

Annual report and financial statements
31 December 2025

Petards Group plc

Registered number 2990100






Introduction

Petards' operations remain 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:

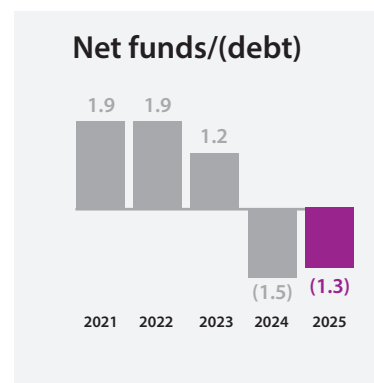
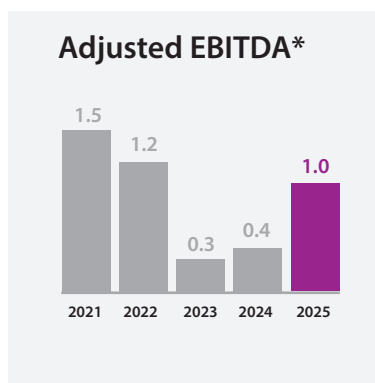
- *Rail* - software driven video and other sensing systems for on-train applications sold under the eyeTrain brand to global train builders, integrators and rail operators; and SaaS real-time safety critical integrated software applications supporting the UK rail network infrastructure under the RTS 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.

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Financial and operational highlights



	2025 £000	2024 £000
Revenue	14,947	12,016
Adjusted EBITDA*	1,002	410
Loss after taxation	(406)	(1,127)
Net cash from operating activities	1,384	194
Current net debt*	(1,339)	(1,535)
Net assets	5,990	6,396

* See Alternative Performance Measures Glossary on page 68.

Chairman's statement

I am pleased to report that the optimism expressed for the year at the time of the Company's interim results announcement resulted in a significantly improved outturn for 2025 over the previous year.

Group revenues for the year were up 24 per cent at £14.9 million (2024: £12.0 million), with adjusted EBITDA increasing to £1.0 million (2024: £0.4 million) and net cash inflows from operating activities also growing to £1.4 million (2024: £0.2 million).

Improved trading at Petards Rail and a good performance at Affini, in its first full year as a member of the Group, were the principal drivers of the increase in revenue.

QRO, which has been an excellent performer since its acquisition in 2016, experienced a weaker than anticipated final quarter with some larger orders failing to materialise in time to influence the trading outcome for 2025. Encouragingly, several of these orders have been received post year end including QRO's first significant export order since it began specifically targeting overseas markets during the year.

Given the difficult market conditions experienced by both Rail and Defence in recent years, it is pleasing that order intake in the second half year for both Petards Rail and Petards Defence were at levels not seen for several years. Of particular note were the contract awards from the MOD, Rheinmetall BAE Systems Land ("RBSL") and BAE Systems in the last two months of the year totalling £3.5 million.

The largest of these was the £2.2 million order from RBSL which is for the provision of initial electronic design and obsolescence management services in support of RBSL's Challenger 3 Upgrade Programme, for which the main deliverables are scheduled for the current year. Following on from this we are well positioned to extend our involvement into the manufacturing phase of the Programme.

These orders culminated in an increased closing order book of £9.2 million (2024: £7.1 million), the Group's largest year end order book for the past few years, of which £7.7 million is scheduled for delivery during 2026.

Personnel

On behalf of our shareholders and the Board, I would like to thank all of our employees for their hard work, support and commitment throughout the year.

Their collective effort, teamwork, and innovation support the progress we are making and positions the Group well for the future. The Board is confident that together we will continue to build on the momentum generated in the year ahead.

The Board

I am pleased to announce that effective from 15 April 2026, Ben Gillam is to be appointed Group Finance Director.

Ben joined Petards in March 2022 as Group Financial Controller and Company Secretary since when he has become an integral and committed member of the management team. I look forward to welcoming him to the Board and I am confident that he will make a significant contribution during the next stage of the Group's development.

Environmental Social Governance (ESG)

The Group continues to implement ESG principles commensurate with a group of its size and nature and continues to monitor and adapt its approach when appropriate.

Strategy

Our objective remains to develop and grow our business both organically and by targeting complementary acquisitions of products or businesses that would increase the Group's presence within its current markets, or if beneficial, in new related markets.

Potential acquisitions are kept under regular review. When considering the value proposition they offer, the Board focusses upon how their technology and skills would complement those within the Group, and their likely contribution to making a sustainable improvement to the Group's future earnings and cash flow.



Outlook

While Petards is not exposed any more than similar companies of our size, we are understandably cautious in terms of the impact that current events in the Middle East might have on both supply chains and our customers plans, should the situation remain unresolved over an extended period. At this stage it is difficult to predict what the short and medium term outcome may be.

Nevertheless, the Group's £9.2 million opening order book and its revenue coverage for 2026 is encouraging and provides a solid base from which the business can progress.

We enter 2026 in a stronger position than has been the case in the past few years. While customer order placement decisions continue to be taking some time, I am pleased to report that 2026 has started well with first quarter Group earnings in line with the Board's expectations. Given the strength of the opening order book and its cover for 2026, the Board is confident that the Group is well placed to deliver a continued improvement in its trading performance in the coming year.

Raschid Abdullah

Chairman

14 April 2026



Strategic report

Business review

Petards' operations remain 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 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 remains to develop and grow the Group's business on a sustainable basis by focussing on increasing profitability and free cash flow predominantly for re-investment in the growth of the Group. We seek to do this through the ingenuity and efforts of Petards' primary asset, its 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

It was encouraging that 2025 saw a clear improvement in Group trading in terms of order intake, revenue, cash generation, gross margin and profitability.

While extended timescales in terms of customer decision making and order placement continued to be seen, it was satisfying that several projects the Group has had in its Rail and Defence order prospect pipeline for some considerable time came to fruition in the second half of the year.

The levels of revenues of a recurring nature also held up well during the year, with over 50 per cent of Group revenues continuing to be generated from service and engineering support, spares, repairs and managed services.

We also continued to develop and launch new products and engineering services during the year, secured multi-year customer framework agreements, as well as investing in the opportunity to develop international markets for those Group products that lend themselves to sale through integration partners.

During its first full year as a member of Petards Group, Affini was a strong contributor to revenues and profitability, and provided a good platform from which it can grow its business. Having delivered a larger volume of installation and engineering services revenues, its gross profit margin was up on that achieved in 2024.

Affini also continued to generate a strong stream of recurring revenues from managed services and maintenance contracts across its customer base, an attractive attribute that featured in Petards decision to acquire the business. The multi-year renewal of a key customer's framework agreement for the provision of services of this nature was an important win during the year. The contract was extended until at least the end of 2029 and is anticipated to generate annual revenues of over £1 million over that period.

Affini operates in some interesting market sectors that present growth opportunities and having taken some incremental actions post year end to increase its operational efficiency, we believe that its contribution to the Group will grow over time and overall, we are satisfied with its performance since its acquisition.

We experienced a slightly more mixed year with our ANPR focussed QRO products, with revenues later in the year being affected by delays in the receipt of some larger expected orders.



Having trebled its revenues under Petards ownership and having developed its own range of ANPR camera systems suitable for sale through distribution partners, QRO took the decision in late 2024 to make an investment in additional overhead to expand into overseas markets. This included taking stands at international ANPR exhibitions and undertaking product performance trials with prospective customers. Good progress was made in the year in identifying both markets and customers best suited to concluding early wins. However, initial significant tangible orders have taken a little longer to secure than we first anticipated, taking until early 2026 for this milestone to be achieved. We are hopeful that further wins will follow over the course of the coming year.

A demonstration of our confidence in QRO's prospects was the securing in December of new larger leased premises at Kimbolton a few miles from its existing facility. The move to its new location was successfully completed in the early part of 2026 and provides it with the additional space and facilities needed to support its future growth.

QRO's first deliveries of Harrier Mini ANPR camera systems were made in the second quarter of 2025 and we have been pleased with customers' response to its launch. While revenues in the latter part of 2025 were affected by delays in order placement by customers, the present indications are that revenues will regain momentum in 2026, benefiting from some important framework agreement awards secured in 2025 and revenues from overseas prospects.

The modest progress in Petards Rail's order intake seen in the latter part of 2024 continued into 2025. Order levels for eyeTrain services, spares and repairs were maintained year-on-year and were supplemented by an increase in the value of eyeTrain systems orders for retro fitment to customer fleets. As a result, Petards Rail saw an overall increase in revenues and related gross profit margin percentage for the year, and we anticipate its revenues will continue to grow in 2026.

The Railways Bill put before Parliament in November enables the establishment of Great British Railways which will operate the majority of UK passenger services under public ownership and control. It has been some time in the making and will hopefully provide the certainty for customers to make investment decisions more quickly, which has been lacking in recent years. Time will tell whether this proves to be the case and whether it will lead to sustained growth in rail investment, or whether as is often the case, constraints in the public purse will affect that going forward. Petards has positioned itself to be able to deal with either scenario.

One of the most pleasing developments in the year was the increase in the revenues and profitability of Petards Defence, accompanied by a significant upturn in order intake. In the last two months of the year we announced three major orders from the MOD, RBSL and BAE Systems totalling £3.5 million.

At the time of the announcement of the 2024 results we expressed confidence that Petards was well placed to benefit from the MOD's Challenger 3 main battle tank upgrade programme. We were therefore delighted that this was well founded with the receipt of the £2.2 million order from RBSL for its Challenger 3 Upgrade Programme. This is for the provision of initial electrical engineering design and obsolescence management services, the majority of which should be delivered in 2026. Following on from this we are well placed to extend our participation into the next stages of the Programme.

Another important development was the three year extension by the MOD to a contract for the continued support of Royal Air Force ("RAF") communication infrastructure. The core contracted value for the three years is £0.65 million, with the potential for this to increase to over £1 million for the provision of supplementary supplies.

Petards Defence's year closed with BAE systems placing an order also worth £0.65 million for Petards own Mk6 products which provide electrical safety assurance in military aerospace applications. Some initial deliveries were made from stock prior to the year end, with the majority of the equipment due for shipment in 2026.

Financial review

Operating performance

Group revenues increased to £14,947,000 (2024: £12,016,000) and reflect a full year of revenue from Affini following its acquisition in June 2024. The year saw improved revenues for the Group's Rail and Defence products and services, although delays in expected orders at QRO, some of which have now been received in 2026, led to its revenues being below those achieved in the prior year.



Strategic report (continued)

Gross profit margin was up across the Group increasing to 49.7 per cent (2024: 45.3 per cent) and particularly within Rail, Defence and Affini.

Overheads were £7,865,000 (2024: £6,215,000 before exceptional costs of £491,000) with the increase relating almost entirely to a full year of ownership of Affini.

Earnings before interest, tax, depreciation, amortisation, exceptional items, acquisition costs and share based payment charges ("adjusted EBITDA"), increased to £1,002,000 (2024: £410,000).

Net financial expenses increased to £242,000 (2024: £171,000), reflecting a full year of interest costs following the draw down of borrowing facilities to fund Affini's acquisition in June 2024.

The tax credit of £271,000 (2024: £309,000) comprised a current tax credit of £79,000, and a net deferred tax credit of £192,000. The current tax credit predominantly related to the surrender of previously unrecognised enhanced tax deductions for R&D tax credits in respect of 2024, that were recognised in 2025. Claims for 2025 R&D activities are expected to be made and recognised in 2026 if the claim is successful. In accordance with the merged R&D expenditure (RDEC) scheme this would be recognised as government grant income. The main elements of the deferred tax credit arose from the origination of in-year timing differences of £101,000, recognition of previously unrecognised tax assets of £60,000 and a net £19,000 from the recognition of current year losses and derecognition of prior year losses.

The overall result for the Group for the year was a loss after tax of £406,000 (2024: loss of £1,127,000), representing a diluted and undiluted loss per share of 0.67p (2024: loss per share 1.91p).

Research and development

The Group continued to invest in its internally developed software and hardware solutions during the year. That investment totalled £309,000 in 2025 (2024: £341,000), of which £271,000 was capitalised (2024: £304,000). Around 64 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 increasing significantly to £1,384,000 (2024: £194,000).

Net cash flows used for investing activities were £591,000 (2024: £2,508,000), which included capitalised development costs of £271,000 and the acquisition of radio equipment to support Affini's managed service business.

Net financing outflows were £597,000 (2024: £462,000) including £427,000 of repayments of principal and interest on lease liabilities, and £138,000 of overdraft interest.

The Group's net debt at 31 December 2025 was £1,339,000 (2024: net debt £1,535,000) before deducting IFRS 16 lease liabilities of £1,061,000 (2024: £855,000). The largest element of the increase in lease liabilities arose on the acquisition of QRO's new larger premises leased in December 2025.

The Group continues to maintain its £2.5 million overdraft facility on an "evergreen" basis, for use in funding both the Group's working capital, and additionally, any other purpose to which its bankers agree.



Our business, business model and strategy

Petards Group plc was listed on AIM in 1997 and during 2025 the Group provides security, surveillance and communication technology solutions, to four key markets.

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 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.

The Group's customer base mainly comprises international 'blue chip' and government agencies and their strength, often global, gives rise to the opportunity to develop Petards' business through the provision of good quality professional service in support of its existing and future product ranges.

The Group develops its own products and services for sale to the Rail and Traffic markets whereas within the Defence market it is primarily a supplier of defence related electronics and specialist engineering services, and it serves the Communications market as a systems integrator providing ongoing maintenance and managed services.

The Board believes that the Group operates in growth areas and that it has the products and services plus available technical and technological skills to develop new products as well as the sales and marketing abilities to become a larger and more successful operator in each of the sectors in which it operates.

The Group's overriding objective is to achieve attractive and sustainable rates of growth and returns for shareholders and its strategy to achieve this objective is:

- to focus upon the Group's core products and services which are used in the rail, defence, traffic and communications industries;
- to continue to invest in developing technologies to enhance its product portfolio;
- to increase revenues both organically by exploiting the synergies within the Group and by acquisition;
- to expand revenues globally into the Group's target markets; and
- to improve operating margins through cost management.

Key performance indicators

The Group uses a number of key performance indicators (KPI's) to monitor its progress against its objectives. These KPI's, have been identified as measures that key stakeholders find useful, and which have a focus on those that provide a measure of business growth, cash generation, total indebtedness and that requiring servicing within one year and comparability with similar businesses.



