The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation

25 November 2025

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

Final results for the year ended 30 June 2025

Highlights

- Group turnover was £3.7 million (2024: £9.1 million) a 27% increase on turnover of £2.9 million generated from Pipehawk's ongoing core businesses in 2024, which excludes QM Systems Ltd
- Group operating profit of £118,000 (2024: loss £1,215,000)
- Loss before taxation for the financial year of £310,000 (2024: loss £1,639,000)
- Despite wider current market conditions, all divisions of the Group are currently performing well

Chairman's statement for the year ended 30 June 2025

I can report that the Group's turnover for the financial year ended 30 June 2025 (the "Financial Year" or "2024/25 FY") was £3.7 million (2024: £9.1 million). The Group reported an operating profit in the Financial Year of £118,000 (2024: loss £1,215,000), a loss before taxation for the Financial Year of £310,000 (2024: loss £1,639,000) and a loss after taxation of £259,000 (2024: loss £821,000). The loss per share for the Financial Year was 0.71p (2024: loss per share 2.26p).

Well, that was another very challenging year! Obviously, there were repercussions and fall out from the demise of QM Systems, but the remaining teams and businesses have buckled down and grown remaining core turnover by 27% from £2.9 million to £3.7 million and I am confident that we shall continue to grow and will have soon clawed our way back to profitability, indeed on an EBITDA basis this year was positive to the tune of £207,000.

Whilst I was cautiously optimistic this time last year that our core businesses were in the right industries which would be less affected by private sector lack of confidence because they service the utilities, government and rail industries, it sadly transpires that either funding has been cut or delayed or, where it has been made available, there is significant indecision on where and how to spend it. Accordingly, we are increasingly looking to overseas markets to sell our products and expertise. This bodes well for the future but does involve longer gestation periods.

Finally, I would like to pay tribute to all of our staff, subsidiary board directors and main board directors for all their hard work and loyalty as we strive to achieve further progress at each of our businesses. In particular, I salute Randal MacDonnell, PipeHawk's highly respected and valued non-executive director who sadly passed away in September, and whose advice, tenacity and good humour will be sorely missed. We intend to appoint an additional non-executive director to the Board in due course.

Thomson Engineering Design Ltd ("TED")

TED finished the year on a high, increasing its turnover from £1.14 million to £1.77 million, growth of over 55% compared to 2024. This resulted in a healthy post-tax profit of £156k (2024: loss £104k).

The partnership between TED and Unipart continues to flourish, with the additional exposure and sales network Unipart brings to the partnership through marketing strategies and exhibitions combined with TED's newly developed High Output machinery and our other rail attachment offerings.

Exhibiting at the IAF exhibition show in Munster, Germany in May 2025 gained a high footfall of potential clients with serious interest in our rail equipment. Major interest is coming predominantly from Brazil, North America and India, and the machine methodology is being embedded into high profile infrastructure projects due to come to fruition in 2026.

TED also showcased its rail attachments and special purpose machinery at the UK's largest rail event, Rail Live in June this year.

This led to sales leads and requests for quotes ("RFQs") of over £500k, some of which are now entering our order book destined for maintenance work on the London Underground Rail Network.

Transport for London and the London Underground have approved TED machinery to be utilised for on-going and future maintenance projects.

The release of CP7 contracts to UK rail infrastructure for tier 1 and 2 contractors remains cautious and therefore our clients spend is being withheld until they are guaranteed the work bank. However, RFQs remain steady even though the gestation period for some RFQs is slow but seems to be gathering momentum as renewals and maintenance projects are released and confidence returns.

The outlook for 2026 and beyond is very positive.

Adien Ltd ("Adien")

The last financial year for Adien proved to be positive overall. The Adien staff have settled well into their new premises and have managed to make a number of efficiencies as a result.

Adien had a very strong start to the financial year with all teams at full occupation throughout almost the whole six-month period. Unfortunately, the second half of the year proved more difficult, with one very large infrastructure project which had been scheduled to start in mid-January getting progressively delayed until the end of spring. Adien had gone to great lengths in planning and accommodating the project only for the proposed start day to be delayed by three months. It then proved difficult to get full utilisation out of the teams during that three-month period at very short notice. Structural changes have been put in place to minimise the likelihood of such instances occurring moving forward and, in the unlikely event that they do, to mitigate their impact.

