024.

Key Highlights:

- **Operational**
  - Completed £2.85 million acquisition of Affini Technology on 13 June 2024, a UK-based systems integrator specialising in critical communications and wireless technologies
    - £2.52 million in cash and £0.33 million in Petards consideration shares
    - Strengthened Group, by diversifying earnings and expanding blue chip customer base
    - Annual recurring revenues typically represent circa 50% of total annual revenues
  - Continued growth of Traffic ANPR related revenues supported by sales of the new QRO Harrier AI camera system, and strengthened our sales team to target overseas markets
  - Petards' eyeTrain and Defence markets remained challenging with orders delayed
  - Group revenues from service and engineering support, spares, repairs and managed services exceed 50% of total revenue
  - Order book at 31 December 2024: £7.1 million (31 Dec 2023: £2.4 million)
    - over 80% of which is for delivery in 2025
    - 2025 will also benefit from a full year's revenue from Affini (2024: 6½ months)
  - New products developed included the QRO Harrier Mini ANPR camera system for mobile and fixed roadside applications, launched in early 2025 for which initial orders have been received

- **Financial**
  - Total revenues £12.0 million (2023: £9.4 million)
  - Gross profit margin 45.3% (2023: 50.5%)
    - Margins excluding Affini, were similar year-on-year
    - Affini's integrator model attracts good margins, but lower than Petards' existing OEM solutions
  - Adjusted EBITDA[1] £410,000 (2023: £340,000)
  - Operating loss before exceptional items £774,000 (2023: £529,000 loss)
  - Incurred exceptional acquisition and reorganisation costs of £491,000 (2023: £656,000)
  - Loss after tax £1,127,000 (2023: £1,050,000 loss)
  - Basic and diluted loss per share 1.91p (2023: basic and diluted loss per share 1.86p)
  - Net cash inflow from operating activities pre-exceptionals £685,000 (2023: £660,000)
  - At 31 December 2024, after payment of Affini cash consideration and acquisition costs, net debt totalled £1,535,000 (31 Dec 2023: net funds £1,241,000)[2]

[1] Adjusted EBITDA comprises operating profit adjusted to remove the impact of depreciation, amortisation, exceptional items and acquisition costs. A reconciliation of adjusted EBITDA to operating profit is included on the face of the consolidated income statement.

[2] Total net funds/(debt) comprise cash and cash equivalents less interest bearing loans and borrowings.

Commenting on the current outlook, Raschid Abdullah, Chairman, said:

"2025 has started positively with trading in the first five months of the year in line with budget and we expect trading for the first half of the year to be well ahead of that reported in the first half of 2024.

The Group's current pipeline of new business remains strong, although in Rail and Defence markets we are still experiencing later than expected placement of orders by customers. Those delays are not presently expected to impact the overall trading performance for 2025 as a whole.

With an opening order book of £7.1 million (31 December 2023: £2.4 million), together with the orders received in the first five months of 2025, revenue cover for 2025 has increased to around 75%.

In view of the Group's significantly improved opening order book and a full year's contribution from Affini, the Board is confident in the enlarged Group's prospects and anticipates an improved trading performance for 2025."

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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Chairman's statement

Introduction

I am pleased to report that 2024 was a year of progress for the Group, the highlights of which were the acquisition of Affini Technology ("Affini") in June 2024, which has bedded in well, and strong revenues for our QRO ANPR solutions.

The second half of the year saw an improved overall performance for the Group, benefiting from six months contribution from Affini, and some improvement in trading at the Group's existing operations.

Revenues for the full year ended 31 December 2024 were £12.02 million (2023: £9.42 million), giving an adjusted EBITDA of £0.41 million (2023: £0.34 million).

Our QRO ANPR solutions for the Traffic sector continue to be the leading contributor to Group profitability with their profit contribution up ten per cent. on the prior year. Throughout the year we continued to develop new products to enhance our market position, and in Q4 we laid the foundations for future growth in other geographic markets by appointing an experienced ANPR international business development manager. Since then we have exhibited at ANPR exhibitions in Dubai, Seville and Mexico City and will be exhibiting at Highways KSA in Riyadh in October. We look forward to seeing the results of these initiatives beginning to come through later in 2025.

Petards eyeTrain rail solutions continued to operate in a difficult market with a particular slowness in the placement of orders by customers. The strength of our considerable installed base of passenger rail vehicles continued to provide a strong ongoing flow of service, spares and repairs business as well as opportunities for system upgrades.