Strategic report (continued)

In addition to on time delivery and quality standards, the main KPI's, which have been reported on in the Financial Review, are:

	2025	2024
	£000	£000
Revenue	14,947	12,016
Adjusted EBITDA ¹	1,002	410
Net cash from operating activities	1,384	194
Current net debt	(1,399)	(1,535)

1 Adjusted EBITDA comprises operating profit/(loss) adjusted to remove the impact of depreciation, amortisation, exceptional items, and acquisition costs. A reconciliation of Adjusted EBITDA to operating profit/(loss) is included on the face of the consolidated income statement. An Adjusted EBITDA KPI is considered useful to the Board since by removing exceptional items, and acquisition costs, the year-on-year operational performance comparison is more transparent.

See Alternative Performance Measures Glossary on page 68 for a full list of Alternative Performance Measures.

Principal risks and uncertainties

The management of the business and the execution of the Group's strategy is subject to a number of risks. The main business risks affecting the Group are outlined below:

The Group may face increased competition – the Group may face greater competition including that from competitors with greater capital resources than those of the Group.

The Group may need future access to capital – the Group's capital requirements depend on numerous factors. In order to make future acquisitions and to fund growth, the Group may require further financing. This may not be able to take place if financing is not available.

The financial results of the Group can be materially affected by the timing of large contracts – the Group's revenue is generated from a mix of longer and shorter lead time orders. The timing of order placement and delivery of the larger orders is inherently difficult to predict potentially causing material fluctuations in actual results compared with expectations or plans.

Government expenditure – many of the industries that utilise the Group's products receive funding from central and local governments. The levels of funding for those industries may impact on demand for the Group's products. The Group has sought to mitigate this potential exposure by increasing its customer base and by supplying a range of products and services.

Dependence on key personnel – the Group's performance depends to a significant extent upon a limited number of key employees. The loss of one or more of these key employees and the inability to recruit people with the appropriate experience and skills could have a material adverse effect on the Group. The Group has endeavoured to ensure that these key employees are incentivised, but their retention cannot be guaranteed.

Technological changes – the Group's product offerings may be under threat should technologies be developed by competitors that render those products either redundant or uncompetitive. This could potentially result in a reduction in revenues generated by the products affected. The Group also incurs expenditure in developing new products and services. Should such development projects not be successfully completed or result in offerings that are not attractive to customers, the costs incurred may not be fully recoverable.

Geopolitical and macroeconomic uncertainty – Macroeconomic uncertainty triggered by invasion, war, and conflicts on a global basis might adversely impact both supply chains and customer demand.

Further details regarding the key accounting estimates and judgements are included in note 1.

Directors' Statement under Section 172 (1) of the Companies Act 2006

This section serves as our section 172 statement and should be read in conjunction with the rest of the Strategic Report set out on pages 4 to 10 (inclusive).

The Board is collectively responsible for the decisions made towards the long-term success of the Company and the directors are fully aware of their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006. Section 172 requires directors to take into consideration the interests of various stakeholders in their decision making, have regard, amongst other things, to:

- the likely consequences of any decision in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationship with suppliers, customers and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Employees

Petards' employees are one of the primary assets of its business and the Board recognises that the Group's employees are the key resource which enables delivery of the Company's vision and goals. Pay reviews are carried out to determine whether all levels of employees are benefitted equally and to retain and encourage skills vital for the business. Employee interests and welfare continued to be at the forefront of directors' minds during 2025.

Suppliers, customers and regulatory authorities

The Board acknowledges that a strong business relationship with suppliers and customers is a vital part of the Group's growth prospects. Whilst day to day business operations considering suppliers and customers are delegated to local executive management, the Board sets directions and evaluates policies with regard to new business ventures and investing in research and development. The Board upholds ethical business behaviour and encourages management to seek comparable business practices from all suppliers and customers doing business with the Company. We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible, their wishes are duly considered.

Community and environment

The Board seeks to uphold high standards of care towards the community and environment and is conscious of the fact that the nature of the Company's business may require measures to help protect the environment. The Group has various recycling and waste reduction programmes and when developing new electronic products seeks to reduce their power consumption. A cycle to work scheme is operated in the Group's largest site and all sites monitor energy and water usage monthly targeting reductions. Community engagement included the support of apprenticeships and the recruitment of appropriately skilled staff from within the communities in which the Group's operations are based.

Maintaining high standards of business conduct

The Company is incorporated in the UK and governed by the Companies Act 2006. The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2023 (the 'QCA Code') and the Board recognises the importance of maintaining a high level of corporate governance, which together with the requirements to comply with the AIM Rules ensures that the interests of the Company's stakeholders are safeguarded. The Company's expectation of honest, fair and professional behaviour is reflected by this and there is zero tolerance for bribery and unethical behaviour by anyone relating to the Company. The importance of making all staff feel safe in their environment is maintained and policies are in place to enable staff to confidentially raise concerns freely and to discuss any issues that arise. The Board continue to review the Group's control environment on an annual basis and continue to be satisfied that strong financial controls are in place, and these are documented in the Group Controls Framework.

Shareholders

The Board places equal importance on all shareholders and recognises the significance of transparent and effective communications with its investors. As an AIM listed company there is a need to provide fair and balanced information in a way that is understandable to all stakeholders and particularly our shareholders. The primary communication tool with our shareholders is through the Regulatory News



Strategic report (continued)

Service, (“RNS”) on regulatory matters and matters of material substance. The Company’s website provides details of the business, details of the Board and Board Committees, changes to major shareholder information, QCA Code disclosure and updates under AIM Rule 26. Changes are promptly published on the website to enable the shareholders to be kept abreast of Company’s affairs. The Company’s Annual Report and Notice of Annual General Meetings (AGM) are available to all shareholders. The Interim Report and other investor presentations are also available for at least the last six years and can be downloaded from our website. The Board acknowledges that encouraging effective two-way communication with shareholders encourages mutual understanding and better connection with them. The benefits include improved information on the business and its performance, appropriate consideration of all shareholders views, as well as instilling trust and confidence to allow informed investment decisions to be made.

Strategic activity during the year

In the year to 31 December 2025 the main strategic activities of the Board were:

Significant events/decisions	Key Section 172 matters affected	Actions and impact
Secured a position on UK MOD’s Challenger 3 Upgrade Programme as subcontractor to the UK MOD’s prime contractor Rheinmetall BAE Systems Land (“RBSL”), under which RBSL will deliver 148 Challenger 3 Main Battle Tanks to the British Army.	Shareholders, customers and employees	Initial £2.2 million order provides the opportunity for follow on work as the Programme progresses to production phase and broadens the Group’s scope for future Defence revenues. Shareholder value expected to increase.
Invested in new ANPR products suitable for export as well as QRO’s existing UK market.	Shareholders and customers	Completed development and successfully launched QRO’s new Harrier Mini AI powered camera. Commenced development of user alert software application suitable for both existing UK market as well as markets with less developed ANPR infrastructure. Shareholder value expected to increase. Improved customer service.
Investment in overhead to identify and support new overseas markets for QRO’s range of ANPR products.	Shareholders, customers and employees	Through market engagement identified geographies likely to yield best traction leading to initial sales focus on several key prospects in Europe and Australasia. First sales made in 2025, with first six figure sale made in first quarter of 2026. Widening the customer base outside QRO’s traditional UK market increases revenue potential and reduced dependence on UK Government spending. Shareholder value expected to increase.

Signed on behalf of the Board

Osman Abdullah
Group Chief Executive

Parallel House
32 London Road
Guildford
Surrey
GU1 2AB

14 April 2026



Corporate governance statement

The Board is collectively responsible for Corporate Governance and I, as Chairman of the Board, am ultimately responsible for ensuring that a high level of Corporate Governance is embedded in the Company's culture.

As a company whose shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange, Petards Group plc recognises its responsibility for the proper management of the Company and the importance of sound corporate governance, commensurate with the size and nature of the Company and the interests of its shareholders. In accordance with AIM Rule 26, which requires AIM companies to comply with a recognised code of Corporate Governance, the Board believes that the Quoted Companies Alliance Corporate Governance Code 2023 (the "QCA Code") provides a suitable framework by which it is able to continue to commit to maintaining high standards of corporate governance. Accordingly, the Company complies with the 10 principles of the QCA Code where considered relevant and appropriate, having regard to the size, current stage of development and resources of the Company.

The QCA Code is applied by the Company primarily through its Board process, which includes regular meetings covering financial as well as non-financial matters which affect not only the Company's shareholders but other significant stakeholders, including employees. The Board process and corporate governance is enhanced by the establishment of Audit, Remuneration and Nominations Committees.

The Board believes that, having regard to the size of the Group, its stage of development and the resources it has available, its governance structures and practices are in compliance with the expectations of the QCA Code.

Set out below are the 10 principles of the QCA Code, together with a summary under each heading explaining how the Company has applied these. In fulfilling their responsibilities, the directors believe that they govern the Company in the best interests of its shareholders, whilst having due regard to the interests of other stakeholders in the Group including, in particular, customers, employees and creditors.

1. Establish a purpose, strategy and business model which promote long-term value for shareholders

Application

The Board must be able to express a shared view of the Company's purpose, business model and strategy.

A company's purpose is its essential reason for being. The business model and strategy should fall out of this. A board should be able to explain, beyond a simple description of products and corporate structures, how the company intends to deliver shareholder value in the medium to long-term.

It should have specific long-term objectives against which it can determine if the company is succeeding and in so doing delivering on its purpose.

The Board should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future.

Compliance

The Company's vision is to invest in and develop its business to deliver long-term, sustainable growth in shareholder value. This may come from organic growth, acquisitions or divestments.

The strategy for achieving this focuses on maintaining acceptable gross profit margins, underpinned with sensible cost and cash management, having regard to perceived risks within the industry market and sector parameters, as well as the macro-economic environment.

The Chairman's Statement and Strategic Report include detailed analysis of the Group's strategy, financial performance, principal risks and uncertainties and future expectations.

2. Promote a corporate culture that is based on ethical values and behaviours

Application

The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours, and which is supportive of the delivery of the Company's established purpose, strategy and business model.

The desired culture should be reflected in the actions and decisions of the Board and executive management team. Corporate values should guide the objectives and strategy of the Company.



Corporate governance statement (continued)

The culture should be visible throughout the Company's operations, including recruitment, nominations, training, and engagement. The performance and reward system throughout the company should reflect and reinforce the maintenance of this culture.

The corporate culture should be recognisable throughout the disclosures in the annual report, website, and any other communications by the Company, both internal and external.

Compliance

The Board is committed to embodying and promoting a sound corporate culture and has endorsed various policies which require ethical behaviour of staff and relevant counterparties (such as those mandating anti-corruption, anti-counterfeiting, fair treatment and equality of opportunity).

The Board and management conduct themselves ethically at all times. The Group values its reputation for ethical behaviour and has a set of values that are at the core of its business philosophy.

3. Seek to understand and meet shareholder needs and expectations

Application

Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base. The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.

Compliance

The Board recognises and understands that it has a fiduciary responsibility to the shareholders. The Board is aware of the need to protect the interests of minority shareholders and balancing these interests with those of any more substantial shareholders. The Chairman is responsible for ongoing dialogue and relationships with shareholders supported by the other directors. As such, members of the Board meet with the Company's larger shareholders during the course of the year. The Annual General Meeting is always an opportunity for the Board to communicate with shareholders and the Board welcomes the attendance and participation of all shareholders.

This communication allows the Board to understand the shareholders' views, and to ensure that the strategies and objectives of the Group are aligned with shareholders. In its decision-making, the Board will have regard to the ascertained expectations and needs of its shareholders (as appropriate in accordance with its statutory and fiduciary duties).

The Group's website (www.petards.com) allows shareholders access to information including; contact details, major shareholders and external advisors. In addition, all announcements issued since 2014 via RNS are available, together with an archive of recent financial reports and accounts and interim statements.

The resolutions to be put to a vote at each AGM can be found at the back of the relevant Annual Financial Report and the Financial Reports and Circulars section of the Company's website for any forthcoming AGM. Past AGM resolutions can be found at the back of each Annual Financial Report with the results published in the RNS section.

4. Take into account wider stakeholder interests, including social and environmental responsibilities, and their implications for long-term success

Application

Long-term success relies upon good relations with a range of different stakeholder groups.

The Board should periodically identify the Company's key stakeholders – for example, suppliers, customers, employees, communities, regulators, or others. The Board should understand their needs, interests, and expectations.

Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholders.

The Company should devote particular attention to its workforce and ensure that its practices towards its employees (direct and indirect) are consistent with the Company's values. Arrangements should be in place to enable employees to raise concerns in confidence and processes to ensure that such matters are considered and where appropriate actions are taken.



The governance and appropriate oversight of a company's approach towards relevant environmental and social issues is a responsibility of the board. Matters that relate to the company's impact on society, the communities within which it operates, or the environment – including those relating to or stemming from climate change – have the potential to affect the company's ability to deliver shareholder value over the medium to long-term. These matters must be integrated into the company's strategy, risk management and business model.

Compliance

The Group's responsibilities to stakeholders including staff, suppliers and customers and the wider society are also recognised as important to the delivery of the Company's business objectives.

The Company is committed to a series of Corporate Social Responsibility principles that provide a reference point for all stakeholders on the elements that define the conduct of the Company's business and relationships in the geographical markets in which it operates.

These principles are subject to periodic review and cover the following areas; ethics and business conduct, employees (including our supply chain), health and safety, environment and community.

The environmental impact of the Group's activities is carefully considered, and the maintenance of high environmental standards is a priority. The Group is committed to reducing that impact as far as reasonably possible through full regulatory compliance, recycling programmes and other initiatives.

The Board has regard to the feedback of relevant stakeholders in its decision-making and the formulation of strategy.

5. Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation

Application

The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver on its stated purpose and strategy. Companies need to consider not only the enterprise view but also their extended business, including the Company's entire supply chain, other material third-parties (including suppliers of outsourced services) and any reliance on strategic partners.

Setting strategy includes determining the extent of exposure to the identified principal risks that the Company is able to bear and willing to take (risk tolerance and risk appetite). The Company should ensure that a balanced view of risk is achieved, and, as well as threats should consider opportunities and the potential for value creation.

The Board should ensure that all potential risks are considered, on a proportionate and material basis, including those relating to climate change.

The Board should review and consider whether the Company's enterprise-wide internal controls are sufficiently robust to manage the identified risks adequately.

To achieve effective risk management, the Board, and in particular the Audit Committee, must ensure that there are appropriate assurance activities in operation. This may be based on access to internal resources, or particularly in specialist or technical areas, the utilisation of external experts.

It is important to ensure that the Company auditor is and is seen to be sufficiently independent of management.

Compliance

The Board has established Audit and Remuneration Committees full details of which are contained in principle 7, below.

The Company also receives feedback from its external auditors on the effectiveness of its internal control structure.