The project pipeline in 2025 has become somewhat difficult to navigate as a number of sectors that were expecting to see reasonable growth indicated that there will be little to no spend in 2025 and 2026. This primarily relates to anything MOD and local council related. MOD has shelved virtually all plans regarding barracks development/expansion or refurbishment. Likewise, there were several plans in relation to town/city centre regeneration projects which have also been shelved fully. There appears to be a lot of uncertainty and lack of commitment within the construction industry as a whole currently.

However, on the positive side, Adien is doing well within the Telecoms, Water and Power industries with reasonable year on year growth. This is where we will continue our focus. Orders are strong here and have provided us with a nearly complete programme of works until the end of the calendar year. Coupled with our new CCTV division, it is anticipated that Adien will see good growth in the next year.

Utsi Electronics Ltd ("Utsi")

Despite global events stretching both customer relationships and supply chain timescales, throughout the year, as well as disrupting access to some regional markets, our plan for growth has continued to deliver tangible results, with turnover up over 30%, for the second year in succession, now bringing our bottom line within touching distance of being positive. While UK market sales have remained flat, sales to EU and ROW have been buoyant in comparison. As we have continued to re-establish ourselves within existing markets, we have also expanded the boundaries of our expertise into adjacent technologies, creating new opportunities for sideward growth. Our fostering of deeper relationships with our distribution chain; based on the prospect of mutual innovation - mutual growth, has also begun to open new doors, to work with international distributors, operating in allied fields, to provide additional customer specific requirements. While the timely sourcing of materials remains a concern. The future for Utsi continues to be bright and full of promise.

Financial position

The Group continues to be in a net liability position and is still reliant on my continuing financial support.

My letter of support dated 26 November 2023 was renewed on 16 November 2025 to provide the Group with financial support until 31 December 2026. Loans due to me, other than those covered by the CULS (as defined below) agreement, are unsecured and accrue interest at an annual rate of Bank of England base rate plus 2.15%.

The Group's £1.0 million convertible unsecured loan stock issued to me (the "CULS") was renewed on 30 June 2022 and extended on identical terms, such that the CULS are now repayable on 13 August 2026. Further details of the CULS were most recently announced by the Group on 26 September 2024.

In addition to the loans I have provided to the Company in previous years, I have deferred a certain proportion of fees and the interest due on loans I have provided until the Company is in a suitably strong position to make the full payments. During the Financial Year, the deferred element of fees and interest amounted to £259,000 and the aggregate amount of deferred fees and interest outstanding to me as at the end of the Financial Year amounted to approximately £2.0 million in total, all of which has been recognised as a liability in the Company's accounts.

Strategy & Outlook

The Group remains committed to creating sustainable earnings-based growth and focusing on the expansion of its business with forward-looking products and services. PipeHawk acts responsibly towards its shareholders, business partners, employees, society and the environment in each of its business areas.

PipeHawk is committed to technologies and products that unite the goals of customer value and sustainable development. Despite wider current market conditions, all divisions of the Group are currently performing well, and I remain optimistic in my outlook for the Group.

Gordon Watt
Executive Chairman
Date: 24 November 2025

Independent auditor's report for the year ended 30 June 2025

"Opinion

We have audited the financial statements of PipeHawk Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2025 which comprise:

- *Consolidated statement of comprehensive income*
- *Consolidated statement of financial position and Parent company statement of financial position*
- *Consolidated statement of cash flow and Parent company statement of cash flow*
- *Consolidated statement of changes in equity and Parent company statement of changes in equity and*
- *the Notes to the financial statements, including significant accounting policies*

In our opinion, the financial statements:

• give a true and fair view of the state of the Group's affairs as at 30 June 2025 and of its 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 company 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.

Conclusions relating to going concern

We draw attention to note 1 in the financial statements, which indicates that due to the financial requirements of the Group and the Parent Company, the Executive Chairman, G.G. Watt, will provide ongoing financial support for a period of at least twelve months from the approval date of the financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves.