Although overall revenues were lower than the prior year, we made good progress in closing out past contracts and releasing cash retentions of £0.45 million, of which £0.26 million was received in the year. We also continued to advance both our core eyeTrain technology extending its functionality, and our eyeBOS back office software, designed to assist train operators manage their fleets more efficiently by harmonising all data sets into a user friendly portal.

The transition of the Railways from private to public ownership under GB Rail has been a source of uncertainty for UK rail industry suppliers for some considerable time. During 2025 a further three train operating companies ("TOCs") are to be nationalised increasing the number in public ownership to seven. We hope that the removal of the uncertainty arising when TOCs are nearing the end of their franchises will provide them with greater certainty when making investment decisions concerning rolling stock upgrades.

Revenues from Petards' defence services were also down on 2023, while making a positive contribution. During the second half of the year we saw increased engagement with the Ministry of Defence ("MOD") and its prime contractors on new projects for certain systems, for which Petards is an existing supplier. Post year end we have received initial orders relating to one of these projects, giving us some encouragement that orders for the more substantial aspects will be placed later this year.

The business has also started getting traction on its efforts to win work in related sectors that utilise its facilities and capabilities in electronic engineering for repair and test. We anticipate that some benefits of this will be forthcoming in the second half of 2025.

Our specialist RTS software focused on rail asset management, logistics, planning, and business process applications continued to be a steady performer and we believe there is the potential for those applications to have broader penetration within the sub-sector. During 2024 its contribution increased on slightly lower revenues as we saw the benefits of a lower cost base coming through, following the reorganisation undertaken in the latter part of 2023.

Environmental Social Governance (ESG)

The Board continues to implement ESG ideals and objectives in a manner which is appropriate to the Group's size and scale. As Petards develops, the Board will continue to assess and adapt its approach and, where appropriate, make changes in a proportionate and commercial manner.

Personnel

Every business depends upon the quality of its management and their respective teams, and the Board believes that across the Group, its current management and personnel demonstrate the required skills, experience, enthusiasm and commitment at all levels to drive the Group forward.

Petards' pool of skill and experience was enhanced with the acquisition of Affini, and we are very pleased to welcome Ian Carr, Affini's CEO, and his team to the Petards Group and look forward to working together to develop Affini to its full potential.

On behalf of the Board, I would like to express our thanks to all Petards' management and employees for their contributions and loyalty, and for their support during what proved to be a challenging year.

The Board

Following the year end, after serving as a director for ten years, Paul Negus stepped down from the Board and we thank him for his contribution to the business during his tenure and wish him every success in his future endeavours.

Acquisitions

In the year we made excellent progress towards delivering on the Group's acquisition strategy and were pleased to have acquired Affini on 13 June 2024. We will continue to pursue other complementary cash generative businesses which would be earnings enhancing and increase the scale of the Group.

Since April 2016 the Group has made three acquisitions, QRO, RTS and Affini, as well as the rights to NASBox ANPR which has made a good contribution to the growth of our Traffic revenues. All these acquisitions continue to make positive contributions to the Group's results.

Each has been funded from the Group's own cash and debt resources, except for Affini, where the vendors elected to receive 6.8 per cent. of Petards' enlarged issued equity valued at £326,000 out of the total consideration of £2.85 million, with the balance being paid in cash from a combination of the Group's cash resources and bank debt.

Outlook

2025 has started positively with trading in the first five months of the year in line with budget and we expect trading for the first half of the year to be well ahead of that reported in the first half of 2024.

The Group's current pipeline of new business remains strong, although in Rail and Defence markets we are still experiencing later than expected placement of orders by customers. Those delays are not presently expected to impact the overall trading performance for 2025 as a whole.

With an opening order book of £7.1 million (31 December 2023: £2.4 million), together with the orders received in the first five months of 2025, revenue cover for 2025 has increased to around 75%.

In view of the Group's significantly improved opening order book and a full year's contribution from Affini, the Board is confident in the enlarged Group's prospects and anticipates an improved trading performance for 2025.