The Audit Committee has reviewed the requirement for an internal audit function for the Group and has determined that at this time considering the size of the Group, its composition and the close involvement of senior management over the Group's accounting systems, it is not currently required. However, the Committee will keep this matter under review in the event that circumstances warrant an internal audit function in the future.



Corporate governance statement (continued)

In addition to the activities of the Board's sub-committees, the Board approves the annual budget each year. This process allows the Board to identify key performance targets and risks expected during the upcoming year. The Board also considers the agreed budget when reviewing trading updates and considering expenditures throughout the year. Progress is monitored via monthly reporting of actual financial performance against budget. Where appropriate, forecasts are prepared to further appraise any risks arising during the year.

The Group has clear authority limits deriving from the list of matters reserved for decision by the Board, including capital expenditure approval procedures.

The Board regularly reviews and monitors Key Performance Indicators, including those related to banking covenants.

6. Maintain the Board as a well-functioning, balanced team led by the Chair

Application

Directors must commit the time necessary to fulfil their roles. The Board members have a collective responsibility and legal obligation to promote the interests of the Company and are collectively responsible for defining corporate governance arrangements. The Board should not be dominated by one person or a group of people, and each director must be able to commit the time necessary to fulfil their role. Ultimate responsibility for the quality and effectiveness of the Board lies with the Chair.

Shareholders should be given the opportunity to vote annually on the (re-) election of all individual directors to the Board.

In order to uphold the quality of Board independence, the Board should be comprised of an appropriate balance between executive and non-executive directors. The independent non-executive directors should comprise at least half of the board. The Chair, if independent upon appointment and still considered independent, can be included in this calculation. However, as a minimum there should be at least two non-executive directors whom the Board considers to be independent.

Key committees, in particular the Audit Committee and Remuneration Committee, should comprise at least a majority of independent NEDs and ideally aim for full independence. The Company should consider whether it is appropriate to have a senior independent director.

Boards should be sensitive to both real and perceived impediments to independence. Consideration should be given to those factors which may impede independence which include (but are not limited to): length of board tenure; size of shareholding; prior and/or current commercial or contractual relationships with the Company; prior and/or current commercial or contractual relationships with executive directors; and significant incentive pay arrangements beyond a director's fee.

Compliance

The principal risks faced by the Group are addressed by the appointment of an experienced executive Board supported by experienced independent non-executive directors and a team of appropriately qualified professional advisers.

The executive directors are closely involved in the day to day operations of the Group and report to the Board in detail, typically on a monthly basis. Their reports include the status and trends of agreed Key Performance Indicators that are noted in the Group's Annual Financial Report in the Strategic Report and Financial and Operational Highlights.

Eight main Board meetings were held during 2025. The Board records attendance at all Board meetings and the table below shows attendance by each director.

	Main Board Meetings	Audit Committee	Remuneration Committee
Raschid Abdullah	8/8	N/A	N/A
Osman Abdullah	8/8	N/A	N/A
John Wakefield	8/8	2/2	N/A
Geraint Davies	8/8	2/2	N/A

The Board considers itself sufficiently independent. The QCA Code suggests that a board should have at least two independent non-executive directors. The Board have considered each non-executive directors' length of service and interests in the share capital of the Group and consider that Mr Wakefield and Mr Davies are independent of the executive management and free from any undue extraneous influences which might otherwise affect their judgement. All Board members are fully aware of their fiduciary duty under company law and consequently seek at all times to act in the best interests of the Company as a whole.

The role of the independent non-executive directors is to bring independent judgement to Board deliberations and decisions. The independent non-executive directors have no personal financial interest, other than as shareholders, in the matters to be decided. Whilst the Company is guided by the provisions of the QCA Code in respect of the independence of directors, it gives regard to the overall effectiveness and independence of the contribution made by directors to the Board in considering their independence and does not consider a director's period of service in isolation to determine this independence.

The Board has sub-committees appointed to review the specific matters of Audit, Remuneration and Nominations. The Audit Committee is chaired by Mr Davies and the Remuneration and Nominations Committees are chaired by Mr Wakefield. Further details are provided under principle 7, below.

The Board is confident that each current member has the necessary skills, experience and knowledge to discharge his duties and responsibilities effectively and that each commits the time necessary to fulfil his role.

The Code's expectation is that all directors should stand for re-election annually. The Board has considered this carefully but believes that, at the present time, a staggered three year re-election cycle, as set out in the Company's Articles of Association, is more appropriate for the Company given its stage of development, the importance of experience, continuity in oversight and decision-making.

The Board considers that its current approach supports effective governance by promoting stability and the consistent execution of the Company's long-term strategy, while remaining accountable to shareholders through regular engagement, board evaluation and the continued oversight of independent non-executive directors. The Board will keep this position under review as the Company develops.

7. Maintain appropriate governance structures and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities

Application

The Company should maintain governance structures and processes in line with its desired corporate culture and appropriate to its:

- size and complexity; and
- capacity, appetite and tolerance for risk.

The governance structures, processes and policies should evolve over time in parallel with its size, strategy and business model to reflect its maturity and stage of development.

The Board should be supported by committees – typically at least an audit, remuneration and nomination committee – that also have the necessary skills and knowledge to discharge their duties and responsibilities effectively.

The Board should ensure that it has the necessary skills and experience to fulfil its governance responsibilities, including among other things with respect to cyber security, emerging technologies, and relevant sustainability matters such as climate change. The board should consider any need to establish further dedicated sub-committees and, where appropriate, seek input from external advisers on such matters.

All directors should continually update their skills and knowledge. As a company and the external environment evolves, the mix of skills and experience required on the board will change. The board should consider its training and development needs in this context, plan ahead and structure such provision accordingly.

The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight. The Board should consider this and the design and implementation of its decision-making processes to ensure they are effective.



Corporate governance statement (continued)

Compliance

Collectively the directors have a wealth of knowledge and experience of the Group's business operations and financial management, and of the market sector in which it operates.

The Board is collectively aware of its need to consider and review its composition, in terms of individual personalities, diversity and gender. Having regard to the size and stage of development of the Group and of its internal resources and management support structure beneath it, the Board believes that it currently has an appropriate mix of personal qualities, experience and capability.

Whilst the Company recognises the importance of high standards of Corporate Governance, the Board has sought to address the matter in a proportionate way having regard to the size and resources of the Group.

The principal risks faced by the Group are addressed by the appointment of an experienced executive Board, supported by experienced independent non-executive directors, an experienced, capable and diverse operational management support structure and a team of appropriately qualified external professional advisers.

The Board aims to hold at least eight formally constituted meetings per annum at which it typically reviews the Group's financial performance and risk profile and considers strategies for future growth.

The Board is supported by the Company Secretary who records and distributes minutes of the meetings on a timely basis.

In support of its aim of maintaining governance structures and processes, the Board has sub-committees appointed to review the specific matters of Audit, Remuneration and Nominations.

Audit Committee

The Audit Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored and for meeting the auditors and reviewing their reports in relation to the accounts and the audit. It holds a formal meeting with the external auditors at least twice a year.

The Audit Committee evaluates the independence and objectivity of the external auditor and takes into consideration all United Kingdom professional and regulatory requirements. Consideration is given to all relationships between the Group and the audit firm including in respect of the provision of non-audit services. The Audit Committee considers whether those relationships appear to impair the auditor's judgement or independence. The Audit Committee believes they do not.

The Audit Committee have considered the key judgemental areas of going concern, carrying value of intangible assets, deferred tax asset, parent company investments and goodwill and determined that they have been appropriately reflected in these financial statements.

The Audit Committee have reviewed the requirement for an internal audit function for the Group and have determined that at this time considering the size of the Group, its composition and the close involvement of senior management over the Group's accounting systems, it is not currently required. However, the Committee will keep this matter under review in the event that circumstances warrant an internal audit function in the future.

Remuneration Committee

The Remuneration Committee is responsible for setting the scale and structure of the executive directors' remuneration. It also recommends the allocation of share options to directors and other employees.

The responsibilities of both the Audit and Remuneration Committees are undertaken by the Company's independent non-executive directors, who seek independent advice from external advisors as he feels is appropriate and necessary.

Nominations Committee

The whole Board undertakes the Nominations Committee responsibilities. The remit comprises all new appointments of directors and senior management throughout the Group; nominations, interviewing, taking up references and considering related matters.



8. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Application

The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual directors.

The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual directors or the wider senior management team.

The annual review can be carried out internally and should, ideally, be supplemented periodically by an external independent third-party review.

It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for boards. No member of the Board should become indispensable.

Succession planning for both the executives and non-executives is a vital task for boards. This should extend to contingency planning for the absence of key staff. There should be a robust process for the orderly appointment of new directors to the board and senior management positions. Consideration should be given to establishing a nomination committee to help with the process and ensure a diverse pipeline – both internally and externally – for succession. The skills, experience, capabilities and background required for directors and senior management to support the next stage of the company's development should be identified and factored into succession planning.

Compliance

The Board undertakes regular monitoring of personal and corporate performance using agreed key performance indicators and detailed financial reports.

Key performance indicators include: revenues, Adjusted EBITDA, pre-tax (loss)/profit, cash generation, net cash, net assets and earnings per share.

The Board considers the need for refreshing its membership and is also responsible for succession planning. Having regard to the size and stage of development of the Group and of its internal resources and management support structure beneath it, the Board believes that it currently has an appropriate mix of personal qualities, experience and capability and that it undertakes sufficient procedures to review its own effectiveness and performance as a unit, as well as that of its committees and individual members.

9. Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

Application

It is the Board's responsibility to establish an effective remuneration policy which is aligned with the company's purpose, strategy and culture, as well as its stage of development.

A remuneration policy should motivate management and promote the long-term growth of shareholder value. Remuneration practices across the company, in particular for senior management, should support and reinforce the desired corporate culture and promote the right behaviours and decisions.

Pay structures for senior management should be simple and easy for participants to understand and foster alignment with shareholders through the building and holding of a meaningful shareholding in the Company.

The remuneration committee should, as necessary, consult with other board committees in order to set appropriate incentive targets and to appraise performance in respect of those targets.

The annual remuneration report should be put to an advisory shareholder vote. Where not mandated to be put to a binding vote, remuneration policies should at least be put to an advisory vote. Larger companies may wish to follow best practice and put their remuneration policy to a binding shareholder vote. Given the significance and dilutive impact of such plans, new (or significant amendments to existing) share schemes or long-term incentive plans should be put to a shareholder vote.



Corporate governance statement (continued)

Compliance

The Board has established a remuneration policy which is designed to support the Company's strategic objectives, long-term value creation, purpose and culture.

To implement this principle the Company has adopted the following approach:

- **Alignment with strategy and culture:** Our remuneration policy for executive directors and senior management is structured to support the execution of the Company's purpose and strategic priorities, while reinforcing behaviours aligned with our values and long-term performance.
- **Simplicity and transparency:** Pay structures are kept straightforward and easy for shareholders and stakeholders to understand.
- **Stakeholder and shareholder engagement:** Material changes to share-based incentive plans or the introduction of new schemes will also be subject to shareholder approval in accordance with best practice.
- **Market competitiveness and risk management:** Remuneration levels and terms are reviewed periodically to ensure they remain competitive, fair and appropriate for the Company's stage of development, whilst avoiding incentives that encourage excessive risk-taking.
- **Governance oversight:** The Remuneration Committee, comprised predominantly of independent non-executive directors, reviews and recommends the remuneration policy and its application to the Board for approval. The Committee ensures that remuneration outcomes are linked to performance and the Company's long-term interests.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

Application

A healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the Company. Board members, in particular the chair, should be proactive in their effort.

In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base. This will assist:

- the communication of shareholders' and other key stakeholders views to the Board; and
- the shareholders' and other key stakeholders understanding of the unique circumstances and constraints faced by the Company.

Boards should ensure that corporate disclosures, in particular through annual reporting, are appropriate to satisfy the reporting needs of investors, including, but not limited to, sustainability matters.

It should be clear where these communication practices are described.

Compliance

The Board is conscious of the need to engage with shareholders and other stakeholders so that interested parties have sufficient information on which to make informed decisions about the Company.

The Company's Annual Financial Report provides information on a number of key areas, including the following:

- corporate governance, including reference to the QCA Code;
- operational and financial review;
- a summary of the business, the business model and strategy;
- significant risks and uncertainties;
- significant accounting policies and particularly areas which are subject to judgements, estimates and assumptions; and
- a Remuneration Committee Report.



No separate Audit Committee Report is provided as its Chairman considers that its activities are adequately set out within Principle 7 above.

The Company's website provides further information on a number of key areas, including the following:

- material on the Company's corporate governance framework;
- the AGM Statement and results of voting at the AGM;
- regulatory news; and
- historical Annual Financial Reports.

Both this Annual Financial Report and the Company's website provide information on forthcoming AGMs and a list of external advisers.

Further details regarding the communication between the Company and its shareholders is explained in the disclosure above against principle 3.



Directors' remuneration report

Remuneration Committee

The Remuneration Committee is presently comprised of the two non-executive directors, chaired by Mr J Wakefield.

Remuneration policy

The Remuneration Committee reviews the performance of executive directors and sets the scale and structure of their remuneration and other benefits. Individual rewards and incentives are aligned with the performance of the Group and the interests of the shareholders and are set at an appropriate level in order to attract, retain and motivate executives who are expected to meet challenging performance criteria.

The Committee also recommends the allocation of share options to directors and other employees.

Service contracts

No directors have contracts of service with notice periods that exceed 12 months.

Directors' emoluments

Details of individual director's emoluments are set out in note 4 to the financial statements.

Directors' share interests

The directors' beneficial interests in the shares of the Company at the year-end were as follows:

	Ordinary Shares of 1p each at 31 December 2025	Ordinary Shares of 1p each at 31 December 2024
R Abdullah	3,676,909	3,476,909
O Abdullah	2,419,948	2,139,948
J Wakefield	128,000	–

Directors' interests in share options

At 31 December 2025 the number of options to subscribe for ordinary shares of 1p held by directors was as follows:

	Number of options at 1 January 2025	Exercised during the year	Lapsed during the year	Granted during the year	Number of options at 31 December 2025	Exercise price (pence)	Date first exercisable	Expiry date
R Abdullah	850,000	–	–	–	850,000	12.25p	06.01.19	05.01.26
	575,000	–	–	–	575,000	21.50p	31.10.21	30.10.28
O Abdullah	850,000	–	–	–	850,000	12.25p	06.01.19	05.01.26
	575,000	–	–	–	575,000	21.50p	31.10.21	30.10.28

The share price at 31 December 2025 was 10.25p and the share price ranged during the year from 6.50p to 10.50p.

