

18 September 2025

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

Interim results for the six months ended 30 June 2025

Petards Group plc (AIM: PEG), the AIM quoted developer of advanced security, communication and surveillance systems, is pleased to report its interim results for the six months ended 30 June 2025.

Key Highlights:

- **Operational**

- Strong interest in the new QRO Harrier Mini ANPR camera with first revenues in Q2
- Commenced building QRO's presence and pipeline in overseas markets
- Continued new product development in both ANPR and eyeTrain solutions
- Circa 50% of Group revenues from service and engineering support, spares, repairs, and managed services of a recurring nature
- Order book at 30 June 2025 of £6.7 million (31 Dec 2024: £7.1 million) of which £4.8 million scheduled for delivery in H2
- Post June 2025:
 - several larger order wins totaling over £1.5 million, across Rail, RTS, and QRO
 - multi-year framework contract wins for Affini and QRO anticipated to generate annual revenues in excess of £1.25 million

- **Financial**

- Revenue up 78% to £7.9 million (H1 2024: £4.4 million)
- Gross profit margin achieved of 48.7% (H1 2024: 49.0%)
- Adjusted EBITDA profit of £509,000 (H1 2024: £33,000)¹
- Significantly reduced operating loss of £185,000 (H1 2024: loss of £878,000)
- Post-tax loss £312,000 (H1 2024: loss of £928,000)
- Continued cash generative operating performance with cash inflow from operating activities of £860,000 (H1 2024: £438,000)
- Net debt at 30 June 2025 £1,295,000 (31 Dec 2024: net debt £1,535,000)²
- Diluted EPS loss of 0.51p (H1 2024: loss of 1.63p)

¹ Adjusted EBITDA is earnings before depreciation, amortisation, exceptional items, and acquisition costs

² Net debt comprises cash and cash equivalents less interest-bearing loans and borrowings (excluding lease liabilities)

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

"Clear progress was made in the first half of 2025 in terms of the overall Group's performance, including an improved trading result from Petards Rail, a good performance at Affini since its

acquisition last year, and with the steps being taken to expand QRO's presence into overseas markets with its new Harrier ANPR products.

"The order book at 30 June 2025 of £6.7 million (31 Dec 24: £7.1 million), combined with the orders received in July and August, has increased revenue cover for 2025 to around 92%.

"While the Group still requires to book and deliver further orders in the final four months of the year, the Board remains confident in anticipating a much improved trading performance for the 2025 full year, in line with current market expectations."

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.

Contacts:

Petards Group plc

Raschid Abdullah, Chairman

www.petards.com

Mb: 07768 905 004

Zeus, Nomad and Joint Broker

Mike Coe / Darshan Patel (Investment Banking)

Tel: 020 3829 5000

Hybridan LLP, Joint Broker

Claire Louise Noyce

www.hybridan.com

Tel: 020 3764 2341

claire.noyce@hybridan.com

Chairman's statement

Overview

I am pleased to report that the Group made further progress in the first half of 2025, building upon the much improved results achieved in the second half of 2024.

The Group generated a significant increase in revenues and adjusted EBITDA in the six months ended 30 June 2025, with revenues up 78% to £7.9 million (June 2024: £4.4 million), and an EBITDA profit of £509,000 (June 2024: £33,000).

Much of this improvement arose from a full six month's contribution from Affini, whereas the comparative six months only included a few weeks of its post-acquisition trading. In addition, the June 2025 results also benefitted from an overall improvement in underlying profitability at the Group's other operations.

The gross profit margin achieved was 48.7% which, while marginally lower than the comparative period (June 2024: 49.0%), was higher than that recorded for the second half of 2024. This resulted from higher gross profit margins across the Group and from a greater contribution being generated from higher margin value-add services at Affini.

During the period, the Group generated cash from operations of £860,000 (June 2024: £438,000) with a net increase in cash of £240,000 after investing and financing outflows. Net debt excluding lease liabilities at 30 June 2025 was £1,295,000 (31 Dec 2024: £1,535,000) which represented gearing of 21.2% (31 Dec 2024: 24.0%).

The Group's business continues to be 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 SaaS real-time safety critical integrated 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 engineering equipment sold predominantly to the UK Ministry of Defence (MOD) both directly and via its prime defence contractors.
- **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.