Raschid Abdullah
Chairman

Strategic report

Business review

Following its acquisition during 2024 of Affini, Petards' operations are now focused upon the development, supply and maintenance of technologies used in advanced security, communications, surveillance and ruggedised electronic applications, the principal markets for which are:

- **Rail** - software driven video and other sensing systems for on-train applications sold under the eyeTrain brand to global train builders, integrators and rail operators; and web-based real-time safety critical integrated software applications supporting the UK rail network infrastructure under the RTS brand;
- **Traffic** - Automatic Number Plate Recognition ("ANPR") systems for lane and speed enforcement and other applications; and UK Home Office approved mobile speed enforcement systems, sold under the QRO and ProVida brands to UK and overseas law enforcement agencies and commercial customers;
- **Defence** - engineering services relating to electronic control systems, threat simulation systems, radio systems, and other defence related equipment sold predominantly to the UK Ministry of Defence ("MOD") both directly and via its prime defence contractors; and
- **Communications** – critical communications and wireless technologies systems integrator serving the transport, blue light, energy, central government and construction sectors, offering an end-to-end service from initial strategy and design, through to equipment supply, providing ongoing maintenance and managed services.

Our objective is to develop and grow our business on a sustainable basis through increasing profitability and free cash flow predominantly for re-investment throughout the Group and through the fair treatment, ingenuity and efforts of our primary asset, our people, working ethically and in close partnership with our customers, suppliers and stakeholders with the objective of delivering above average returns for our investors.

Operating review

While difficult trading for the Group's eyeTrain and Defence services affected the Group's profitability, one of the highlights of the year was the completion of the acquisition of Affini, and the Group benefited from its contribution during the second half year.

Affini is a UK-based systems integrator specialising in critical communications and wireless technologies, providing a comprehensive range of solutions and services, spanning initial strategy and design, to equipment supply and provision of ongoing maintenance and managed services. Its core services revolve around delivering robust and reliable communication infrastructures in sectors including airports, rail, bus, nuclear energy, defence, construction and central government, providing:

- Radio and wireless solutions encompassing professional mobile radio (PMR), ground-to-air communications, distributed antenna systems (DAS), microwave backhaul, Wi-Fi, 4G LTE, and 5G.
- Mission critical communications ensuring high reliability and performance in demanding environments.
- End-to-end managed service solutions for radio, telematics, and wireless communications, such as full infrastructure and device management.
- Consultancy services to help customers identify, test, and implement improvements in their communication systems and business performance.
- Maintenance services supported by a nationwide team of engineers to ensure communication infrastructures and end-user devices remain available 24/7.
- Technology solutions including the telematics platform, Afftel, for monitoring vehicle/asset data, the Radius platform supporting voice mission critical voice communications over cellular networks, as well as bodycams and lone worker solutions.

Affini's acquisition has a clear fit with the Group's strategy and represents a further step in building the Group's target markets, adding new capabilities and services to the Group's product portfolio. It also provides a strong recurring revenue stream with circa 50 per cent. of its revenues relating to recurring maintenance and managed services. It made a good contribution to the Group's results in the second half of the year.

One of the areas of management focus has been on increasing the Group's recurring revenues, and we were pleased that, in 2024 income from service and engineering support, spares, repairs and managed services comprised in excess of 50 per cent. of total revenues.

We were also delighted with both the sales of our QRO solutions, which yielded revenues and margin ahead of the previous year, and of customers' reception to our Harrier AI ANPR camera system launched in December 2023, with over 280 systems being delivered during 2024. Following on from the success of Harrier AI, we developed the QRO Harrier Mini, an AI-powered ANPR camera system for mobile and fixed roadside applications and, following its launch, first orders have been received in 2025.

While we have made some export sales in the past, those have related to our ProVida in-car speed enforcement systems rather than our QRO ANPR camera systems. With the launches of Harrier AI and Harrier Mini, we are now well placed to target selected overseas markets and in November we appointed an experienced ANPR international business development manager. During 2025 we are targeting international ANPR exhibitions, and have some ongoing overseas customer trials. We look forward to seeing some results of these initiatives coming through later in 2025.

Markets for the Group's Rail and Defence services and systems remained challenging although second half year revenues and contribution from these were a little ahead of those achieved in the first half year.

Petards Rail's eyeTrain order prospects pipeline during 2024 included opportunities for which customers had confirmed that the projects are to proceed and that Petards systems are specified. However, converting these into confirmed purchase orders was frustratingly slow. Modest progress was made during the second half of 2024 with orders being awarded to Petards for a small number of these projects. While at this stage the others remain to be placed, we understand additional awards are to be made soon.