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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

• The strategic report and the report of the directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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, or returns adequate for our audit have not been received from branches not visited by us; or

• the 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 set out on page 12, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

• we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector;

• we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;

• we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

• identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

• making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and

• considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

• performed analytical procedures to identify any unusual or unexpected relationships;

• tested journal entries to identify unusual transactions; and

• investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

• agreeing financial statement disclosures to underlying supporting documentation;

• reading the minutes of meetings of those charged with governance;

• enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

Signed by:

Sam Perkin BA ACA (Senior Statutory Auditor)
For and on behalf of Sedulo Audit Limited
Chartered Accountants
Statutory Auditor
St Paul's House
23 Park Square
Leeds
West Yorkshire
LS1 2ND
United Kingdom
Date: 24 November 2025"

Enquiries:

PipeHawk plc Tel. No. 01252 338 959
Gordon Watt (Chairman)

Allenby Capital Limited (Nomad and Broker) Tel. No. 020 3328 5656
David Hart / Vivek Bhardwaj

For further information on the Company and its subsidiaries, please visit: www.pipehawk.com

Consolidated statement of comprehensive income
For the year ended 30 June 2025

	Note	30 June 2025	30 June 2024
		£'000	£'000
Revenue	2	3,743	9,138
Staff costs	5	(1,674)	(4,954)
Impairment of goodwill		-	(163)
Operating costs		(1,951)	(5,236)
Operating profit/ (loss)	4	118	(1,215)
Profit/(Loss) before interest, taxation and exceptional items		118	(1,215)
Finance costs	3	(428)	(424)
Loss before taxation		(310)	(1,639)
Taxation credit / (charge)	7	51	(52)
Loss before exceptional items		(259)	(1,691)
Exceptional items		-	870
Loss for the year attributable to equity holders of the parent		(259)	(821)
Other comprehensive income -Revaluation reserve		141	-
Total comprehensive Loss for the year attributable to equity holder of the parent		(118)	(821)
Loss per share (pence) - basic	8	(0.71)	(2.26)
Loss per share (pence) - diluted	8	(0.71)	(2.26)

The notes form an integral part of these financial statements.

Consolidated statement of financial position

at 30 June 2025

	Note	30 June 2025 £'000	30 June 2024 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	553	447
Right of use assets	10	187	189
Goodwill	11	-	-
		740	636
Current assets			
Inventories	13	105	113
Current tax assets		51	80
Trade and other receivables	14	728	1,007
Cash and cash equivalents		15	95
		899	1,295
Total assets		1,639	1,931
Equity and liabilities			
Equity			
Share capital	18	363	363
Share premium		5,316	5,316
Revaluation reserve		141	-
Retained earnings		(12,211)	(11,952)
		(6,391)	(6,273)
Non-current liabilities			
Borrowings	16	3,663	3,780
Trade and other payables	15	-	121
		3,663	3,901
Current liabilities			
Borrowings	16	3,401	2,929
Trade and other payables	15	966	1,374
		4,367	4,303
Total equity and liabilities		1,639	1,931

The notes form an integral part of these financial statements.

Consolidated statement of cash flow

For the year ended 30 June 2025

	Note	30 June 2025 £'000	30 June 2024 £'000
Cash flows from operating activities			
Operating Profit / (Loss)		118	(1,215)
Adjustments for:			
Impairment of Goodwill		-	163
Impairment of right of use assets		-	347
Depreciation		170	619
		288	(86)
Decrease / (increase) in inventories		8	65
Decrease / (increase) in receivables		279	271
(Decrease) / increase in liabilities		(369)	(1,002)
Cash generated from operations / (used in)		206	(752)
Interest paid		(169)	(173)
Corporation tax received		80	695
Net cash generated from / (used in) operating activities		117	(230)
Cash flows from investing activities			
Purchase of fixed assets		(18)	(50)
Net cash used in investing activities		(18)	(50)
Cash flows from financing activities			
Proceeds / (Repayments) from borrowings		28	30
Repayments of loan		(242)	(544)
Proceeds of loan		165	1,313
Repayment of leases		(130)	(572)
Net cash (used in) / generated from financing activities		(179)	227
Net decrease in cash and cash equivalents		(80)	(53)
Cash and cash equivalents at the beginning of year		95	148
Cash and cash equivalents at the end of year		15	95

The notes form an integral part of these financial statements.