Non-executive directors

Fees for the non-executive directors are determined by the Board as a whole having regard to the time devoted to the Company's affairs. The non-executive directors are not part of any pension, share option or bonus schemes of the Group.

John Wakefield

Director

14 April 2026



Directors' report

The directors present their report and financial statements for the year ended 31 December 2025.

Board of Directors and Directors' interests

The Board currently comprises an executive Chairman, one other executive director and two non-executive directors as follows:

Raschid Abdullah - Executive Chairman

Raschid was appointed Executive Chairman in January 2013 and until its purchase by Petards was also Executive Chairman of Water Hall Group plc, which was listed on AIM.

He was previously Executive Chairman of Evered Holdings plc, a fully listed public company specialising in industrial and quarry related products, from 1982 to 1989. Raschid started his commercial life within the construction industry in the areas of building product supplies and the provision of specialist subcontracting services starting his first business in 1971 which he sold to a competitor in 1976. He then joined the family business providing a range of services to clients in the Middle East.

Osman Abdullah - Group Chief Executive

Osman Abdullah was appointed to the Board in September 2010 as a non-executive director, becoming executive chairman of the Group's principal trading subsidiary in 2013 and was appointed as Group Chief Executive in January 2016.

He was formerly Group Chief Executive of Evered Holdings plc, a fully listed public company specialising in industrial manufacturing, distribution and quarry mining related products from 1981 to 1989. He subsequently served as a non-executive director of Umeco plc from 1993 to 2005 a fully listed company specialising in component distribution and the manufacture of composite material-based products principally to the aerospace industry.

John Wakefield – Non-Executive Director

John Wakefield was appointed in February 2023 and is an experienced quoted company director and corporate adviser. He qualified as a solicitor with McKenna & Co (now CMS) before moving into corporate finance, first with Williams de Broe Limited and then at Rowan Dartington & Co. Limited, where he was a founder director and shareholder and head of corporate finance. He was a corporate finance director of WH Ireland Limited from 2009 until 2016.

He has been a member of the AIM Advisory Group, chairman of the London Stock Exchange Regional Advisory Group for the South West and chairman of South West Angel and Investor Network Limited (SWAIN) from 2008 until 2016. He is Chair of AIM listed Croma Security Solutions Group Plc and senior independent non-executive director of Acuity RM Group plc.

John is senior independent non-executive director, Chairman of the Remuneration Committee and a member of the Audit Committee.

Geraint Davies - Non-Executive Director

Geraint Davies was appointed to the Board in November 2023. He is a Fellow of the Institute of Chartered Accountant with over 30 years' experience, working with global national and local organisations in the private and public sector. Prior to his appointment, Geraint held senior leadership roles in EY's practices in the Channel Islands, the UK, and most recently in Malta, and has also previously held roles with PwC and Deloitte. He is presently senior independent non-executive director of AIM listed CT Automotive Group plc and an independent non-executive director of Solent Freepport Consortium Ltd.

He is Chairman of the Audit Committee and a member of the Remuneration Committee.

Research and development

The Group is committed to research and development activities to secure competitive advantage in the markets in which it operates. An amount of £271,000 (2024: £304,000) has been capitalised during the year which relates to the development of the new Harrier AI Mini camera in our traffic business and the ongoing development of the Group's rail products. In addition, the Group expensed other development expenditure totalling £38,000 (2024: £37,000) directly to the Income Statement.



Financial instruments and financial risk management

The Group presently finances its operations through a mixture of cash resources, bank overdraft, retained earnings and share capital. Its principal financial instruments comprise cash and bank overdraft together with trade receivables and trade payables.

The Group's other financial instruments arise from its day to day operations and comprise primarily of short term debtors and creditors and, where deemed appropriate, forward currency contracts.

Further details of the Group's financial instruments are given in note 21 to the financial statements and the directors consider the principal risk associated with the Group's financial instruments to be liquidity risk.

Employment policies

The Group has established policies to comply with the relevant legislation and codes of practice regarding employment and equal opportunities. It keeps its employees informed of matters affecting them as employees through regular team briefings throughout the year and has a policy that training, career development and promotion opportunities should be available to all employees.

It is the Group's policy to give full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the employment of staff who become disabled and to provide equal opportunities for the career development of disabled employees.

Fostering relationships with stakeholders

The Board is committed to fostering good relationships with stakeholders and its approach is outlined in the Section 172 Statement on page 9.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Substantial shareholdings

At 14 April 2026 the Company was aware of the following interests in three per cent or more of its issued share capital.

Name of holder	Number of shares	Percentage held
K7 Financial Company WLL	8,615,268	14.19%
Philip J Milton & Company Plc	3,687,441	6.07%
R M Abdullah	3,676,909	6.06%
T W G Charlton	3,050,000	5.02%
A Perloff	3,000,000	4.94%
O Abdullah	2,419,948	3.99%
J Cranston	2,320,000	3.82%
J Hicking	2,050,000	3.38%
MT Zahid	1,875,000	3.09%
YT Zahid	1,875,000	3.09%



Directors' report (continued)

Results and dividends

The loss for the year after tax was £406,000 (2024: loss of £1,127,000). The directors do not recommend the payment of a dividend.

Going concern

After making detailed enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to prepare the financial statements on a going concern basis. Further details relating to going concern are provided at note 1 on page 36 to the financial statements.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the reappointment of HaysMac LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting

By order of the Board

Raschid Abdullah

Director

Parallel House
32 London Road
Guildford
Surrey
GU1 2AB

14 April 2026



Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and have elected to prepare the parent Company financial statements in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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



Independent auditor's report to the members of Petards Group plc

Opinion

We have audited the financial statements of Petards Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the consolidated income statement, the group statement of financial position, the group statement of changes in equity, the group statement of cash flows, the company statement of financial position, the company statement of changes in equity, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

All audit procedures, including work performed over significant components, was carried out by the Group audit team. Full scope audit procedures were performed over five components of the group being Petards Group plc, Petards Joyce-Loebl Limited, QRO Solutions Limited, RTS Solutions Limited and Affini Technology Limited. The remaining components of the group are not subject to statutory audit and were not in the scope of the group audit as there was considered to be limited or no aggregation risk associated with them individual or on an aggregate basis.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key Audit Matter	How our scope addressed this matter
<p>Fraud in revenue recognition</p> <p>The Group's revenue recognition policy is detailed within the accounting policies in note 1, and the amounts of revenue recognised at a point in time and over time are set out in note 2.</p> <p>The Group recognised revenue from the sale of goods when control of those goods passes to the customer.</p> <p>For services provided to customers by the Group over time, revenue is either recognised on a 'straight line' basis for maintenance and support contracts, or where the Group's assets are made available for use by customer, or with reference to the stage of completion in the case of specific engineering projects.</p> <p>There is a risk that revenue may be materially misstated as a result of fraud or error through its recognition before performance obligations have been discharged, either via recognising revenue from the sale of goods before control has passed to customers, or recognising revenue in relation to services to a greater extent than those service obligations have been discharged.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> ● We obtained management's analysis and accounting memorandum for the key revenue streams across the group and examined application of the provisions of IFRS 15; ● A sample of contracts were selected for inspection to ascertain appropriate application of IFRS 15's 5-step approach to ensure management's interpretation and application of contract terms is in line with the revenue standard; ● We substantively tested a sample of transactions from the relevant component's accounting ledgers to receipts and third party evidence of delivery of goods or the service being provided; ● We assessed the population of revenue transactions using data analytics techniques for presence of unusual transactions posted outside of the expected flow of double entry patterns associated with accounting for revenue; ● We critically assessed management's project revenue accounting, specifically challenging the proposed method and ensuring we obtained appropriate corroborating evidence to demonstrate satisfaction of performance obligations on an input or output basis where relevant; ● We substantively tested transactions around the reporting date whereby a sample of transactions, including those that were material, unusual or unexpected revenue transactions (where applicable) were agreed to supporting documentation to ascertain appropriate timing for revenue recognition; and ● Our review also included an assessment of the appropriateness of the recognition of trade receivables, contract assets and liabilities.
<p>Impairment of intangible assets, including goodwill</p> <p>Included in the Group statement of financial position are intangible assets of £4.6m (2024: £5.0m).</p> <p>The losses incurred by the Group indicate a risk that the intangible assets including goodwill are impaired and materially overstated in the financial statements.</p> <p>The estimated recoverable amount of the intangible assets is material to the Group. There is a risk that these balances are materially overstated if an impairment should be recognised in addition to any amortisation charged in the year.</p> <p>Impairment reviews relating to these balances are subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows and assumptions made in relation to future market demand and revenue levels, gross margins and overhead rates.</p> <p>The effect of this is that the recoverable amount of intangible assets including goodwill carries a high degree of estimation uncertainty and a potential range of reasonably possible outcomes greater than materiality for the financial statements. Therefore, there is a risk that they may require impairment.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> ● We obtained management's impairment assessment and scrutinised the forecasts and key inputs in the value in use calculations; ● We reviewed each group of assets with reference to internal and external impairment indicators noted per IAS 36; ● We reviewed and challenged management's identification and allocation of carrying values to cash generating units assessment to ensure it was appropriate; ● We conducted a review of the forecasts prepared by management against actual results after the reporting date to determine management's ability to accurately prepare forecasts; ● We assessed sensitivity analysis presented by management to detail the headroom for each category of intangible asset; ● We performed our own sensitivity analysis to assess the level of headroom regarding each category of intangible assets; ● We critically assessed the significant estimates and judgements in impairment of Intangibles including Goodwill and obtained sufficient evidence in line with IAS 36 to corroborate the supporting value carried by management.



Independent auditor's report to the members of Petards Group plc (continued)

Key Audit Matter	How our scope addressed this matter
<p>Recoverability of investments in subsidiaries and intercompany receivables (parent company financial statements)</p> <p>Included in the Parent Company's Statement of Financial Position are investments in subsidiaries of £15.7m (2024: £15.7m) and intercompany receivables of £0.2m (2024: £0.2m).</p> <p>There is a risk that the investments in subsidiaries and intercompany receivables are materially overstated if the recoverable amount is lower than the carrying value due to the loss-making positions of the subsidiaries and the carrying values exceeding the market capitalisation of the Group.</p> <p>The impairment review of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows and assumptions. This therefore increases the risk that the recoverable value of investments and intercompany receivables may be less than their stated carrying values.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none"> ● We obtained and critically assessed management's impairment assessments, including challenging the allocation of cash flows between entities; ● We have challenged in detail key inputs into the future forecasts in preparing the discounted cashflow; ● We reviewed the forecasts to actual results after the reporting date, to determine the appropriateness of management's forecasting; ● We conducted sensitivity analysis on the forecasts presented to determine whether there is sufficient headroom in the forecasts to support the outcome of management's assessment; ● We reviewed management's responses to queries raised, and ensured the appropriateness of responses; and ● Where supporting documentation was obtained for inputs, we ensured these were appropriate and in line with management's forecasts.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality (OM)	£297,000	£278,000
How we determined OM	2% of revenue	1.7% of total assets
Rationale for OM benchmark applied	Revenue has been used as the benchmark for materiality as this is a key KPI of the Group and representative of its activity levels and growth trajectory, which we consider to be a key area of concern for a user of the financial statements.	The Parent Company does not generate significant revenues and is primarily a holding company for its subsidiaries, and as such an asset-based benchmark was determined to be appropriate.
Performance materiality (PM)	£207,900	£194,600
How we determined PM	70% of overall materiality	70% of overall materiality
Rationale for PM benchmark applied	The performance materiality of 70% of overall materiality was determined based on our assessment and understanding of the Group's control environment and the net impact of unadjusted errors in the prior year audit.	
Error reporting threshold	£14,850 (5% of overall materiality)	£13,900 (5% of overall materiality)

Conclusions relating to going concern

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

Our audit procedures to evaluate the Director's assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern;
- Evaluating the methodology used by the Directors to assess the Group's and Parent Company's ability to continue as a going concern;
- Reviewing the Directors' going concern assessment and evaluating the key assumptions used and judgements applied;
- Reviewing liquidity headroom by applying a number of sensitivities to the base forecast and plausible worst-case forecast, prepared by management, to provide comfort over there being sufficient cash to pay debts as they fall due throughout the going concern period;
- Reviewing forecasts from a short-term, medium-term, and long-term perspective to assess any liquidity issues in the group;
- Verifying the existence of and terms relating to debt facilities available to the Group, and the expected remaining term of the facilities availability;
- Reviewing post year end bank statements to assess cashflow performance of the Group, including reviewing documentation;
- Performing stress tests including sensitivity analysis to model the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the group's ability to adopt the going concern basis; and
- Reviewing the appropriateness of disclosures in the financial statements.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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



Independent auditor's report to the members of Petards Group plc (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the Group, we identified that the principal risks of non-compliance with laws and regulations related to UK adopted international accounting standards, the Companies Act 2006, relevant tax legislation in the jurisdictions the Group operates and regulatory requirements for AIM listed companies, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such including from those relevant laws and regulations listed above.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;



- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities;
- Challenging assumptions and judgements made by management in their critical accounting estimates, particularly relating to revenue recognition, impairment of intangible assets and investment valuation;
- Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws or regulations; and
- Enquiry of management, the Audit Committee and those charged with governance regarding any known or suspected instances of fraud.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Christopher Cork (Senior Statutory Auditor)

For and on behalf of HaysMac LLP
Statutory Auditors
10 Queen Street Place
London
EC4R 1AG

14 April 2026



Consolidated income statement

For the year ended 31 December 2025

	Note	2025 £000	2024 £000
Revenue	2	14,947	12,016
Cost of sales		(7,517)	(6,575)
Gross profit		7,430	5,441
Administrative expenses		(7,865)	(6,706)
Adjusted EBITDA*		1,002	410
Amortisation of intangibles	10	(660)	(609)
Depreciation of property, plant and equipment	8	(436)	(334)
Depreciation of right of use assets	9	(341)	(241)
Exceptional acquisition costs		-	(416)
Exceptional reorganisation costs		-	(75)
Operating loss		(435)	(1,265)
Finance income	5	-	13
Finance expenses	5	(242)	(184)
Loss before tax	3	(677)	(1,436)
Income tax	6	271	309
Loss for the year attributable to equity shareholders of the parent		(406)	(1,127)
Other comprehensive income		-	-
Total comprehensive loss for the year		(406)	(1,127)
Loss per ordinary share (pence)			
Basic	7	(0.67)	(1.91)
Diluted	7	(0.67)	(1.91)

*Earnings before financial income and expenses, tax, depreciation, amortisation, exceptional items and acquisition costs. See Alternative Performance Measures Glossary on page 68.

The accompanying notes form an integral part of the financial statements.