Revenues generated from eyeTrain related services, spares and repairs for the year continued to make a strong contribution and were similar to those for the prior year. However, the delays in receiving customer orders for eyeTrain systems saw revenues for those reduce year-on-year.

Revenues for Defence products and services were similarly affected and substantially comprised those for specialist engineering services, support and repairs.

The announcement of the outcome of the UK Government's Defence Review included some elements that may well be helpful to Petards Defence's business, and last month the MOD confirmed that it was taking steps to increase the rate of Challenger 3 main battle tank deliveries. Challenger 3 is a programme for which we believe Petards is well placed to provide systems and support, being the incumbent supplier of engine management systems and related support on the Challenger 2 platform.

The benefits of the reorganisation of the RTS team undertaken just before the start of the year showed through in the 2024 results. We also successfully secured the renewal of all existing RTS software licence and maintenance contracts that came up for renewal in the year. Following internal software development, the RTS SaaS product portfolio was enhanced with the successful launch of mobile versions of our Ops Suite and Asset Management Services software.

Financial review

Operating performance

Group revenues increased to £12,016,000 (2023: £9,424,000) and reflect Affini's revenues for the period since its acquisition in mid-June 2024. Revenues for our QRO ANPR systems grew by over 7 per cent. year-on-year but challenging market conditions saw lower revenues for the Group's Rail and Defence products and services.

Gross profit margin was 45 per cent. (2023: 50 per cent.). Margins excluding Affini were similar year-on-year, and while Affini's integrator model attracts good margins, those are lower than for Petards' existing OEM solutions.

Overheads before exceptional costs of £491,000 (2023: £656,000), were £6,215,000 (2023: £5,284,000) with the increase year on year relating almost entirely to Affini's overheads incurred since its acquisition.

Earnings before interest, tax, depreciation, amortisation, exceptional items, acquisition costs and share based payment charges ("adjusted EBITDA"), increased to £410,000 (2023: £340,000).

Net financial expenses increased to £171,000 (2023: £13,000), reflecting the borrowings incurred in the year to part fund the acquisition of Affini.

The tax credit of £309,000 (2023: £148,000 credit) comprised a current tax credit of £120,000, and a net deferred tax credit of £189,000. The current tax credit predominantly relates to the surrender of previously unrecognised enhanced tax deductions for R&D tax credits in respect of 2023, that were recognised in 2024 and are shown as a receivable at

31 December 2024. Claims for 2024 R&D activities are expected to be made and recognised in 2025. The main elements of the deferred tax credit arose from the origination of in-year timing differences of £140,000, and a net £97,000 arising from the partial recognition of 2024 tax losses and net derecognition of prior year losses.

The overall result for the Group for the year was a loss after tax of £1,127,000 (2023: loss of £1,050,000), representing a diluted and undiluted loss per share of 1.91p (2023: loss per share 1.86p).

Research and development

The Group continued to invest in its internally developed software and hardware solutions. That investment totalled £341,000 in 2024 (2023: £373,000), of which £304,000 was capitalised (2023: £349,000). Around 85 per cent. of the capitalised development costs related to our ANPR camera products and related software, with the balance relating to the ongoing development of the Group's rail products.

Cash, cash flow and net debt

The Group again recorded a cash generative operating performance with net cash inflows from operating activities before exceptional costs of £685,000 (2023: £660,000).

Net cash flows from investing activities were £2,508,000 (2023: £485,000) of which £1,987,000 related to the cash element of the consideration for the Affini acquisition (net of cash acquired). Other investing activities included capitalised development costs of £304,000 and the acquisition of specialist ANPR service support vehicles for £124,000.

Net financing outflows were £462,000 (2023: £294,000) which included £345,000 of repayments of principal and interest on lease liabilities, and £80,000 in respect of interest relating to the funding of the Affini acquisition.

The Group's net debt at 31 December 2024 was £1,535,000 (2023: net funds £1,241,000) before deducting IFRS 16 lease liabilities of £855,000 (2023: £732,000).

The Group continues to maintain its £2.5 million overdraft facility on an "evergreen" basis, that may be utilised for both the Group's working capital purposes, and any other purpose which its bankers agree.