Statement of changes in equity

For the year ended 30 June 2025

CONSOLIDATED	Share capital	Share premium account	Retained earnings	Revaluation Reserve	Total
	£'000	£'000	£'000	£'000	£'000
As at 1 July 2023	363	5,316	(11,131)	-	(5,452)
Loss for the year	-	-	(821)	-	(821)
Total comprehensive income	-	-	(821)	-	(821)
As at 30 June 2024	363	5,316	(11,952)	-	(6,273)
Loss for the year	-	-	(259)	-	(259)
Revaluation gain	-	-	-	141	141
Total comprehensive income	-	-	(259)	141	(118)
As at 30 June 2025	363	5,316	(12,211)	141	(6,391)

The share premium account reserve arises on the issuing of shares. Where shares are issued at a value that exceeds their nominal value, a sum equal to the difference between the issue value and the nominal value is transferred to the share premium account reserve.

The notes form an integral part of these financial statements.

1 Summary of material accounting policies

1.1. General information

PipeHawk plc (the "Company" or the "Group") is a public limited company incorporated in the England and Wales under the Companies Act 2006. The addresses of its registered office and principal place of business are disclosed in the company information section on page 1. The principal activities of the Company and its subsidiaries (the Group) are described on page 7.

The financial statements are presented in pounds sterling, the functional currency of all companies in the Group. In accordance with section 408 of the Companies Act 2006 a separate statement of comprehensive income for the parent Company has not been presented.

1.2. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards (IAS) The principal accounting policies are set out below.

Adoption of new and revised standards

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and, in some cases, have not yet been adopted by the UK. The directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Company and Group in future periods.

1.3. Basis of preparation – Going concern

The directors have reviewed the Parent Company and Group's funding requirements for the next twelve months which show positive anticipated cash flow generation, prior to any repayment of loans advanced by the Executive Chairman. The preparation of cash flow forecasts for the Group requires estimates to be made of the quantum and timing of cash receipts from future commercial revenues and the timing of future expenditure. The board consider that the challenging political, economic and financial backdrop in the UK presents uncertainties for the group to achieve its revenue growth forecasts. The directors have obtained a renewed pledge from G G Watt to provide ongoing financial support including additional funding if required for a period of at least twelve months from the approval date of the Group and Parent Company statement of financial positions. The directors therefore have a reasonable expectation that the entity has adequate resources to continue in its operational exercises for the foreseeable future. It is on this basis that the directors consider it appropriate to adopt the going concern basis of preparation within these financial statements. However, a material uncertainty exists regarding the ability of the Group and Parent Company to remain

a going concern without the continuing financial support of the Executive Chairman. The financial statement does not include adjustments which would arise in the event of not being a going concern.

1.4. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.5. Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business combinations.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

1.6. Goodwill

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.7. Revenue recognition

Revenue from the sale of goods and services are recognised as control transfers to the customer in accordance with the principles of IFRS 15 as follows:

Identify the contract with the customer
A legally enforceable contract is entered into with a customer for the construction of a piece of equipment, or for the design and preparation of complete software and hardware test solutions and the provision of specialist surveying.

Identify the performance obligation
The performance obligation for the sale of goods is the construction and delivery of the specified equipment as per the contractual agreement and is satisfied over time as the work progresses.

The performance obligation for the sale of services is the design and preparation of complete software and hardware test solutions and the provision of specialist surveying as per the contractual agreement and is satisfied over time as the work progresses and control transfers to the customer.

Determine transaction price
The transaction price is the amount of consideration the Company expected to be entitled to in exchange for transferring the promised equipment to the customer. This includes fixed contract prices, and where applicable, estimated variable consideration, which is only included to the extent that it is highly probably that a significant reversal in the amount of cumulative revenue recognised will not occur.

Allocate the transaction price
A revenue contract contains a single performance obligation with no separately satisfiable obligations. Therefore, the contract value is the transaction price.

