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Petards Group PLC
15 April 2026

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

Final results for the year ended 31 December 2025

Petards Group plc (AIM: PEG), the AIM quoted developer of advanced security, communication and surveillance systems, is pleased to report its audited final results for the year ended 31 December 2025.

Key Highlights:

- **Financial**
  - Total revenues £14.9 million (2024: £12.0 million)
  - Gross profit margin 49.7% (2024: 45.3%)
    - § Margins improved across all the Group's operations
  - Adjusted EBITDA[1] increased to £1,002,000 (2024: £410,000)
  - Operating loss £435,000 (2024: £774,000 loss before exceptional items)
  - Reduction in loss after tax to £406,000 (2024: £1,127,000 loss)
  - Basic and diluted loss per share 0.67p (2024: basic and diluted loss per share 1.91p)
  - Net cash inflow from operating activities £1,384,000 (2024: £194,000)
  - At 31 December 2025, net debt (before lease liabilities) totalled £1,339,000 (31 Dec 2024: net debt £1,535,000)[2]

- **Operational**
  - Revenue growth with first full year contribution from Affini and improvement at Petards Rail
  - Over 50% of revenues from service, engineering support, spares, repairs and managed services
  - Reduced revenues at QRO due to delays in customer order placement were offset by stronger performances at other operations, with QRO expected to regain momentum over 2026
    - § QRO completed its move to larger premises in February 2026 to facilitate future growth
  - Increased order intake in H2 2025 at Petards Rail and Petards Defence
  - Order book at 31 December 2025: £9.2 million (31 Dec 2024: £7.1 million)
    - § £7.7 million for delivery in 2026

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

[2] Total net debt comprises cash and cash equivalents less interest bearing loans and borrowings.

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

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

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Chairman's statement

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

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 though 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.

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.

Osman Abdullah
Group Chief Executive

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		**(660)**	(609)
Depreciation of property, plant and equipment		**(436)**	(334)
Depreciation of right of use assets		**(341)**	(241)
Exceptional acquisition costs		**-**	(416)
Exceptional reorganisation costs		**-**	(75)
Operating loss		**(435)**	(1,265)
Finance income	*3*	**-**	13
Finance expenses	*3*	**(242)**	(184)
Loss before tax		**(677)**	(1,436)
Income tax	*4*	**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	*5*	**(0.67)**	(1.91)
Diluted	*5*	**(0.67)**	(1.91)

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

Statements of changes in equity

for year ended 31 December 2025

	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)

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**

Consolidated balance sheet

at 31 December 2025

	Note	**2025**	2024
		£000	£000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,066**	1,181
Right of use assets		**1,056**	836
Intangible assets		**4,588**	4,977
Deferred tax assets	*6*	**960**	768
		7,670	7,762
Current assets			
Inventories		**1,853**	1,799
Trade and other receivables		**2,946**	3,519
Cash and cash equivalents		**12**	168
		4,811	5,486
Total assets		**12,481**	13,248
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	*8*	**617**	617
Share premium		**1,908**	1,908
Treasury shares		**(103)**	(103)
Retained earnings		**3,568**	3,974
Total equity		**5,990**	6,396
Non-current liabilities			
Interest-bearing loans and borrowings	*7*	**697**	552
Current liabilities			
Interest-bearing loans and borrowings	*7*	**1,715**	2,006
Provisions for liabilities and charges		**113**	106
Trade and other payables		**3,966**	4,188
		5,794	6,300