Osman Abdullah

Group Chief Executive

Consolidated income statement

for the year ended 31 December 2024

	Note	2024 £000	2023 £000
Revenue	*2*	**12,016**	9,424
Cost of sales		**(6,575)**	(4,669)
Gross profit		**5,441**	4,755
Administrative expenses		**(6,706)**	(5,940)
Adjusted EBITDA*		**410**	340
Amortisation of intangibles		**(609)**	(523)
Depreciation of property, plant and equipment		**(334)**	(161)
Depreciation of right of use assets		**(241)**	(185)
Exceptional acquisition costs	*3*	**(416)**	(579)
Exceptional reorganisation costs	*3*	**(75)**	(77)
Operating loss		**(1,265)**	(1,185)
Finance income	*4*	**13**	33
Finance expenses	*4*	**(184)**	(46)
Loss before tax		**(1,436)**	(1,198)
Income tax	*5*	**309**	148
Loss for the year attributable to equity shareholders of the parent		**(1,127)**	(1,050)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,127)**	(1,050)
Loss per ordinary share (pence)			
Basic	*6*	**(1.91)**	(1.86)
Diluted	*6*	**(1.91)**	(1.86)

* Earnings before financial income and expenses, tax, depreciation, amortisation, exceptional items and acquisition costs. See Alternative Performance Measures Glossary at the end of this announcement.

Statements of changes in equity

for year ended 31 December 2024

	Share capital £000	Share premium £000	Treasury shares £000	Equity reserve £000	Retained earnings £000	Total equity £000
At 1 January 2023	575	1,624	(103)	14	6,137	8,247
Loss for the year	-	-	-	-	(1,050)	(1,050)
Total comprehensive income for the year	-	-	-	-	(1,050)	(1,050)
At 31 December 2023	**575**	**1,624**	**(103)**	**14**	**5,087**	**7,197**
At 1 January 2024	575	1,624	(103)	14	5,087	7,197
Loss for the year	-	-	-	-	(1,127)	(1,127)
Total comprehensive loss for the year	-	-	-	-	(1,127)	(1,127)
Shares issued in the year	42	284	-	-	-	326
Lapse of share options	-	-	-	(14)	14	-
At 31 December 2024	**617**	**1,908**	**(103)**	**-**	**3,974**	**6,396**

Consolidated balance sheet

at 31 December 2024

	Note	2024	2023
		£000	**£000**
ASSETS			
Non-current assets			
Property, plant and equipment		**1,181**	**655**
Right of use assets		**836**	**691**
Intangible assets		**4,977**	**3,605**
Investments in subsidiary undertakings		**-**	**5**
Deferred tax assets	*8*	**768**	**470**
		7,762	**5,426**
Current assets			
Inventories		**1,799**	**1,735**
Trade and other receivables		**3,519**	**2,323**
Cash and cash equivalents		**168**	**1,241**
		5,486	**5,299**
Total assets		**13,248**	**10,725**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	*10*	**617**	**575**
Share premium		**1,908**	**1,624**
Treasury shares		**(103)**	**(103)**
Equity reserve		**-**	**14**
Retained earnings		**3,974**	**5,087**
Total equity		**6,396**	**7,197**
Non-current liabilities			
Interest-bearing loans and borrowings	*9*	**552**	**511**
Current liabilities			
Interest-bearing loans and borrowings	*9*	**2,006**	**221**
Provisions for liabilities and charges		**106**	**113**
Trade and other payables		**4,188**	**2,683**
		6,300	**3,017**
Total liabilities		**6,852**	**3,528**
Total equity and liabilities		**13,248**	**10,725**