Statements of changes in equity

For year ended 31 December 2025

Group	Share capital £000	Share premium £000	Treasury shares £000	Equity reserve £000	Retained earnings £000	Total equity £000
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)
Lapse of share options	–	–	–	(14)	14	–
Shares issued in the year	42	284	–	–	–	326
At 31 December 2024	617	1,908	(103)	–	3,974	6,396
At 1 January 2025	617	1,908	(103)	–	3,974	6,396
Loss for the year	–	–	–	–	(406)	(406)
Total comprehensive loss for the year	–	–	–	–	(406)	(406)
At 31 December 2025	617	1,908	(103)	–	3,568	5,990

The accompanying notes form an integral part of the financial statements.

Company	Share capital £000	Share premium £000	Treasury shares £000	Equity reserve £000	Retained earnings £000	Total equity £000
At 1 January 2024	575	1,624	(103)	14	8,085	10,195
Loss for the year	–	–	–	–	(860)	(860)
Total comprehensive loss for the year	–	–	–	–	(860)	(860)
Lapse of share options	–	–	–	(14)	14	–
Shares issued in the year	42	284	–	–	–	326
At 31 December 2024	617	1,908	(103)	–	7,239	9,661
At 1 January 2025	617	1,908	(103)	–	7,239	9,661
Loss for the year	–	–	–	–	(612)	(612)
Total comprehensive loss for the year	–	–	–	–	(612)	(612)
At 31 December 2025	617	1,908	(103)	–	6,627	9,049

The accompanying notes form an integral part of the financial statements.

Statement of financial position

At 31 December 2025

		Group		Company	
	Note	2025	2024	2025	2024
		£000	£000	£000	£000
ASSETS					
Non-current assets					
Property, plant and equipment	8	1,066	1,181	–	–
Right of use assets	9	1,056	836	–	–
Intangible assets	10	4,588	4,977	11	11
Investments	11	–	–	15,704	15,704
Deferred tax assets	12	960	768	370	372
		7,670	7,762	16,085	16,087
Current assets					
Inventories	13	1,853	1,799	–	–
Trade and other receivables	14	2,946	3,519	311	358
Cash and cash equivalents	15	12	168	–	–
		4,811	5,486	311	358
Total assets		12,481	13,248	16,396	16,445
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	19	617	617	617	617
Share premium		1,908	1,908	1,908	1,908
Treasury shares	20	(103)	(103)	(103)	(103)
Retained earnings		3,568	3,974	6,627	7,239
Total equity		5,990	6,396	9,049	9,661
Non-current liabilities					
Lease liabilities	16	697	552	–	–
Trade and other payables	17	–	–	1,086	1,086
		697	552	1,086	1,086
Current liabilities					
Interest-bearing loans and borrowings	16	1,715	2,006	2,399	2,211
Provisions for liabilities and charges	17	113	106	–	–
Trade and other payables	17	3,966	4,188	3,862	3,487
		5,794	6,300	6,261	5,698
Total liabilities		6,491	6,852	7,347	6,784
Total equity and liabilities		12,481	13,248	16,396	16,445

As permitted by section 408 of the Companies Act 2006, the parent company's income statement has not been included in these financial statements. The parent company's loss for the financial year was £612,000 (2024: loss of £860,000).

These financial statements were approved by the Board of Directors on 14 April 2026 and were signed on its behalf by:

Raschid Abdullah

Director

Registered number: 02990100

The accompanying notes form an integral part of the financial statements.

Statements of cash flows

For year ended 31 December 2025

		Group		Company	
		2025	2024	2025	2024
	Note	£000	£000	£000	£000
Cash flows from operating activities					
Loss for the year		(406)	(1,127)	(612)	(860)
Adjustments for:					
Depreciation of property, plant and equipment	8	436	334	–	–
Depreciation of right of use assets	9	341	241	–	–
Amortisation of intangible assets	10	660	609	–	–
Profit on disposal of property, plant and equipment		(1)	(1)	–	–
Profit on disposal of right of use assets		–	(15)	–	–
Finance income	5	–	(13)	–	(13)
Finance expenses	5	242	184	138	80
Loss on investment disposal	11	–	5	–	5
Income tax credit	6	(271)	(309)	–	(191)
Operating cash flows before movement in working capital		1,001	(92)	(474)	(979)
Change in inventories		(54)	(64)	–	–
Change in trade and other receivables		453	413	49	189
Change in trade and other payables		(215)	(63)	375	502
Cash generated from/(used in) operations		1,185	194	(50)	(288)
Tax received		199	–	–	–
Net cash from/(used in) operating activities		1,384	194	(50)	(288)
Cash flows from investing activities					
Acquisition of property, plant and equipment	8	(335)	(243)	–	–
Acquisition of intangible assets	10	–	(11)	–	(11)
Sale of property, plant and equipment		15	9	–	–
Sale of right of use assets		–	15	–	–
Interest received	5	–	13	–	13
Acquisition of investments		–	(2,449)	–	(2,449)
Cash with acquired business		–	462	–	–
Capitalised development expenditure	10	(271)	(304)	–	–
Net cash outflow from investing activities		(591)	(2,508)	–	(2,447)
Cash flows from financing activities					
Interest paid on loans and borrowings	5	(138)	(80)	(138)	(80)
Principal paid on lease liabilities	9	(355)	(278)	–	–
Interest paid on lease liabilities	9	(72)	(67)	–	–
Other interest and foreign exchange	5	(32)	(37)	–	–
Net cash outflow from financing activities		(597)	(462)	(138)	(80)
Net increase/(decrease) in cash and cash equivalents		196	(2,776)	(188)	(2,815)
Cash and cash equivalents at 1 January		(1,535)	1,241	(2,211)	604
Net overdraft at 31 December	15 & 16	(1,339)	(1,535)	(2,399)	(2,211)

The accompanying notes form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Petards Group plc (the "Company") is a company incorporated in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2026. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

IFRS 7 & 9: Amendments to the classification and measurement of financial instruments; IFRS 7 & 9: Contracts referencing Nature-dependent Electricity;

Annual improvements to IFRS Accounting Standards – Volume 11;

IFRS 1: Practice Statement 1 Management Commentary; and

Disclosures about Uncertainties in the Financial Statements.

Certain standards, amendments to, and interpretations of, published standards have been published that are mandatory for the Group's accounting years beginning on or after 1 January 2027 or later years and which the Group has decided not to adopt early:

IFRS 18: Presentation and Disclosure in Financial Statements;

IFRS 19: Subsidiaries without Public Accountability Disclosures; and

Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency.

There is no material impact on the financial statements or the amounts reported from the adoption of these amendments to the standards.

Statement of compliance

Both the parent company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with UK adopted international accounting standards and the parent company financial statements in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006. On publishing the parent company financial statements here together with the Group financial statements, the Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements. The parent company's loss for the financial year was £612,000 (2024: loss of £860,000).

Basis of preparation

The consolidated financial statements are presented in GBP which is also the Group's functional currency.

Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies as noted below.

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 2026 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 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.



1 Accounting policies *continued*

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 2026 budget updated for material known changes since it was prepared. The time period reviewed is to 30 June 2027. 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 2027. Accordingly, they have adopted the going concern basis in preparing these financial statements.

Judgements and estimates

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Key Judgements

(a) Revenue recognition (note 2)

The Group recognises revenue when it transfers control over a product or service to its customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Where a modification to an existing contract occurs, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group, or whether it is a modification to the existing performance obligation.

The Group applies judgements and estimates to its long term contracts in order to identify specific performance obligations, the timing of transfer of control of a product or service to a customer and whether goods and services are distinct or form a single bundled performance obligation. For Affini and Petards Joyce-Loebl, there is a significant judgement and estimation applied in respect of the amount of revenue (and related contract asset) recognised in respect of contracts for services recognised over time. Amounts recognised are based on the input method of accounting with reference to work undertaken in accordance with the relevant contract and what is considered the relevant stage of completion.

(b) Recognition of deferred tax assets (notes 6 and 12)

The Group has substantial deferred tax assets relating to accumulated tax losses. Determining how much of these assets can be recognised requires an assessment of the extent to which it is probable that future taxable profits will be available. This assessment is based on management's future assessment of the Group's financial performance and forecast financial information. If sufficient future taxable profits are not available, the value of the deferred tax asset will reduce by an amount equal to 25% of any shortfall being the standard rate of Corporation tax currently enacted. The assessment of the recoverability of tax losses includes expected and realistic utilisation of other available reliefs and allowances but does not take into account deductible timing differences that may arise in future periods.

(c) Impairment of intangible assets (note 10) and parent company investments (note 11)

The Group performs annual impairment reviews in relation to goodwill and the cash generating unit to which it is allocated. For other intangible assets, impairment reviews are undertaken when there is an indication of one. Determining the recoverability of an intangible asset requires judgement in both the methodology applied and the key variables within that methodology. Key variables in the analysis include projected revenue growth, anticipated margins, and the discount rate applied. Where it is determined that an intangible asset is impaired, its carrying value will be reduced to its recoverable value with the difference recorded as an impairment charge in the income statement.

Sensitivity analysis has been performed on the key assumptions for discount rate and forecast future cashflows to determine when impairment would occur.



Notes (continued)

(forming part of the financial statements)

1 Accounting policies continued

The Company performs impairment reviews at the reporting period end to identify any investments that have a carrying value that is in excess of its fair value. Determining the value in use of an investment requires judgement in both the methodology applied and the key variables within that methodology. The key assumptions for the value in use calculation are those regarding the growth rates, discount rates and expected changes in profit margins during the period. These are based on the approved budget for 2026 and an assumption of 3% growth thereafter applied in perpetuity (2024: approved forecasts for the next year and an assumption of 2% growth thereafter applied in perpetuity) and are based on the forecast profit margin being maintained (2024: profit margin maintained). The discount rate applied is 10% (2024: 11%). Where it is determined that an investment is impaired, its carrying value will be reduced to the higher of its value in use or fair value less costs of disposal with the difference recorded as an impairment charge in the income statement.

(d) Capitalised development expenditure (note 10)

This involves judgement in the identification of development expenditure which is appropriate to capitalise and which is recoverable through future product revenue, together with an assessment of the estimated useful economic life of any asset recognised. Assets recognised in this way are also subject to impairment reviews.

The estimates and associated assumptions are based on forecasts of future product revenues, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The impact should the actual useful economic lives of one or more of the products be shorter than estimated would be an additional amortisation charge at that time. The conservative nature of the rail industry, and the long asset lives of the rail vehicles to which the Group's products are fitted, has historically meant that no material adjustments of this nature have been required. At 31 December 2025 the net book value of capitalised development expenditure was £1,259,000 (2024: £1,523,000).

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated when preparing the consolidated financial information.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the income statement.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment in the Company Statement of financial position.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.



1 Accounting policies *continued*

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Leasehold improvements	life of lease straight line
Plant and equipment:	
Plant and equipment	3 - 10 years
Computer equipment	3 - 5 years
Furniture and fittings	3 - 5 years
Motor vehicles	4 - 5 years

The residual values and useful economic lives are reassessed annually.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Expenditure on activities for the development of new or substantially improved products is capitalised if the product is technically and commercially feasible, and the Group has the technical ability and has sufficient resources to complete development and if the Group can measure reliably the expenditure attributable to the intangible asset during its development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Development expenditure not meeting the above criteria is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Internally generated development expenditure is amortised on a straight line basis over the period which the directors expect to obtain economic benefits (typically 3 to 8 years from the asset being available for use). Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.



Notes (continued)

(forming part of the financial statements)

1 Accounting policies continued

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Technology related assets	4 - 10 years
Customer related assets	3 - 7.5 years

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Impairment

The carrying amounts of the Group's assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill is allocated to cash generating units and is tested annually for impairment and more frequently if there are indications of impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of other assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as service is provided.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



1 Accounting policies *continued*

Share-based payment transactions

Options granted under the Group's employee share schemes are equity settled. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Treasury shares

Treasury shares are held as a deduction from equity and are held at cost price.

Exceptional items

Exceptional items are items of income and expenditure that are individually material due to size or incidence that the directors consider require separate disclosure in order for the reader to obtain a full understanding of the performance of the Group in the year.

Provisions

A provision is recognised in the Statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

Financial assets and liabilities

Classification and measurement

The Group classifies its financial instruments in accordance with IFRS 9 Financial Instruments.

The Group has no derivative financial instruments either designated as cash flow hedges or not qualifying for hedge accounting.

Impairment of financial assets

The Group has two types of financial assets that are subject to IFRS 9's expected credit loss model:

- trade and other receivables; and
- contract receivables.

The Company has one type of financial asset that is subject to IFRS 9's expected credit loss model:

- amounts owed by group undertakings in respect of the Company.

Trade and other receivables and contract receivables do not contain a significant financing element and therefore expected credit losses are measured using the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The Group has assessed credit risk in relation to defence-related sales to government customers or sub-contractors to governments and believes it to be extremely low, therefore no expected credit loss provision is required for these trade and other receivables, or contract receivables. The Group also considers expected credit losses for non-government commercial customers, however this risk is not expected to be material to the financial statements.

Impairment provisions in respect of amount owed by group undertakings are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, no impairment loss was identified.



Notes (continued)

(forming part of the financial statements)

1 Accounting policies continued

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The Group subsequently measures trade and other receivables, amounts owed by group undertakings in respect of the Company and contract receivables at amortised cost.

Impairment

For trade and other receivables, contract receivables and amounts due from equity accounted investments, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

Financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any directly attributable transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade and other payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Revenue from contracts with customers

Revenue represents income derived from contracts for the provision of goods and services by the Group to customers in exchange for consideration in the ordinary course of the Group's activities. Revenue is stated net of VAT, discounts and rebates.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices. Given the bespoke nature of many of the Group's products and services, which are designed and/or manufactured under contract to the customer's individual specifications, there are sometimes no observable stand-alone selling prices. Instead, stand-alone selling prices are typically estimated based on expected costs plus contract margin consistent with the Group's pricing principles.



1 Accounting policies *continued*

Revenue and profit recognition

Revenue recognised at a point in time

Revenue is recognised as performance obligations are satisfied and control of the goods or services is transferred to the customer.

The majority of the Group's revenue is derived from selling goods with revenue recognised at the point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession and usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

A small minority of contracts are negotiated on a bill and hold basis. In such arrangements revenue is recognised even though the Group still has physical possession only if:

- the arrangement is substantive (i.e. requested by the customer);
- the finished goods have been identified separately as belonging to the customer;
- the product is ready for physical transfer to the customer; and
- the Group does not have the ability to use the product to direct it to another customer.

