

17 June 2025

RC FORNAX PLC
("RC Fornax", the "Company" or the "Group")

Trading Update

RC Fornax (AIM:RCFX), the UK-based consultancy delivering high-impact engineering solutions to the defence sector's most critical platforms - accredited, in-demand, and built to scale - today provides an update on trading in respect of its financial year ending 31 August 2025 ("FY25").

On 2 June 2025, the UK Government published the Strategic Defence Review 2025 (the **Strategic Defence Review** or "SDR") which "sets a path for the next decade and beyond to transform Defence". Sixty-two recommendations were made within the SDR, and the UK Government has stated that it will implement all of these, with Sir Keir Starmer indicating that the UK will move to "war-fighting readiness".

This provides a strong backdrop for potential future demand for RC Fornax's services, and indeed, since publication of the SDR, the Company has seen a marked increase in customer engagement. Several previously dormant discussions with major contractors have resumed, and the Company is now progressing a potentially significant partnership with one of the UK's leading defence contractors. The Board is hopeful that this opportunity will deliver material value over the medium to long term.

However, whilst management had previously assessed that its diversified tier-1 and prime customer base would be resilient ahead of publication of the SDR, it is now clear that a number of existing and prospective customers have delayed or reduced their short-term spending and development activity which has negatively impacted demand for the Company's services in recent months. The Board now expects that this situation will not unwind immediately and that the impact may be sustained for the next few months while existing and potential customers assess their needs and budgets in light of the findings of the SDR.

Furthermore, during the IPO process, responsibility for the day-to-day operational control of the business, including Sales, was handed over to the Company's COO & Co-Founder, Daniel Clark. It has however recently become clear that the newly expanded Sales team has not been able to convert a strong pipeline of leads into revenue-generating contracts at the rate expected by the Board. This includes the new contracts that, as announced in the Company's interim results on 17 April 2025, had been booked as anticipated revenue for FY25, but is now expected to be generated in FY26.

The Company has therefore proactively undertaken several mitigating actions, including hiring an experienced Sales director together with a wider, significant organisational restructuring to provide better alignment between the Sales team and its engineering and project delivery capabilities. Daniel Clark will also leave the role of COO and take a career break.

As a result, the Board now expects the Company's FY25 performance will be significantly below market expectations, with FY25 revenue expected to be not less than £4.0 million. At 31 May 2025, the Company held unaudited cash balances plus net trade and tax receivables of £2.6 million which the Company, based on current expectations, considers is sufficient to meet its anticipated working capital requirements.

While the Board is very disappointed to not meet expectations in the Company's first full reporting period following its IPO, it expects the uncertainty created by the SDR to be temporary and remains confident in the Company's prospects and longer-term outlook. Recent strategic hires, operational improvements, and renewed customer momentum provide the foundation for future growth that is supported by strong underlying market drivers.

Paul Reeves, Chief Executive Officer of RC Fornax, commented:

"First, I want to thank Dan, who has played a key role in shaping the Company to this point, for his hard work and dedication over the years. As a founding shareholder, he has agreed that he will remain available to support the business in whatever capacity going forward, and his continued commitment to the success of the Company is greatly appreciated."

"Whilst I am naturally disappointed in the Company's post IPO performance affecting FY25, I understand the combination of factors and reasons behind this performance and feel confident that the organisational changes that we have implemented will yield success for the future. I remain encouraged by our longer-term outlook, having witnessed first-hand the recently improved client engagement. In particular, the ongoing contract discussions which, if successful, would prove materially significant and fundamentally game-changing for RC Fornax's market positioning."

For more information, please visit www.rcfornax.co.uk or contact:

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Notes to Editors

RC Fornax PLC is an AIM-quoted company providing outcome-based engineering solutions to the UK defence industry. It was founded in 2021 by RAF veterans Paul Reeves and Daniel Clark who, having also worked for a number of years as defence contractors, are passionate about improving project efficiencies and driving value for money in the sector.

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The information contained within this announcement is considered by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"), and the UK version of MAR which is part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

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