Total liabilities	**6,491**	6,852
Total equity and liabilities	**12,481**	13,248

Consolidated statement of cash flows

for year ended 31 December 2025

	Note	**2025**	2024
		£000	£000
Cash flows from operating activities			
Profit/(loss) for the year		**(406)**	(1,127)
Adjustments for:			
Depreciation of property, plant and equipment		**436**	334
Amortisation of right of use assets		**341**	241
Amortisation of intangible assets		**660**	609
Profit on disposal of property, plant and equipment		**(1)**	(1)
Profit on disposal of right of use assets		**-**	(15)
Financial income	*3*	**-**	(13)
Financial expenses	*3*	**242**	184
Investment disposal		**-**	5
Income tax (credit)/charge	*4*	**(271)**	(309)
Operating cash flows before movement in working capital		**1,001**	(92)
Change in inventories		**(54)**	(64)
Change in trade and other receivables		**453**	413
Change in trade and other payables		**(215)**	(63)
Cash generated from operations		**1,185**	194
Tax received		**199**	-
Net cash from operating activities		**1,384**	194
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(335)**	(243)
Acquisition of intangible assets		**-**	(11)
Sale of property plant and equipment		**15**	9
Sale of right of use assets		**-**	15
Interest received		**-**	13
Acquisition of investments		**-**	(2,449)
Cash with acquired business		**-**	462
Capitalised development expenditure		**(271)**	(304)
Net cash outflow from investing activities		**(591)**	(2,508)
Cash flows from financing activities			
Interest paid on loans and borrowings	*7*	**(138)**	(80)
Principal paid on lease liabilities	*7*	**(355)**	(278)
Interest paid on lease liabilities	*7*	**(72)**	(67)
Other interest and foreign exchange	*3*	**(32)**	(37)
Net cash outflow from financing activities		**(597)**	(462)
Net decrease in cash and cash equivalents		**196**	(2,776)
Cash and cash equivalents at 1 January		**(1,535)**	1,241
Net overdraft at 31 December		**(1,339)**	(1,535)

Notes

1 Basis of preparation

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

The financial information does not constitute the Company's statutory accounts for the years ended 31 December 2025 or 31 December 2024 but is derived from those accounts. Statutory accounts for 2024 have been delivered to the Registrar of Companies and those for 2025 will be delivered in due course. The Auditor has reported on those accounts; his reports (i) were unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying his report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

Petards is a critical supplier to many of its customers supporting the UK's police and armed forces as well as the safe running of transport networks and energy infrastructure. The main risks to the Group's cash flows identified are firstly, that customers may delay or re-schedule deliveries for orders already in the Group's order book and secondly that, in the short term, contract awards that the Group was expecting to secure for revenue in 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 be prepared to secure contracts awards as and when the opportunities arise. The Group is fortunate that its customer base comprises blue chip companies, the UK Government and its agencies and its exposure to credit risk is low.

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

The Group has prepared working capital forecasts based on its 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.

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.

Revenue by geographical destination can be analysed as follows:

	2025	2024
	£000	£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	2024
	£000	£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 recognised over time	**1,555**	662
	14,947	12,016

3 Finance income and expenses

	2025 £000	2024 £000
Recognised in profit or loss		
Interest on bank deposits	**-**	-
Other interest	**-**	13
Finance income	**-**	13

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

4 Taxation

Recognised in the income statement

	2025 £000	**2025 £000**	2024 £000	2024 £000
Current tax (credit)/expense				
Current tax charge	**-**		4	
Adjustments in respect of prior years (see note below)	**(79)**		(124)	
Total current tax		**(79)**		(120)
Deferred tax (credit)/expense				
Origination and reversal of temporary differences	**(101)**		(140)	
Recognition of current year losses	**(113)**		(181)	
Recognition of previously unrecognised deferred tax assets	**(60)**		-	
Recognition of previously unrecognised tax assets	**-**		(75)	
Utilisation of recognised tax losses	**-**		34	
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)

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 6.

5 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)

6 Deferred tax assets and liabilities

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

	Assets		**Liabilities**		**Net**	
	2025	2024	**2025**	2024	**2025**	2024
	£000	£000	**£000**	£000	**£000**	£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

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 deferred 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 2025 £000	Recognised in income £000	31 December 2025 £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 2024 £000	Acquisition of Business £000	Recognised in income £000	31 December 2024 £000
Property, plant and equipment	(114)	18	89	(7)
Provisions	6	-	(2)	4
Tax value of loss carry-forwards	964	-	70	1,034
Intangible fixed assets	(386)	91	32	(263)
	470	109	189	768

7 Interest-bearing loans and borrowings

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

	2025 £000
Non-current liabilities	
Lease liabilities	**697**
Current liabilities	
Overdraft	**1,351**
Lease liabilities	**364**
	2,412

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
Cash items:		
Payment of lease liabilities	-	(427)
Non-cash items:		
New lease liabilities	-	561
Reduction in use of overdraft facility	(352)	-
Interest expense	-	72
Balance at 31 December 2025	**1,351**	1,061

	Current loans and	Lease

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

8 Share capital

	At 31 December 2025 Number	At 31 December 2024 Number
Number of shares in issue - allotted, called up and fully paid		
Ordinary shares of 1p each	**61,705,039**	61,705,039

	£000	£000
Value of shares in issue - allotted, called up and fully paid		
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.

9 Annual Report and Accounts

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

Alternative Performance Measures Glossary

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

Adjusted EBITDA

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

Order intake

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

Order book

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

Net funds/(debt)

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

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