Some goods sold by the Group include warranties which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Revenue recognised over time

Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

Rendering of maintenance and similar services

Service and maintenance support contracts where the customer simultaneously receives and consumes the benefit provided by the Group's performance are recognised on a straight line basis over the period of the contract.

Software licences

The Group sells software licences either separately or together with other goods and services. Revenue recognition in respect of software licences sold as part of a bundle of goods and services is considered separately when the licence is determined to be a separate performance obligation. Software licences either represent a right to access the Group's intellectual property as it exists throughout the licence period or a right to use the Group's intellectual property as it exists at the point in time at which the licence is granted. Revenue in respect of right to access licences is recognised over the licence term and revenue in respect of right to use licences is recognised upfront on delivery to the customer.

Rendering of project services

For contracts for the provision of certain software development and system installation services, the Group recognises revenue using an input method, based on costs incurred in the period.

Where clear performance obligation milestones exist, project revenue for large projects is recognised over time using an output method with regards to completion of each milestone.



Notes (continued)

(forming part of the financial statements)

1 Accounting policies *continued*

Revenue and attributable margin are calculated by reference to reliable estimates of transaction price and total expected costs, after making suitable allowances for technical and other risks.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Contract modifications

The Group's contracts are sometimes amended for changes in customers' requirements and specifications. A contract modification exists when the parties to the contract approve a modification that either changes existing or creates new enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress towards the satisfaction of the performance obligation to which it relates is recognised in one of the following ways:

- (a) prospectively as an additional, separate contract;
- (b) prospectively as a termination of the existing contract and creation of a new contract; or
- (c) as part of the original contract using a cumulative catch up.

The majority of the Group's contract modifications are treated under either (a) (for example, the requirement for additional distinct goods or services) or (b) (for example, a change in the specification of the distinct goods or services for a partially completed contract), although the facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract-by-contract and may result in different accounting outcomes.

Costs to obtain a contract

The Group expenses pre-contract bidding costs which are incurred regardless of whether a contract is awarded. The Group does not typically incur costs to obtain contracts that it would not have incurred had the contracts not been awarded.

Costs to fulfil a contract

Contract fulfilment costs in respect of over time contracts are expensed as incurred. Contract fulfilment costs in respect of point in time contracts are accounted for under IAS 2 Inventories.

Inventories

Inventories include raw materials, work-in-progress and finished goods recognised in accordance with IAS 2 in respect of contracts with customers which have been determined to fulfil the criteria for point in time revenue recognition under IFRS 15. It also includes inventories for which the Group does not have a contract. This is often because fulfilment costs have been incurred in expectation of a contract award. Other than its ANPR products the Group does not typically build inventory to stock. Inventories are stated at the lower of cost, including all relevant overhead expenditure, and net realisable value.

Contract receivables

Contract receivables represent amounts for which the Group has an unconditional right to consideration in respect of unbilled revenue recognised at the reporting date and comprises costs incurred plus attributable margin.

Contract liabilities

Contract liabilities represent the obligation to transfer goods or services to a customer for which consideration has been received, or consideration is due, from the customer.

Right of use assets and leases

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, comprising the initial amount of the lease liability plus any initial direct costs incurred and any lease payments made at or before the lease commencement date, less any lease incentives received. The right of use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot readily be determined, the incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or a rate or a change in the Group's assessment of whether it will exercise an extension or termination option. When the lease liability is re-measured, a corresponding adjustment is made to the right of use asset.

1 Accounting policies *continued*

Judgements are involved in determining the lease term, particularly if extension or termination options are included in property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to extend or terminate a property lease. Termination options are only included in the lease term if it is reasonably certain that the lease will be terminated. The assessment of the lease term is reviewed if a significant event or a significant change in circumstances occurs that is within the control of the Group.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets with a value of less than £5,000 when new, typically small items of IT equipment, office equipment and office furniture.

Expenses

Operating lease payments

In applying paragraph 6 of IFRS 16, short-term leases and leases for low-value assets are not recognised as lease liabilities with a corresponding right of use asset. Payments under such leases are recognised in the income statement on a straight line basis over the term of the lease.

Finance income

Financial income comprises interest receivable on funds invested, and foreign exchange gains. Interest income is recognised in the income statement as it accrues using the effective interest method.

Finance expenses

Financial expenses comprise interest payable on borrowings, interest on leases and foreign exchange losses.

Taxation

Income tax on the profit or loss for the period comprises both current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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 statement of financial position for its entire operations and as a whole. The Board receives financial information, assesses performance and makes resource allocation decisions for its UK based business as a whole and consequently therefore the directors consider the Group to have only one reportable segment in terms of products and services, being the development, supply and maintenance of advanced technology for security, surveillance, communications and ruggedised electronic applications.

As the Board of Directors receives revenue, adjusted EBITDA and operating (loss)/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.



Notes (continued)

(forming part of the financial statements)

2 Segmental information continued

Revenue by geographical destination can be analysed as follows:

	2025 £000	2024 £000
United Kingdom	14,898	11,872
Continental Europe	13	57
Rest of World	36	87
	14,947	12,016

The timing of revenue recognition can be analysed as follows:

	2025 £000	2024 £000
Products and services transferred at a point in time	8,906	8,550
Recurring services transferred over time	4,486	2,804
Project and integration services transferred over time	1,555	662
	14,947	12,016

In 2025 revenues from two customers exceeded 10% of the Group's revenues being for £2,123,000 and £2,030,000 respectively (2024: One customer: £1,515,000) of which £122,000 (2024: £274,000) relating to those customers was outstanding at year end.

3 Operating expenses

Loss before tax is stated after charging:

	2025 £000	2024 £000
Amortisation of intangibles	660	609
Depreciation of property, plant and equipment	436	334
Depreciation of right of use assets	341	241
Development costs expensed directly to income	38	37
Net write down of inventories	134	113

Auditor's remuneration:

	2025 £000	2024 £000
Audit of these financial statements	30	30
Amounts receivable by the Company's auditor and its associates in respect of:		
Additional fees re 2024 audit	43	–
Audit of financial statements of subsidiaries pursuant to legislation	120	118
Transaction services	–	28

The fees relating to transaction services in 2024 were incurred prior to the appointment of HaysMac LLP as auditors.

4 Staff numbers and costs

The aggregate payroll costs, including directors, were as follows:

	Group	
	2025	2024
	£000	£000
Wages and salaries	6,021	5,359
Social security costs	702	608
Other pension costs (note 18)	287	227
	7,010	6,194

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

	Group	
	2025	2024
	Number	Number
Direct labour	53	47
Development	10	13
Sales	14	15
Administration	35	37
	112	112

Directors' remuneration

	2025	2024
	£000	£000
Directors' emoluments	457	554
	457	554

The aggregate of emoluments of the highest paid director was £191,000 (2024: £220,000).

Name of Director	Salaries and fees		Bonuses		Other benefits		Total	Total
	2025	2024	2025	2024	2025	2024	2025	2024
	£000	£000	£000	£000	£000	£000	£000	£000
R Abdullah	182	176	–	36	5	5	187	217
O Abdullah	182	176	–	36	9	8	191	220
J Wakefield	25	25	–	–	–	–	25	25
G Davies	37	37	–	–	–	–	37	37
P Negus*	–	55	–	–	17	–	17	55
	426	469	–	72	31	13	457	554

* 2024 included fees for the services of P Negus payable to Adcel Limited of £36,000 (2025: nil).

No directors are accruing rights to shares under long term incentive schemes.

Notes (continued)

(forming part of the financial statements)

4 Staff numbers and costs continued

	2025 Number	2024 Number
Number of directors exercising share options	–	–
Number of directors accruing benefits under a defined contribution pension scheme	–	1

Directors' rights to subscribe for shares in the Company are as follows:

Director	At start of year Number of shares	At end of year Number of shares	Exercise price (pence)
R Abdullah	1,425,000	1,425,000	12.25p – 21.5p
O Abdullah	2,737,500	1,425,000	12.25p – 21.5p
P Negus	300,000	–	21.5p

Further details of movement in rights to subscribe for shares are included in the Remuneration Report, under the heading 'Directors' Interests in Share Options', which forms part of these audited financial statements.

5 Finance income and expenses

	2025 £000	2024 £000
Recognised in profit or loss		
Interest on bank deposits	–	13
Finance income	–	13

	2025 £000	2024 £000
Interest expense on lease liabilities	72	67
Interest paid on loans and borrowings	138	80
Other interest payable	21	28
Other exchange loss	11	9
Finance expenses	242	184

6 Taxation

Recognised in the income statement

	2025 £000	2025 £000	2024 £000	2024 £000
<i>Current tax (credit)/expense</i>				
Current tax charge	-		4	
Adjustments in respect of prior years (see note below)	(79)		(124)	
Total current tax		(79)		(120)
<i>Deferred tax (credit)/expense</i>				
Origination and reversal of temporary differences	(101)		(140)	
Recognition of previously unrecognised deferred tax assets	(60)		-	
Recognition of previously unrecognised losses	-		(75)	
Utilisation of recognised tax losses	-		34	
Recognition of current year losses	(113)		(181)	
Adjustment in respect of prior years	82		173	
Total deferred tax		(192)		(189)
Total tax credit in income statement		(271)		(309)

The £79,000 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

	2025 £000	2024 £000
Loss before tax	(676)	(1,436)
Tax using the UK corporation tax rate of 25% (2024: 25%)	(169)	(359)
Items not deductible for tax purposes	1	66
Recognition of previously unrecognised tax assets	(101)	(75)
Utilisation of previously unrecognised tax assets	(66)	(77)
Adjustments in respect of prior years	3	49
Effect of tax losses generated in the year not recognised	61	113
Change in unrecognised temporary differences	-	(26)
Total tax credit	(271)	(309)

Factors that may affect future current and total tax charges

With effect from 1 January 2025, R&D tax claims previously made by the Group under the old RDEC and small and medium-sized enterprise (SME) schemes will now be made under their replacement scheme. Under that new scheme, known as the merged scheme R&D expenditure credit (RDEC), the majority of future R&D benefits will be recognised outside of the tax charge/credit within other income. Claims in respect of 2025 are expected to be made in due course and these will be recognised in income when receipt is determined to be probable.

Recognised tax losses are presented in note 12.

Notes (continued)

(forming part of the financial statements)

7 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.

	2025	2024
Earnings		
Loss for the year (£000)	(406)	(1,127)
Number of shares		
Weighted average number of ordinary shares ('000)	60,705	58,817
Basic and diluted loss per share (pence)	(0.67)	(1.91)

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

8 Property, plant and equipment – Group

	Leasehold improvements £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 January 2024	311	2,351	84	2,746
Additions	–	119	124	243
Acquisition of business	67	2,548	54	2,669
Disposals	–	(5)	(26)	(31)
Balance at 31 December 2024	378	5,013	236	5,627
Balance at 1 January 2025	378	5,013	236	5,627
Additions	1	331	3	335
Disposals	–	(920)	(57)	(977)
Balance at 31 December 2025	379	4,424	182	4,985
Depreciation and impairment				
Balance at 1 January 2024	291	1,770	30	2,091
Acquisition of business	52	1,977	15	2,044
Depreciation charge for the year	6	280	48	334
Disposals	–	(5)	(18)	(23)
Balance at 31 December 2024	349	4,022	75	4,446
Balance as 1 January 2025	349	4,022	75	4,446
Depreciation charge for the year	9	378	49	436
Disposals	–	(917)	(46)	(963)
Balance at 31 December 2025	358	3,483	78	3,919
Net book value				
At 1 January 2024	20	581	54	655
At 31 December 2024 and 1 January 2025	29	991	161	1,181
At 31 December 2025	21	941	104	1,066

8 Property, plant and equipment – Company

Plant and
equipment
£000

Cost

Balance at 1 January 2024, 31 December 2024 and 1 January 2025	5
Balance at 31 December 2025	5

Depreciation and impairment

Balance at 1 January 2024, 31 December 2024 and 1 January 2025	5
Balance at 31 December 2025	5

Net book value

At 1 January 2024	–
At 31 December 2024 and 1 January 2025	–
At 31 December 2025	–

9 Right of use assets – Group

Assets	Land and buildings £000	Motor vehicles £000	Total £000
Cost			
Balance at 1 January 2024	846	100	946
Additions	75	22	97
Acquisition of business	465	–	465
Disposals	–	(49)	(49)
Balance at 31 December 2024	1,386	73	1,459
Balance at 1 January 2025	1,386	73	1,459
Additions	363	238	601
Disposals	(55)	(52)	(107)
Balance at 31 December 2025	1,694	259	1,953
Depreciation			
Balance as 1 January 2024	185	70	255
Depreciation charge for the year	226	15	241
Acquisition of business	176	–	176
Disposals	–	(49)	(49)
Balance at 31 December 2024	587	36	623
Balance as 1 January 2025	587	36	623
Depreciation charge for the year	298	43	341
Disposals	(21)	(46)	(67)
Balance at 31 December 2025	864	33	897
Net book value			
At 1 January 2024	661	30	691
At 31 December 2024 and 1 January 2025	799	37	836
At 31 December 2025	830	226	1,056

The Company has no right of use assets.

Notes (continued)

(forming part of the financial statements)

9 Right of use assets – Group continued

	Land and buildings £000	Motor vehicles £000	Total £000
Lease liabilities			
Balance at 1 January 2024	701	31	732
Additions	75	22	97
Acquisition of business	304	–	304
Interest expense	65	2	67
Lease payments	(327)	(18)	(345)
Balance at 31 December 2024	818	37	855
Balance at 1 January 2025	818	37	855
Additions	330	231	561
Interest expense	64	8	72
Lease payments	(372)	(55)	(427)
Balance at 31 December 2025	840	221	1,061
Payable within one year (note 16)	300	64	364
Payable after more than one year (note 16)	540	157	697
Balance at 31 December 2025	840	221	1,061
Payable within one year (note 16)	284	19	303
Payable after more than one year (note 16)	534	18	552
Balance at 31 December 2024	818	37	855

10 Intangible assets – Group

	Customer related intangibles £000	Technology related intangibles £000	Goodwill £000	Development costs £000	IT Assets £000	Total £000
Cost						
Balance at 1 January 2024	178	598	1,488	4,643	170	7,077
Acquisition of business	224	–	1,442	–	–	1,666
Additions	–	–	–	304	11	315
Balance at 31 December 2024	402	598	2,930	4,947	181	9,058
Balance at 1 January 2025	402	598	2,930	4,947	181	9,058
Additions	–	–	–	271	–	271
Balance at 31 December 2025	402	598	2,930	5,218	181	9,329
Amortisation and impairment						
Balance at 1 January 2024	178	348	–	2,927	19	3,472
Amortisation charge for the year	16	62	–	497	34	609
Balance at 31 December 2024	194	410	–	3,424	53	4,081
Balance as 1 January 2025	194	410	–	3,424	53	4,081
Amortisation charge for the year	30	61	–	535	34	660
Balance at 31 December 2025	224	471	–	3,959	87	4,741
At 1 January 2024	–	250	1,488	1,716	151	3,605
At 31 December 2024 and 1 January 2025	208	188	2,930	1,523	128	4,977
At 31 December 2025	178	127	2,930	1,259	94	4,588

Development costs relate to the ongoing development of the Group's rail and ANPR products. This includes an amount of £397,000 (2024: £304,000) for which amortisation has not yet commenced.