Consolidated statement of cash flows

for year ended 31 December 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Profit/(loss) for the year		**(1,127)**	**(1,050)**
Adjustments for:			
Depreciation of property, plant and equipment		**334**	**161**
Amortisation of right of use assets		**241**	**185**
Amortisation of intangible assets		**609**	**523**
Profit on disposal of property, plant and equipment		**(1)**	**(4)**
Profit on disposal of right of use assets		**(15)**	**-**
Financial income	*4*	**(13)**	**(33)**
Financial expenses	*4*	**184**	**46**
Investment disposal		**5**	**-**
Income tax (credit)/charge	*5*	**(309)**	**(148)**
Operating cash flows before movement in working capital		**(92)**	**(320)**
Change in inventories		**(64)**	**106**
Change in trade and other receivables		**413**	**-**
Change in trade and other payables		**(63)**	**(159)**
Cash generated from operations		**194**	**(373)**
Tax received		**-**	**377**
Net cash from operating activities		**194**	**4**
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(243)**	**(154)**
Acquisition of intangible assets		**(11)**	**(30)**
Sale of property plant and equipment		**9**	**15**
Sale of right of use assets		**15**	**-**
Interest received		**13**	**33**
Acquisition of investments		**(2,449)**	**-**
Cash with acquired business		**462**	**-**
Capitalised development expenditure		**(304)**	**(349)**
Net cash outflow from investing activities		**(2,508)**	**(485)**
Cash flows from financing activities			
Bank loan repaid	*9*	**-**	**(125)**
Interest paid on loans and borrowings	*9*	**(80)**	**(3)**
Principal paid on lease liabilities	*9*	**(278)**	**(123)**
Interest paid on lease liabilities	*9*	**(67)**	**(32)**
Other interest and foreign exchange	*4*	**(37)**	**(11)**
Net cash outflow from financing activities		**(462)**	**(294)**
Net decrease in cash and cash equivalents		**(2,776)**	**(775)**
Total movement in cash and cash equivalents in the year		**(2,776)**	**(775)**
Cash and cash equivalents at 1 January		**1,241**	**2,016**
Net cash and cash equivalents/(overdraft) at 31 December		**(1,535)**	**1,241**

Notes

1 Basis of preparation

The financial information set out in this statement has been prepared in accordance with the recognition and measurement principles of UK adopted International Financial Reporting Standards ("IFRSs"), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. It does not include all the information required for full annual accounts.

The financial information does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 31 December 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies and those for 2024 will be delivered in due course. The Auditor has reported on those accounts; his reports (i) were unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying his report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

Petards is a critical supplier to many of its customers supporting the UK's police and armed forces as well as the safe running of transport networks and energy infrastructure. The main risks to the Group's cash flows identified are firstly, that customers may delay or re-schedule deliveries for orders already in the Group's order book and secondly that, in the short term, contract awards that the Group was expecting to secure for revenue in 2025 may be delayed. By their nature these risks are difficult for the Group to directly influence or control, but by keeping in close contact with our customers we are seeking to ensure that we are well-informed about their plans and be prepared to secure contracts awards as and when the opportunities arise. The Group is fortunate that its customer base comprises blue chip companies, the UK Government and its agencies and its exposure to credit risk is low.

The Group currently meets its day to day working capital requirements through its own cash resources and its available banking facilities. The Group has a £2.5 million overdraft facility that may be utilised for the Group's working capital purposes, and any other purpose which its bankers may approve, on an "evergreen" basis.

The Group has prepared working capital forecasts based on its 2025 budget updated for material known changes since it was prepared. The time period reviewed is to 30 June 2026. The forecasts also consider the potential impact of contract awards that the Group is expecting to secure for revenue during the period that may be delayed or cancelled.

The Board has concluded, after reviewing the work performed and detailed above, that there is a reasonable expectation that the Group has adequate resources to continue in operation until at least 30 June 2026. Accordingly, they have adopted the going concern basis in preparing these financial statements.

2 Segmental information

The analysis by geographic segment below is presented in accordance with IFRS 8 on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to make strategic decisions, to monitor performance and allocate resources.

The Board regularly reviews the Group's performance and balance sheet position for its entire operations as a whole. The Board receives financial information, assesses performance and makes resource allocation decisions for its UK based business as a whole, therefore the directors consider the Group to have only one segment in terms of products and services, being the development, supply and maintenance of technologies used in advanced security, surveillance and ruggedized electronic applications.

As the Board of Directors receives revenue, adjusted EBITDA and operating profit on the same basis as set out in the consolidated income statement and given the Group's products, services and customers demonstrate similar characteristics, no further reconciliation or disclosure is considered necessary.

Revenue by geographical destination can be analysed as follows:

	2024	2023
	£000	£000
United Kingdom	**11,872**	9,187
Continental Europe	**57**	114
Rest of World	**87**	123
	12,016	9,424

The timing of revenue recognition can be analysed as follows:

	2024 £000	2023 £000
Products and services transferred at a point in time	**8,812**	7,950
Products and services transferred over time	**3,204**	1,474
	12,016	9,424

3 Exceptional costs

During the year, exceptional costs totalling £491,000 were incurred (2023: £656,000) in respect of corporate activity and reorganisation costs. Those comprised legal and professional costs of £416,000 and integration costs of £55,000 in connection with the acquisition of Affini Technology, and other Group reorganisation costs of £20,000.