Operating Review

Trading in the first six months of 2025 progressed well with all the Group's operations achieving either higher or similar revenues to those in the same period in 2024. Revenues of a recurring nature from service and engineering support, spares, repairs and managed services comprised around 50% of Group revenues.

Both during and after the period end, QRO secured a number of important orders and framework agreements from its UK police force customer base and in Q2 made the first shipments of its newly launched Harrier Mini ANPR cameras.

Just prior to the start of 2025, the Group commenced the targeting of overseas markets for sales of QRO's Harrier AI (for roadside applications) and Harrier Mini (for mobile and fixed applications) camera systems, having invested in the appointment of an experienced ANPR international business developer, and during the period we attended several international ANPR trade shows. At this stage while this investment in additional overhead is unlikely to result in significant near-term sales, we believe that the markets targeted, and the growing pipeline of prospects, have the potential to provide another leg to QRO's future growth.

We were pleased that Affini performed slightly ahead of expectations in the period with higher margins achieved from a larger volume of installation and other engineering services work undertaken. Affini's strong recurring revenue stream from managed services, the Affini Matrix and Radius SaaS platforms, and 24/7 maintenance and monitoring services was an attractive feature of the business and continues to provide a significant proportion of its revenues.

Affini's future prospects were enhanced shortly after the period end when it secured the multi-year renewal of an existing customer framework agreement with the contract term extended to 31 December 2029. The related revenues are anticipated to be in excess of £1 million per annum, with the customer having the option to extend the contract to 31 December 2031.

Our RTS software that includes SaaS asset management and work planning tools focussed on rail infrastructure applications, also recorded improved results on similar revenues. It also successfully secured two significant licence renewals recently, one in June and the other in July, together worth £0.7 million that provides it with a good order book through into 2026.

In Petards' defence services activities higher margins translated into a better bottom line performance despite revenues being very similar to those in the first half of 2024. We are presently still awaiting movement on the expected new MOD related projects that I referenced in my statement accompanying the final results for the year to 31 December 2024.

The rail market continued to prove difficult and we are still experiencing extended timescales in terms of customer decision making and order placement. However, those orders that have been placed resulted in an improved level of eyeTrain system revenues that recovered to close to the levels last seen in the first half of 2023. This, coupled with higher revenues from Automatic Selective Door Operation (ASDO) related software activities, gave rise to improved margins and a much improved performance for Petards eyeTrain in the period.

While it is still too early to say whether this improvement will be sustained, it was encouraging that shortly after 30 June, orders of over £0.7 million were received for two rail customer projects. The first was for software to provide a fleet with off-train video data transmission capability, and the second larger order was for preparatory engineering activities related to eyeTrain systems to be retrofitted to an existing fleet. The accompanying order for the system hardware is expected to be placed in the near future.

In May, we were delighted that Petards Rail received three industry awards; one from a key customer and two at The Insider Made in the North East Awards 2025, and this continued recognition helps raise Petards' profile.

At the Alstom UK & Ireland Corporate Social Responsibility Awards, Petards Rail was announced as the winner of Alstom's Fighting Climate Change SME Award. Just prior to this, at the Made in the North East Awards, in awarding Petards the Automotive, Aerospace and Rail Award, judges cited Petards' web-based ASDO Database platform as revolutionary in the way it enables train fleets to respond to infrastructure changes. They also awarded Petards with the Sustainable/Ethical Manufacturer Award.

Outlook

Clear progress was made in the first half of 2025 in terms of the overall Group's performance, including an improved trading result from Petards Rail, a good performance at Affini since its acquisition last year, and with the steps being taken to expand QRO's presence into overseas markets with its new Harrier ANPR products.

The order book at 30 June 2025 of £6.7 million (31 Dec 24: £7.1 million), combined with the orders received in July and August, has increased revenue cover for 2025 to around 92%.

While the Group still requires to book and deliver further orders in the final four months of the year, the Board remains confident in anticipating a much improved trading performance for the 2025 full year, in line with current market expectations.