Amortisation

The amortisation charge is recognised within administrative expenses in the income statement. The remaining useful lives of intangible assets range from one year to 4.5 years.

Impairment testing

The Group considers that for the purpose of goodwill impairment testing it has four cash generating units (CGUs) involved in the development, supply and maintenance of technologies used in advanced security, surveillance, web-based real-time safety critical integrated software applications and ruggedised electronic applications.

Goodwill has been allocated to cash generating units as follows:

	2025	2024
	£000	£000
Petards Joyce–Loebl	219	219
QRO Solutions	488	488
RTS Solutions	781	781
Affini Technology	1,442	1,442
	2,930	2,930

Notes (continued)

(forming part of the financial statements)

10 Intangible assets – Group continued

Impairment is tested by calculating its value in use by reference to discounted cash flow forecasts over a five year period. The key assumptions for the value in use calculation are those regarding the growth rates, discount rates and expected changes in profit margins during the period. These are based on the approved budget for 2026 and an assumption of 3% growth thereafter applied in perpetuity (2024: approved forecasts for the next year and an assumption of 2% growth thereafter applied in perpetuity) and are based on the forecast profit margin being maintained (2024: profit margin maintained). The discount rate applied is 10% (2024: 11%).

For Petards Joyce–Loebl the discount rate would have to increase to 49% before there is an impairment. Net present value of cash flows in excess of carrying value provide headroom of 85% before impairment.

For QRO Solutions the discount rate would have to increase to 48% before there is an impairment. Net present value of cash flows in excess of carrying value provide headroom of 85% before impairment.

For RTS Solutions the discount rate would have to increase to 18% before there is an impairment. Net present value of cash flows in excess of carrying value provide headroom of 52% before impairment.

For Affini Technology the discount rate would have to increase to 18% before there is an impairment. Net present value of cash flows in excess of carrying value provide headroom of 51% before impairment.

11 Investments

The Group and Company have the following investments in subsidiary undertakings:

Name of company	Country of operation and registration	Nature of business	Company Number	Holding	Proportion held	
					Group	Company
Petards Joyce–Loebl Limited	England (2)	Specialist electronic systems	2170100	Ordinary shares	100%	100%
Affini Technology Limited	England (3)	Wireless communications	04574231	Ordinary shares	100%	100%
Affini Technology Group Limited*	England (3)	Non–trading	14056986	Ordinary shares	100%	100%
QRO Solutions Limited	England (1)	Specialist electronic systems	04118351	Ordinary shares	100%	100%
RTS Solutions (UK) Limited	England (1)	Specialist electronic systems	06173058	Ordinary shares	100%	100%
RTS Solutions (Holdings) Limited*	England (1)	Non–trading	09199052	Ordinary shares	100%	100%
Water Hall Group plc	England (1)	Non–trading	00438328	Ordinary shares	100%	100%
Petards Limited*	England (2)	Dormant	02301063	Ordinary shares	100%	100%
Joyce–Loebl Group Limited*	England (2)	Dormant	03588387	Ordinary shares	100%	100%
Petards International Limited*	England (2)	Dormant	04122370	Ordinary shares	100%	100%

Registered offices:

(1) Parallel House, 32 London Road, Guildford, GU1 2AB

(2) 390 Princesway, Team Valley, Gateshead, Tyne and Wear, NE11 0TU

(3) Stonebridge House Padbury Oaks, Bath Road, West Drayton, UB7 0EW

* Exempt from audit for the year ended 31 December 2025 by virtue of S479a of Companies Act 2006.

11 Investments continued

Company	Shares in subsidiary undertakings £000
Cost	
Balance at 1 January 2024	17,190
Acquisition of business	2,853
Disposal	(5)
Balance at 31 December 2024	20,038
Balance at 1 January 2025	20,038
Balance at 31 December 2025	20,038
Provisions for impairment in value	
Balance at 1 January 2024, 31 December 2024 and 1 January 2025	4,334
Balance at 31 December 2025	4,334
Net book value	
At 1 January 2024 and 31 December 2024	15,704
At 31 December 2025	15,704

The Group has conducted impairment reviews for each of its cash-generating units (CGUs) estimating future discounted cash flows to be generated from each CGU. The directors believe there is no impairment based upon the assumptions used in the value in use model disclosed in note 10 for impairment analysis of the carrying value of investments.

12 Deferred tax assets and liabilities

Group

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

	Assets		Liabilities		Net	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Property, plant and equipment	–	–	–	(7)	–	(7)
Provisions	12	4	–	–	12	4
Tax value of loss carry-forwards	1,191	1,034	–	–	1,191	1,034
Intangible fixed assets	–	–	(243)	(263)	(243)	(263)
Tax assets/(liabilities)	1,203	1,038	(243)	(270)	960	768
Offset of tax	(243)	(270)	243	270	–	–
Net deferred tax assets	960	768	–	–	960	768

The deferred tax assets are expected to be recovered against future taxable profits, within 4 years.

Notes (continued)

(forming part of the financial statements)

12 Deferred tax assets and liabilities continued

Unrecognised deferred tax assets are attributable to the following:

	2025	2024
	£000	£000
Property, plant and equipment	83	153
Provisions	–	4
Tax value of loss carry-forwards	3,078	3,061
Unrecognised tax assets	3,161	3,218

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

Movement in deferred tax during the year

	1 January	Recognised	31 December
	2025	in income	2025
	£000	£000	£000
Property, plant and equipment	(7)	7	–
Provisions	4	8	12
Tax value of loss carry-forwards	1,034	157	1,191
Intangible fixed assets	(263)	20	(243)
	768	192	960

Movement in deferred tax during the prior year.

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

Company

Recognised deferred tax assets are attributable to the following:

	Assets	Assets
	2025	2024
	£000	£000
Tax value of loss carry-forwards	353	356
Provision	2	–
Property, plant and equipment	15	16
Tax assets	370	372

There are £61k of unrecognised deferred tax assets (2024: none).

13 Inventories

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Raw materials and consumables	1,721	1,676	–	–
Work in progress	132	123	–	–
	1,853	1,799	–	–

The directors consider all inventories to be essentially current in nature although the duration of certain contracts is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine this amount with precision as this is dependent on several matters including future order volumes, the timing of project milestones and customer call off schedules.

Inventories recognised as cost of sales in the year amounted to £2,285,000 (2024: £2,118,000). At 31 December 2025 inventories are shown net of provisions of £754,000 (2024: £632,000).

14 Trade and other receivables

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Trade receivables	1,955	2,254	–	–
Contract assets	395	400	–	–
Amounts owed by group undertakings	–	–	200	240
Other receivables	121	418	24	21
Prepayments	475	447	87	97
	2,946	3,519	311	358

Amounts owed by group undertakings are interest free and repayable on demand.

Contract assets

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
At 1 January	400	–	–	–
Acquisition of business	–	400	–	–
Incurred in the year	2,218	2,438	–	–
Invoiced in the year	(2,223)	(2,438)	–	–
At 31 December	395	400	–	–

The Group has a variety of credit terms depending on the customer and these generally range from 14 to 60 days. The majority of the Group's sales are made to government agencies and blue chip companies and consequently have very low historical default rates. At each reporting date the Group assesses credit risk by considering reasonable and supportable information that may indicate increases in credit risk. Indicators that an asset carries a higher credit risk compared to that at inception or that an asset is credit-impaired would include observable data in relation to the financial health of the debtor: significant financial difficulty of the issuer or the debtor; the debtor breaching contract; it being probable that the debtor will enter bankruptcy or financial reorganisation. The amount of credit risk provision is the difference between the original carrying amount and the recoverable amount, being the present value of expected cash flows receivable (discounted using the original effective interest rate). The amount of the provision is recognised in the income statement within administrative expenses.

Notes (continued)

(forming part of the financial statements)

14 Trade and other receivables *continued*

The ageing of trade receivables at the reporting date was:

	Group		
	2025 Gross trade receivables £000	2025 Expected credit loss provision £000	2025 Net trade receivables £000
Group			
Not past due date	1,446	–	1,446
Past due date (0-90 days)	408	–	408
Past due date (over 90 days)	160	(59)	101
	2,014	(59)	1,955

	Group		
	2024 Gross trade receivables £000	2024 Expected credit loss provision £000	2024 Net trade receivables £000
Group			
Not past due date	1,620	–	1,620
Past due date (0-90 days)	508	–	508
Past due date (over 90 days)	199	(73)	126
	2,327	(73)	2,254

Management has no indication that any unimpaired amounts will be irrecoverable.

Details of the revenues relating to the Group's main customers in the year are given in note 2.

At 31 December 2025 trade receivables are shown net of an allowance for credit notes of £59,000 (2024: £73,000) arising from the ordinary course of business. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group	
	2025 £000	2024 £000
UK	1,953	2,060
Europe	2	193
Other regions	–	1
	1,955	2,254

The Group's exposure to credit and currency risks and impairment losses related to trade receivables is disclosed at note 21.

The Company has no trade receivables. As at 31 December 2025, the Company had £200,000 (2024: £200,000) due from group undertakings and other receivables of £111,000 (2024: £158,000).

15 Cash and cash equivalents

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Cash and cash equivalents				
Cash and cash equivalents per Statement of financial position and per cash flow statement	12	168	–	–

The Group's exposure to credit and currency risk related to cash and cash equivalents is disclosed at note 21.

16 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and Company's interest-bearing loans and borrowings, which are measured at amortised cost. More information about the Group's and Company's exposure to interest rate and foreign currency risk is disclosed at note 21.

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Non-current liabilities				
Lease Liabilities	697	552	–	–
Current liabilities				
Lease liabilities	364	303	–	–
Overdraft	1,351	1,703	2,399	2,211
	2,412	2,558	2,399	2,211

During the year and at 31 December 2025 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 2025	1,703	855
<i>Cash items:</i>		
Payment of lease liabilities	–	(427)
<i>Non-cash items:</i>		
New lease liabilities (note 9)	–	561
Reduction in use of overdraft facility	(352)	–
Interest expense	–	72
Balance at 31 December 2025	1,351	1,061

Notes (continued)

(forming part of the financial statements)

16 Interest-bearing loans and borrowings continued

	Current loans and borrowings £000	Lease liabilities £000
Balance at 1 January 2024	–	732
<i>Cash items:</i>		
Payment of lease liabilities	–	(345)
<i>Non-cash items:</i>		
New lease liabilities (note 9)	–	97
Acquisition of business	–	304
Use of overdraft facility	1,703	–
Interest expense	–	67
Balance at 31 December 2024	1,703	855

17 Trade and other payables

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Non-current liabilities				
Amounts owed to group undertakings	–	–	1,086	1,086
Current liabilities				
Trade payables	1,044	1,192	108	205
Amounts owed to group undertakings	–	–	3,616	3,207
Contract liabilities	1,234	1,294	–	–
Taxation and social security	694	598	27	4
Non-trade payables and accrued expenses	994	1,104	111	71
	3,966	4,188	3,862	3,487
	2025 £000	2024 £000	2025 £000	2024 £000
Provisions for liabilities and charges				
Dilapidations	113	106	–	–

There was no material provision movement in the year, therefore no movement analysis has been presented.

17 Trade and other payables continued

Contract liabilities

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
At 1 January	1,294	727	–	–
Acquisition of business	–	550	–	–
Amounts included in contract liabilities that were recognised as revenue during the year	(1,294)	(1,004)	–	–
Cash received in advance of performance and not recognised as revenue during the year	1,234	1,021	–	–
At 31 December	1,234	1,294	–	–

No amounts included in current liabilities are expected to be settled in more than 12 months (2024: *£nil*). In both 2024 and 2025 amounts payable to group undertakings in current liabilities are due on demand but have no fixed repayment dates.

18 Employee benefits

Defined contribution plans

The Group operates defined contribution pension plans.

The total expense relating to defined contribution plans in the current year was £287,000 (2024: £227,000).

Share-based payments

The Company has granted share options under its Enterprise Management Incentive Scheme (“EMI Scheme”), and an Unapproved Share Option Scheme (“Unapproved Scheme”). Options granted have a contractual life of ten years and are exercisable on the third anniversary from the date of grant. All options are to be settled by physical delivery of shares.

The unexercised options at 31 December 2025 are stated below.

Date of grant	Scheme	Exercise price (pence)	Number of options granted	Vesting conditions	Exercise period
Jan 2016	EMI Scheme	12.25p	1,510,204	(1)	Jan 2019 – Jan 2026
Jan 2016	Unapproved Scheme	12.25p	189,796	(1)	Jan 2019 – Jan 2026
Jul 2017	EMI Scheme	29.00p	80,000	(1)	Jul 2021 – Jul 2027
Oct 2018	EMI Scheme	21.50p	575,000	(1)	Oct 2023 – Oct 2028
Oct 2018	Unapproved Scheme	21.50p	575,000	(1)	Oct 2023 – Oct 2028

(1) 3 years from date of grant

Notes (continued)

(forming part of the financial statements)

18 Employee benefits continued

	2025		2024	
	Number of shares	Weighted average exercise price £	Number of shares	Weighted average exercise price £
Outstanding at beginning of the year	3,305,000	0.17	3,305,000	0.17
Forfeited/lapsed	(375,000)	0.22	–	–
Outstanding at the end of the year	2,930,000	0.16	3,305,000	0.17
Exercisable at the end of the year	2,930,000	0.16	3,305,000	0.17

The estimated fair value of the options ranges between 2.5p and 9.8p. These were calculated by applying the Black-Scholes option pricing model. The model inputs were the share price at the date of grant, the appropriate exercise price, expected volatility of 30.7% (2024: 30.7%) and a risk free interest rate of 0.8% (2024: 0.8%). It was assumed that option holders would exercise their options during the first year after the option vesting date. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the period of one year to the date of grant.

The options outstanding at 31 December 2025 had exercise prices ranging from 12.25p to 29.00p and the weighted average remaining contractual life of the options was 1.2 years.

The Group and Company recognised no expense in the year (2024: nil) in respect of equity settled share options.