Recognise revenue
Revenue is recognised over time as control passes to the customer. Revenue invoices are raised to the customer on a stage of completion basis, or on shorter term projects invoices are issued on completion. Where this results in a

timing difference between revenue invoiced and revenue allowed a resulting contract asset or contract liability is recognised on the balance sheet.

Contract asset: When the company has incurred actual direct costs beyond the point of which revenue invoices have been raised, a contract asset is recognised for the amount of actual direct costs in excess of total revenue invoices raised.

Contract liabilities: When the company has invoiced the customer at a stage of completion beyond the point of which actual direct costs have been incurred, a contract liability is recognised for the amount which aggregate revenue invoices raised exceeds the amount of actual direct costs incurred.

1.8. Property, plant and equipment

Property is valued on a fair value basis, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income.

The principal annual rates used to depreciate property, plant and equipment are:

Freehold land and buildings	1% / 2%
Equipment, fixtures and fittings	20% / 25%
Motor vehicles	25%

1.9. Inventories and work in progress

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Work in progress is valued at cost, which includes expenses incurred on behalf of clients and an appropriate proportion of directly attributable costs on incomplete assignments. The value of work in progress is reduced where appropriate to provide for irrecoverable costs

.

1.10. Financial assets

The Group's financial assets consist of cash and cash equivalents and trade and other receivables. The Group's accounting policy for each category of financial asset is as follows:

Financial assets held at amortised cost

Trade receivables and other receivables are classified as financial assets held at amortised cost. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group’s financial assets held at amortised cost comprise other receivables and cash and cash equivalents in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.11. Leased/Right of Use assets

The leases liability is initially measured at the present value of the remaining lease payments, discounted using the individual entities incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease where the Group is reasonably certain to exercise that option based on operational needs and contractual terms. Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability, and reducing it by the lease payments made. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurement of the lease liability.

Depreciation is calculated on a straight-line basis over the length of the lease. The Group has elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value. For these leases, payments are charged to the income statement on a straight-line basis over the term of the relevant lease. Right-of-use assets are presented within non-current assets on the face of the statement of financial position, and lease liabilities are shown separately on the statement of financial position in current liabilities and non-current liabilities depending on the maturity of the lease payments.

Under IFRS16, right-of-use assets will be tested for impairment in accordance with IAS36 Impairment of Assets.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the profit or loss. Short term leases are leases with a lease term of 12 months or less.

1.12. Pension scheme contributions

Pension contributions are charged to the statement of comprehensive income in the period in which they fall due. All pension costs are in relation to defined contribution schemes.

1.13. Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each statement of financial position date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to reserves.

1.14. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at 30 June. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions, and processed through the profit & loss account.

1.15. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the year end date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the

initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the year end date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

1.16. Impairment of property, plant and equipment

At each year end date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable

amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

1.17. Research and development

The Group undertakes research and development to expand its activity in technology and innovation to develop new products that will begin directly generating revenue in the future. Expenditure on research is expensed as incurred, development expenditure is capitalised only if the criteria for capitalisation are recognised in IAS 38. The Company claims tax credits on its research and development activity and recognises the income in current tax.

1.18. Government grants

During the period, the Group received benefits from Government grants totalling £ nil (2024: 18,000).

1.19. Critical judgement in applying accounting policies and key sources of estimation uncertainty

The following are the critical judgements and key sources of estimation uncertainty that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in these financial statements.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies
The following are the critical judgement/s, apart from those involving estimations that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition
PipeHawk consolidated accounts operate under IFRS 15 which adopts the following approach to recognising revenue.

Revenue on long-term projects is recognised on the percentage of completion method (unless a loss is forecast on that project), they state the significant risks and rewards are transferred and that the recognition of revenue over the duration of a contract is appropriate as enforceable contracts are in place.

Each project is customer specific and has an enforceable contract. Throughout the project each project is assessed individually by the management to ascertain the percentage of revenue recognised and this is continually updated throughout the project. As each project is specific to customer and we can enforce the contract, we have applied percentage complete basis at year end rather than transfer of significant risks and rewards basis of ownership. The directors are satisfied that percentage completion remains the appropriate critical judgement.