4 Finance income and expenses

	2024 £000	2023 £000
Recognised in profit or loss		
Interest on bank deposits	**13**	20
Other interest	**-**	13
Finance income	**13**	33

	2024 £000	2023 £000
Interest expense on financial liabilities at amortised cost	**-**	3
Interest expense on lease liabilities	**67**	32
Interest paid on loans and borrowing	**80**	-
Other interest payable	**28**	-
Other exchange loss	**9**	11
Finance expenses	**184**	46

5 Taxation

Recognised in the income statement

	2024 £000	2024 £000	2023 £000	2023 £000
Current tax (credit)/expense				
Current tax charge	**4**		29	
Adjustments in respect of prior years (see note below)	**(124)**		(312)	
Total current tax		**(120)**		(283)
Deferred tax (credit)/expense				
Origination and reversal of temporary differences	**(140)**		(7)	
Recognition of current year losses	**(181)**		-	
Derecognition of previously recognised losses	**-**		20	
Recognition of previously unrecognised tax assets	**(75)**		(57)	
Utilisation of recognised tax losses	**34**		51	
Adjustment in respect of prior years	**173**		128	
Total deferred tax		**(189)**		135

Total tax credit in income statement	**(309)**	(148)

The £124,000 credit to current tax in respect of prior years predominantly relates to the surrender of previously unrecognised enhanced tax deductions for R&D tax credits. These claims are recognised when receipt is determined to be probable.

Reconciliation of effective tax rate

	2024	2023
	£000	£000
Loss before tax	**(1,436)**	(1,198)
Tax using the UK corporation tax rate of 25% (*2023: 23.5%)*	**(359)**	(282)
Items not deductible for tax purposes	**66**	136
Recognition of previously unrecognised tax assets	**(75)**	-
Utilisation of previously unrecognised tax assets	**(77)**	(63)
Adjustments in respect of prior years	**49**	(185)
Effect of differential tax rate for deferred tax	**-**	5
Effect of tax losses generated in the year not recognised	**113**	224
De-recognition of previously recognised losses	**-**	20
Change in unrecognised temporary differences	**(26)**	(3)
Total tax credit	**(309)**	(148)

Factors that may affect future current and total tax charges

There are no factors that may affect future current and total tax charges. Recognised tax losses are presented in note 8.

6 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) for the year attributable to the shareholders by the weighted average number of shares in issue.

	2024	2023
Earnings		
Loss for the year (£000)	**(1,127)**	(1,050)
Number of shares		
Weighted average number of ordinary shares (‘000)	**58,817**	56,528
Basic and diluted loss per share (pence)	**(1.91)**	(1.86)

As the diluted loss per share would be anti-dilutive, the diluted loss per share is the same as the basic loss per share.

7 Acquisition of Affini Technology Group Limited

On 13 June 2024, the Group completed the acquisition of 100% of the share capital of Affini Technology Group Limited (“ATGL”) and therefore indirectly its wholly owned subsidiary, Affini Technology Limited (“Affini”) (together “Affini Group”) for total consideration of £2,853,000. The consideration was made up of £2,449,000 of cash, £326,000 equity issued and £78,000 of contingent consideration. Affini Group is a UK based critical communications solutions provider to the transport, blue light, energy, defence and construction sectors.

The principal reason for the acquisition was to further diversify the Group's presence in key markets, particularly in aviation and the energy markets, introducing new capabilities and services and to strengthen the Group's recurring revenue base.

The following table summarises the fair value of assets acquired, and liabilities assumed at the acquisition date:

	Fair value £000
Intangible assets - customer relationships	224
Property, plant and equipment	625
Right of use assets	289
Deferred tax asset	165
Trade and other receivables	1,489
Cash	462
Trade and other payables	(1,483)
Lease liabilities	(304)
Deferred tax liability	(56)
Total fair value	**1,411**
Consideration	2,853
Goodwill	**1,442**