19 Share capital

	At 31 December 2025 Number	At 31 December 2024 Number
<i>Number of shares in issue – allotted, called up and fully paid</i>		
Ordinary shares of 1p each	61,705,039	61,705,039
	£000	£000
<i>Value of shares in issue – allotted, called up and fully paid</i>		
Ordinary shares of 1p each	617	617

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.

20 Treasury shares

	At 31 December 2025		At 31 December 2024	
	Number of shares	Cost £000	Number of shares	Cost £000
At 1 January and 31 December	1,000,000	103	1,000,000	103

21 Financial risk management

The Group's and Company's policy is to maintain a strong capital base with a view to ensuring that entities within the Group will be able to continue as going concerns.

The Group's and Company's principal financial instruments comprise short term debtors and creditors, short term bank deposits, cash, bank borrowings, leases and, when required, forward currency contracts and options. Neither the Group nor the Company trades in financial instruments but, where appropriate, uses derivative financial instruments in the form of forward foreign currency contracts and options to help manage foreign currency exposures. The prime objective of the Group's and Company's policy towards financial instruments is to manage their working capital requirements and finance their ongoing operations.

Capital management

The Group's and Company's policy is to maintain a strong capital base with a view to ensuring that entities within the Group will be able to continue as going concerns. The Group and Company finance their operations through retained earnings, cash resources, bank borrowings, share placings and the management of working capital. It is the intention to issue new shares when satisfying share based incentive schemes. Capital is defined as total equity as set out in the Statement of financial position.

Management of financial risk

The main risks associated with the Group's financial instruments have been identified as credit risk, liquidity risk and foreign currency risk. The main risks associated with the Company's financial instruments have been identified as liquidity risk. The Board is responsible for managing these risks and the policies adopted, which have remained largely unchanged throughout the year.

Credit risk

The carrying amount of financial assets included in the Statement of financial position, which represents the maximum credit risk, and the headings in which they are included are as follows:

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Current assets				
Trade receivables	1,955	2,254	–	–
Other receivables	991	1,265	111	43
Amounts owed by Group undertakings	–	–	200	240
Cash and cash equivalents	12	168	–	–
	2,958	3,687	311	283

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group's risk is influenced by the nature of its customers. The majority of sales are made to government agencies and blue chip companies. New customers are analysed for creditworthiness before the Group's standard payment and delivery terms and conditions are offered and appropriate credit limits set. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis. The carrying amount of trade receivables in the Statement of financial position represents the maximum exposure to credit risk and further details are given in note 15 to the financial statements. The Board considers the Group's exposure to credit risk to be acceptable and normal for an entity of its size given the industries in which it operates.

The Company's financial assets comprise amounts owed by group undertakings and the Board considers that there is no significant exposure to credit risk.

Surplus cash balances are placed on short term deposit with UK banks.

Notes (continued)

(forming part of the financial statements)

21 Financial risk management continued

Interest rate risk

The Group has financed its operations from its own cash resources and a £2.5 million overdraft facility. At 31 December 2025 the Group's bank borrowings bore interest at The Bank of England's bank rate plus 3.0%.

The interest rate risk profile of the Group's and Company's interest bearing financial instruments was as follows:

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Interest rate risk profile of financial assets				
Floating rate assets (by currency):				
Sterling	12	–	–	–
Euro	–	–	–	–
US dollar	–	–	–	–
	12	–	–	–
Interest rate profile of financial liabilities				
Fixed rate liabilities (by currency):				
Sterling	1,061	855	–	–
Floating rate liabilities (by currency):				
Sterling	1,351	1,703	2,399	–

The fixed rate financial liabilities comprise lease liabilities. The floating rate liability relates to the overdraft facility.

Liquidity risk

Liquidity risk is the risk that the Group and Company will not be able to access the necessary funds to finance their operations. Their own cash resources and bank borrowings are the predominant source of funds. Surplus cash is placed on short term deposit with UK banks.

The Group manages its liquidity risk by monitoring existing facilities and cash flows against forecast requirements based on a rolling cash forecast.

The carrying amount of financial liabilities included in the Statement of financial position and the headings in which they are included are as follows:

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Current liabilities				
Trade and other payables	3,966	4,188	246	205
Provisions for liabilities and charges	113	106	–	–
Lease liabilities	364	303	–	–
Overdraft	1,351	1,703	2,399	1,703
Amounts owed to group undertakings	–	–	3,616	3,207
Non-current liabilities				
Lease liabilities	697	552	–	–
Amounts owed to group undertakings	–	–	1,086	1,086
	6,491	6,852	7,347	6,201

21 Financial risk management continued

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount £000	2025				
		Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Non-derivative financial liabilities						
Lease liabilities	1,061	1,257	393	471	359	34
Trade and other payables	3,966	3,966	3,966	–	–	–
		5,223	4,359	471	359	34

The contractual cash flows include interest estimated at a rate of between 3.5% and 7.25%.

	Carrying amount £000	2024				
		Contractual cash flows £000	1 year or less £000	1 to <2 years £000	2 to <5 years £000	5 years and over £000
Non-derivative financial liabilities						
Lease liabilities	855	896	328	270	298	–
Trade and other payables	2,838	2,838	2,838	–	–	–
		3,734	3,166	270	298	–

The directors consider that the carrying amounts of financial assets and liabilities approximate their fair values.

Foreign currency risk

The Group is exposed to currency risk on purchases and occasionally on sales, that are denominated in a currency other than the respective functional currencies of Group entities. Less than 1 per cent (2024: *less than 1 per cent*) of the Group's sales were to customers in Continental Europe and less than 1 per cent (2024: *around 1 per cent*) were to customers in the Rest of the World. These sales were priced in Pounds Sterling. The Group makes purchases in Pounds Sterling, Euros and US Dollars and the Group's policy is to reduce currency exposures through, where appropriate, forward foreign currency contracts.

Currency risk of financial assets and liabilities

The Group also has non-structural currency exposures i.e., those exposures arising from sales and purchases by group companies in currencies other than that company's functional currency. These exposures give rise to net currency gains/losses recognised in the income statement and represent monetary assets and liabilities of the Group that were not denominated in the functional currency of the company involved.

At 31 December 2025 and 2024 the exposures in this respect were trade receivables and payables and were:

	2025 Receivables £000	2025 Payables £000	2024 Receivables £000	2024 Payables £000
Currency				
US dollar	–	(40)	1	(19)
Euro	2	(13)	–	–
	2	(53)	1	(19)

In the opinion of the directors the business has no significant exposure to market risk arising from currency exchange or other price fluctuations at 31 December 2025 and it has therefore not been deemed necessary to include a sensitivity analysis.

Notes (continued)

(forming part of the financial statements)

22 Lease expenses

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Short term lease expense	138	152	21	21
Low value lease expense	7	9	-	-
	145	161	21	21

23 Capital commitments

At 31 December 2025 had capital commitments totalling £75,000 (2024: £11,000). The Company had no such commitments (2024: none).

24 Contingent liabilities

At 31 December 2025 the Company has no amounts guaranteeing the contract performance of subsidiary companies in respect of customer contracts which have yet to be completed (2024: £nil).

25 Related party transactions

Transactions/ balances with subsidiaries – Company

There is no ultimate controlling party of Petards Group plc.

Key management compensation

Key management compensation comprises salaries, fees, bonuses, employer pension contributions, share based payment charges and employer social security costs.

The key management of the Group are the directors and officers of Petards Group plc and their compensation is as follows:

	Group	
	2025 £000	2024 £000
Salaries, fees, bonuses and other benefits	574	676
Employer pension contributions	3	4
Employer social security costs	72	76
	649	756

26 Subsequent Events

On 5 January 2026, Enterprise Management Incentive (EMI) options over 755,102 ordinary shares and unapproved options over 84,898 ordinary shares, each with an exercise price of 12.25 pence and originally granted in October 2016 to Raschid Abdullah and Osman Abdullah, lapsed.

On 5 February 2026, EMI options over 575,000 ordinary shares previously granted to Raschid Abdullah under a scheme that has now lapsed, together with unapproved options over 575,000 ordinary shares granted to Osman Abdullah, each with an exercise price of 21.5 pence per share and an expiry date of 30 October 2028, were surrendered.

On 6 February 2026, in accordance with the rules of the Company's 2025 Enterprise Management Incentive (EMI) and Unapproved Option Plan, the Board granted EMI options over a total of 4,000,000 ordinary shares to senior employees of the Group.

Under these awards, Raschid Abdullah (Executive Chairman) and Osman Abdullah (Chief Executive Officer) were each granted EMI options over 1,500,000 ordinary shares, and Ben Gillam (Group Financial Controller and Company Secretary) was granted EMI options over 1,000,000 ordinary shares.

All the options granted have an exercise price of 10.25 pence, being the closing mid-market share price on 5 February 2026 (the last dealing day prior to the date of grant), vest three years from the date of grant and once vested are exercisable at any time up to ten years after the date of grant.



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. The Board believes that these APMs provide management with useful performance measurement indicators and readers with important additional information on the business.

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) comprises cash and cash equivalents less interest bearing loans and borrowings. This allows management to monitor the indebtedness of the Group.

Current net (debt)/funds

Current net funds comprises cash and cash equivalents less current liabilities in respect of interest bearing loans and borrowings, excluding liabilities recognised on the adoption of IFRS 16 ‘Leases’. This allows management to monitor the short term indebtedness of the Group.



Directors, officers and advisors

Executive Directors:

Raschid Abdullah (*Chairman*)
Osman Abdullah

Non-Executive Directors:

John Wakefield
Geraint Davies

Company Secretary:

Ben Gillam CA

Registered Office:

32 London Road
Guildford
Surrey
GU1 2AB

Company Registration Number:

02990100

Independent Auditor:

HaysMac LLP
10 Queen Street Place
London
EC4R 1AG

Bankers:

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Nominated Advisor & Joint Broker:

Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

Joint Broker:

Hybridan LLP
1 Poultry
London
EC2R 8EJ

Registrar:

Share Registrars
3, The Millennium Centre
Crosby Way
Farnham
GU9 7XX

Website:

www.petards.com



Notice of Annual General Meeting

Notice is hereby given that the 2026 Annual General Meeting of Petards Group plc (the "Company") will be held at The County Club, 158 High Street, Guildford, Surrey GU1 3HJ on 20 May 2026 at 11.00 a.m.

The Meeting will deal with the following items:

Ordinary Business

1. To receive and consider the audited accounts of the Company for the year ended 31 December 2025 together with the directors' report and the auditor's report.
2. That Osman Abdullah who retires by rotation be re-elected as a director of the Company.
3. That John Wakefield who retires by rotation be re-elected as a director of the Company.
4. That Benjamin Gillam be appointed as a director of the Company.
5. To re-appoint HaysMac LLP as auditor to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the accounts are laid before the Company.
6. Subject to resolution 5 being approved, to authorise the directors to fix the auditor's remuneration.

Special Business

To consider and, if thought fit, pass the following resolutions of which resolution number 7 shall be passed as an ordinary resolution and resolution numbers 8 and 9 shall be passed as special resolutions:

7. That, in substitution for all existing authorities, to the extent unused, and pursuant to section 551 of the Companies Act 2006 (the "Act") the directors of the Company be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £200,327 (being approximately 33 per cent of the present issued ordinary share capital of the Company) provided that this authority shall, unless renewed, varied or revoked, expire on the conclusion of the Annual General Meeting of the Company to be held in 2027, save that the directors be and they are hereby entitled, as contemplated by section 551(7) of the Act, to make at any time prior to the expiry of such authority any offer or agreement which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the expiry of such authority and the directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
8. That, subject to and conditional on resolution 7 above being duly passed, the directors of the Company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) in the capital of the Company for cash pursuant to the authority conferred by resolution 7 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:
 - (A) in connection with an offer of such securities by way of rights, or other pre-emptive offer, to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any relevant territory, or the requirements of any regulatory body or stock exchange; and
 - (B) otherwise than pursuant to (a) above up to a maximum aggregate nominal amount of £91,058 (being approximately 15 per cent of the present issued ordinary share capital of the Company):

provided that such power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2027, save that the Company may make an offer or agreement prior to such expiry which would or might require equity securities to be allotted after the expiry of such power, and the directors may allot equity securities in pursuance of that offer or agreement as if such power had not expired.

9. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693(4) of the 2006 Act) of ordinary shares of 1p each of the Company provided that:
 - (A) the maximum number of ordinary shares authorised to be purchased is 6,070,504 (representing 10 per cent of the Company's issued ordinary share capital as at 15 April 2026);
 - (B) the minimum price which may be paid for an ordinary share is 1 pence (exclusive of expenses);

- (C) the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to 5 per cent above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange for the 5 business days immediately preceding the date on which the ordinary share is contracted to be purchased;
- (D) unless previously received, varied, or revoked, the authority hereby conferred shall expire at the conclusion of the Company's Annual General Meeting to be held in 2027; and
- (E) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares pursuant to any such contract.

BY ORDER OF THE BOARD

Ben Gillam

Company Secretary

14 April 2026

Registered Office:

Parallel House
32 London Road
Guildford
Surrey
GU1 2AB

Company Number: 02990100

Notes:

1. Pursuant to Part 13 of the Act and paragraph 18(c) of the Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, only those members registered in the register of members of the Company at 11.00 a.m. on 18 May 2026 (or if the AGM is adjourned, 48 hours, excluding non-working days, before the date fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time. Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM.
2. Members who wish to attend the AGM in person should ensure that they arrive at the venue for the AGM in good time before the commencement of the meeting. Members may be asked to provide proof of identity in order to gain admission to the AGM.
3. A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy). A proxy need not be a member of the Company but must attend the AGM in order to represent you. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed. Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment).
4. You can register your vote(s) for the Annual General Meeting either:
 - by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions (you can locate your user name and access code on the top of the proxy form);
 - by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the proxy form accompanying this notice;
 - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 10 below.

In order for a proxy appointment to be valid the proxy must be received by Share Registrars Limited by 11.00 a.m. on 18 May 2026.
5. A form of proxy accompanies this document. The notes to the proxy form include instructions on how to appoint the Chairman of the AGM as a proxy and should be followed carefully.
6. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX, by no later than 11.00 a.m. on 18 May 2026.
7. If a member returns more than one proxy form, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence.
8. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote shall be accepted to the exclusion of the votes of other joint holders.
9. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done by the appointment of a proxy (described in Notes 3 to 7 above).

Notice of Annual General Meeting (continued)

10. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Share Registrars (**ID 7RA36**) no later than 48 hours, excluding non-working days, before the time fixed for the AGM. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Share Registrars is able to retrieve the message by enquiry to CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages and normal system timings and limitations will apply in relation to the input of a CREST Proxy Instruction. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST System by any particular time. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.





Group plc

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