Raschid Abdullah

Chairman

Condensed Consolidated Income Statement

for the six months ended 30 June 2025

	Note	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000	Audited Year ended 31 December 2024 £000
Revenue		7,856	4,415	12,016
Cost of sales		(4,034)	(2,252)	(6,575)
Gross profit		3,822	2,163	5,441
Administrative expenses		(4,007)	(3,041)	(6,706)
Adjusted EBITDA*		509	33	410
Amortisation of intangibles		(320)	(297)	(609)
Depreciation of property, plant and equipment		(217)	(108)	(334)
Depreciation of right of use assets		(157)	(94)	(241)
Exceptional acquisition costs		-	(412)	(416)
Exceptional reorganisation costs		-	-	(75)
Operating loss		(185)	(878)	(1,265)
Finance income		-	28	13
Financial expenses		(127)	(78)	(184)
Loss before tax		(312)	(928)	(1,436)
Income tax	4	-	-	309
Loss for the period attributable to equity shareholders of the parent		(312)	(928)	(1,127)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		(312)	(928)	(1,127)
Loss per ordinary share (pence)				
Basic and diluted	8	(0.51)	(1.63)	(1.91)

* Earnings before financial income and expenses, tax, depreciation, amortisation, exceptional items and acquisition costs

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2025

	Share capital £000	Share premium £000	Treasury shares £000	Equity reserve £000	Retained earnings £000	Total equity £000
At 1 January 2024 (audited)	575	1,624	(103)	14	5,087	7,197
Loss for the period	-	-	-	-	(928)	(928)
Total comprehensive loss for the period	-	-	-	-	(928)	(928)
Share issue	42	284	-	-	-	326
At 30 June 2024 (unaudited)	617	1,908	(103)	14	4,159	6,595
At 1 January 2024 (audited)	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)
Lapse of share options	-	-	-	(14)	14	-
Shares issued in the period	42	284	-	-	-	326
At 31 December 2024 (audited)	617	1,908	(103)	-	3,974	6,396
At 1 January 2025 (audited)	617	1,908	(103)	-	3,974	6,396
Loss for the period	-	-	-	-	(312)	(312)
Total comprehensive income for the	-	-	-	-	(312)	(312)
At 30 June 2025 (unaudited)	617	1,908	(103)	-	3,662	6,084

Condensed Consolidated Statement of Financial Position

at 30 June 2025

		Unaudited 30 June 2025 £000	Unaudited 30 June 2024 £000	Audited 31 December 2024 £000
ASSETS				
Non-current assets				
Property, plant and equipment		1,261	1,316	1,181
Right of use assets		763	894	836
Intangible assets		4,696	4,679	4,977
Investments		-	5	-
Deferred tax assets		768	729	768
		<u>7,488</u>	<u>7,623</u>	<u>7,762</u>
Current assets				
Inventories		1,790	1,766	1,799
Trade and other receivables	5	3,185	3,205	3,519
Cash and cash equivalents		205	199	168
		<u>5,180</u>	<u>5,170</u>	<u>5,486</u>
Total assets		<u>12,668</u>	<u>12,793</u>	<u>13,248</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital		617	617	617
Share premium		1,908	1,908	1,908
Treasury shares		(103)	(103)	(103)
Equity reserve		-	14	-
Retained earnings		3,662	4,159	3,974
Total equity		<u>6,084</u>	<u>6,595</u>	<u>6,396</u>
Non-current liabilities				
Interest-bearing loans and borrowings	7	480	814	552
		<u>480</u>	<u>814</u>	<u>552</u>
Current liabilities				
Interest-bearing loans and borrowings	7	1,802	1,011	2,006
Provisions for liabilities and charges		109	-	106
Trade and other payables	6	4,193	4,373	4,188
		<u>6,104</u>	<u>5,384</u>	<u>6,300</u>
Total liabilities		<u>6,584</u>	<u>6,198</u>	<u>6,852</u>
Total equity and liabilities		<u>12,668</u>	<u>12,793</u>	<u>13,248</u>