8 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2024 £000	2023 £000	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Property, plant and equipment	**-**	-	**(7)**	(114)	**(7)**	(114)
Provisions	**4**	6	**-**	-	**4**	6
Tax value of loss carry-forwards	**1,034**	964	**-**	-	**1,034**	964
Intangible fixed assets	**-**	-	**(263)**	(386)	**(263)**	(386)
Tax assets/(liabilities)	**1,038**	970	**(270)**	(500)	**768**	470
Offset of tax	**(270)**	(500)	**270**	500	**-**	-
Net deferred tax assets	**768**	470	**-**	-	**768**	470

Unrecognised deferred tax assets are attributable to the following:

	2024 £000	2023 £000
Property, plant and equipment	**153**	272
Provisions	**4**	-
Tax value of loss carry-forwards	**3,061**	2,009
Unrecognised deferred tax assets	**3,218**	2,281

There is no expiry date on the above unrecognised deferred tax assets.

Movement in deferred tax during the year

	1 January 2024 £000	**Acquisition of Business £000**	**Recognised in income £000**	**31 December 2024 £000**

Property, plant and equipment	**(114)**	**18**	**89**	**(7)**
Provisions	**6**	**-**	**(2)**	**4**
Tax value of loss carry-forwards	**964**	**-**	**70**	**1,034**
Intangible fixed assets	**(386)**	**91**	**32**	**(263)**
	470	**109**	**189**	**768**

Movement in deferred tax during the prior year

	1 January 2023 £000	Recognised in income £000	31 December 2023 £000
Property, plant and equipment	(66)	(48)	(114)
Provisions	7	(1)	6
Tax value of loss carry-forwards	931	33	964
Intangible fixed assets	(353)	(33)	(386)
	519	(49)	470

9 Interest-bearing loans and borrowings

The Group's interest-bearing loans and borrowings are measured at amortised cost.

	2024 £000	2023 £000
Non-current liabilities		
Lease liabilities	**552**	511
Current liabilities		
Overdraft	**1,703**	-
Lease liabilities	**303**	221
	2,558	732

During the year and at 31 December 2024 the Group had available rolling overdraft facilities of £2.5 million with no fixed termination date..

Changes in liabilities from financing activities

	Current loans and borrowings £000	**Lease liabilities £000**
Balance at 1 January 2024	-	732
Cash items:		
Payment of lease liabilities	-	(345)
Non-cash items:		
New lease liabilities	-	97
Acquisition of business	-	304
Use of overdraft facility	1,703	-
Interest expense	-	67
Balance at 31 December 2024	**1,703**	**855**

	Current loans and borrowings £000	**Lease liabilities £000**

Balance at 1 January 2023	125	214
Cash items:		
Repayment of bank loan and interest	(128)	-
Payment of lease liabilities	-	(155)
Non-cash items:		
New lease liabilities	-	641
Interest expense	3	32
Balance at 31 December 2023	-	732

10 Share capital

	At 31 December 2024 Number	At 31 December 2023 Number
Number of shares in issue – allotted, called up and fully paid		
Ordinary shares of 1p each	**61,705,039**	57,528,229

	£000	£000
Value of shares in issue – allotted, called up and fully paid		
Ordinary shares of 1p each	**617**	575

The Company issued 4,176,810 ordinary shares of 1p each to the shareholders of Affini in connection its acquisition on 13 June 2024 at an issue price of 7.8p.

The Company's issued share capital comprises 61,705,039 ordinary shares of 1p each of which 1,000,000 are held in treasury. Therefore, the total number of voting rights in the Company is 60,705,039.

11 Annual Report and Accounts

The Annual Report and Accounts will be sent to shareholders shortly and will be available to download on the Company's website www.petards.com.

Alternative Performance Measures Glossary

This report provides alternative performance measures ("APMs"), which are not defined or specified under the requirements of International Financial Reporting Standards..

Adjusted EBITDA

Adjusted EBITDA is earnings before financial income and expenses, tax, depreciation, amortisation, exceptional items and acquisition costs. Adjusted EBITDA is considered useful by the Board since by removing exceptional items and acquisition costs, the year-on-year operational performance comparison is more comparable.

Order intake

The value of contractual orders received from customers during any period for the delivery of performance obligations. This allows management to monitor the performance of the business.

Order book

The value of contractual orders received from customers yet to be recognised as revenue. This allows management to monitor the performance of the business and provides forward visibility of potential earnings.

Net funds/(debt)

Total net funds/(debt) comprise cash and cash equivalents less interest bearing loans and borrowings. This allows management to monitor the indebtedness of the Group.