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2025

	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000	Audited Year ended 31 December 2024 £000
Cash flows from operating activities			
Loss for the period	(312)	(928)	(1,127)
Adjustments for:			
Depreciation of property, plant and equipment	217	108	334
Depreciation of right of use assets	157	94	241
Amortisation of intangible assets	320	297	609
Profit on disposal of property, plant and equipment	-	-	(1)
Profit on disposal of right of use assets	-	-	(15)
Financial income	-	(28)	(13)
Financial expenses	127	78	184
Loss on investment disposal	-	-	5
Income tax credit	-	-	(309)
Operating cash flows before movement in working capital	509	(379)	(92)
Change in inventories	9	(6)	(64)
Change in trade and other receivables	334	675	413
Change in trade and other payables	8	148	(63)
Cash generated from operations	860	438	194
Tax received	-	-	-
Net cash from operating activities	860	438	194
Cash flows from investing activities			
Acquisition of property, plant and equipment	(168)	(159)	(243)
Acquisition of intangible assets	-	-	(11)
Sale of property, plant and equipment	-	-	9
Sale of right of use assets	-	-	15
Acquisition of subsidiary	-	(2,449)	(2,449)
Cash with acquired subsidiary	-	462	462
Interest received	-	28	13
Capitalised development expenditure	(169)	(80)	(304)
Net cash outflow from investing activities	(337)	(2,198)	(2,508)
Cash flows from financing activities			
Interest paid on lease liabilities	(43)	(30)	(67)
Interest paid on loans and borrowings	(76)	(48)	(80)
Principal paid on lease liabilities	(156)	(83)	(278)
Other interest and foreign exchange losses	(8)	-	(37)
Net cash outflow from financing activities	(283)	(161)	(462)
Net increase/(decrease) in cash and cash equivalents	240	(1,921)	(2,776)
Total movement in cash and cash equivalents in the period	240	(1,921)	(2,776)
Cash and cash equivalents at 1 January	(1,535)	1,241	1,241
Cash and cash equivalents	(1,295)	(680)	(1,535)

Notes to the financial statements

1. Reporting entity

Petards Group plc (the 'Company') is incorporated and domiciled in England and its shares are publicly traded on AIM, a market operated by the London Stock Exchange. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as the 'Group').

Copies of these interim financial statements will be available on the Company's website (www.petards.com) and from the Company's registered office at Parallel House, 32 London Road, Guildford, GU1 2AB.

2. Basis of preparation

As permitted, these interim financial statements have been prepared in accordance with AIM Rules for Companies and are not required to comply with IAS 34 'Interim Financial Reporting' to maintain compliance with IFRS. They should be read in conjunction with the Group's last annual consolidated financial statements as at and for the financial year ended 31 December 2024 ('last annual financial statements'). They do not include all of the financial information required for a complete set of IFRS financial statements, however selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements. This financial information does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

The comparative figures for the financial year ended 31 December 2024 set out in these interim statements are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements except for those relating to accounting for business combinations and valuation of intangibles as there were no business combinations in the six months ended 30 June 2025.

4. Taxation

No provision for taxation has been made in the Condensed Consolidated Income Statement for the six months to 30 June 2025 based on the estimated tax provision required for the year ending 31 December 2025 (30 June 2024: nil).

5. Trade and other receivables

	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000	Audited Year ended 31 December 2024 £000
Trade receivables	1,665	1,530	2,254
Contract assets	395	-	400
Other receivables and prepayments	1,125	1,675	865
	<u>3,185</u>	<u>3,205</u>	<u>3,519</u>

6. Trade and other payables

	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000	Audited Year ended 31 December 2024 £000
Trade payables	1,311	997	1,192
Contract liabilities	1,306	1,564	1,294
Non-trade payables and accrued expenses	1,576	1,812	1,702
	<u>4,193</u>	<u>4,373</u>	<u>4,188</u>

7. Interest-bearing loans and borrowings

Current liabilities

	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000	Audited Year ended 31 December 2024 £000
Overdraft	1,500	879	1,703
Lease liabilities	302	132	303
	<u>1,802</u>	<u>1,011</u>	<u>2,006</u>

Non-current liabilities

	Unaudited 6 months ended 30 June 2025 £000	Unaudited 6 months ended 30 June 2024 £000	Audited Year ended 31 December 2024 £000
Lease liabilities	<u>480</u>	<u>814</u>	<u>552</u>

8. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to the shareholders by the weighted average number of shares in issue.

	Unaudited 6 months ended 30 June 2025	Unaudited 6 months ended 30 June 2024	Audited Year ended 31 December 2024
Earnings			
Loss for the period (£000)	<u>(312)</u>	<u>(928)</u>	<u>(1,127)</u>
Number of shares			
Weighted average number of ordinary shares ('000)	<u>60,705</u>	<u>56,897</u>	<u>58,817</u>

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