Key source of estimation uncertainty
The key assumption concerning estimation at the balance sheet date, with a risk of causing any adjustment to carrying amounts in the assets and liabilities within the next financial year, would be in relation to the valuations of the properties owned by the group.

The management believe the current estimates are accurate based on revaluation and are now more in line with their true value. The buildings are an integral part of the businesses future as going concerns, and there is currently no plan to sell, so therefore the risk is not deemed as significant.

Going concern
The preparation of cash flow forecasts for the Group requires estimates to be made of the quantum and timing of cash receipts from future commercial revenues and the timing of future expenditure, all of which are subject to uncertainty, see Basis of preparation – Going concern note 1.3

2 Segmental analysis

	2025 £'000	2024 £'000
Turnover by geographical market		
United Kingdom	3,296	8,739
Europe	49	82
Other	398	317
	3,743	9,138

The Group operates out of one geographical location being the UK. Accordingly, the primary segmental disclosure is based on activity. Per IFRS 8 operating segments are based on internal reports about components of the Group, which are regularly reviewed and used by Chief Operating Decision Maker ("CODM"), the current executive chairman, for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance. The Group's reportable operating segments are as follows:

- Adien Limited - Utility detection and mapping services – Sale of services
- Utsi Electronics Limited - Development, assembly and sale of GPR equipment – Sale of goods
- Thomson Engineering Design Limited - Rail trackside solutions (included in the test system solutions segment) - Sale of services
- Wessex Precision Instruments Limited - Non trading

The CODM monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on revenue generations and profit before tax, which the CODM believes are the most relevant in evaluating the results relative to other entities in the industry.

Information regarding each of the operations of each reportable segment is included below, all non-current assets owned by the Group are held in the UK.

	Utility detection and mapping services £'000	Development, assembly and sale of GPR equipment £'000	Automation and test system solutions £'000	Total £'000
Year ended 30 June 2025				
Total segmental revenue	1,537	433	1,773	3,743
Operating (loss) / profit	68	(114)	164	118
Finance costs	(53)	(350)	(25)	(428)
(Loss) / Profit before taxation	15	(464)	139	(310)
Segment assets	612	430	597	1,639
Segment liabilities	659	6,510	878	8,047
Non-current asset additions	3	-	15	18
Revaluation reserve-property	-	93	48	141
Depreciation and amortisation	44	17	109	170

	Utility detection and mapping services £'000	Development, assembly and sale of GPR equipment £'000	Automation and test system solutions £'000	Total £'000
Year ended 30 June 2024				
Total segmental revenue	1,448	330	7,360	9,138
Operating (loss) / profit	85	154	(1,454)	(1,215)
Finance costs	(35)	(335)	(54)	(424)
(Loss) / Profit before taxation	50	(181)	(1,508)	(1,639)
Segment assets	497	322	1,112	1,931
Segment liabilities	579	6,319	1,220	8,118
Non-current asset additions	48	-	47	95
Depreciation and amortisation	60	18	541	619

3 Finance costs

	2025 £'000	2024 £'000
Interest payable	428	424
	428	424
Interest payable comprises interest on:		
Leases	11	23
Directors' loans	259	259
Other	158	142
	428	424

4 Operating profit for the year

This is arrived at after charging for the Group:

	2025	2024

	£'000	£'000
Research and development costs not capitalised	611	602
Depreciation and amortisation	170	619
Impairment of goodwill	-	163
Impairment of stock recognised as an expense	7	10
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Group's financial statements	33	53
Fees payable to the Company's auditor and its subsidiaries for the provision of tax services	5	-

The Company's audit fee is £18,000 (2024: £29,000).

5 Staff costs

Group	**2025 No.**	**2024 No.**
Average monthly number of employees, including directors:		
Production and research	33	89
Selling and research	5	9
Administration	9	10
	47	108

Group	**2025 £'000**	**2024 £'000**
Staff costs, including directors:		
Wages and salaries	1,454	4,313
Social security costs	143	414
Other pension costs	77	227
	1,674	4,954

Company	**2025 No.**	**2024 No.**
Average monthly number of employees, including directors:		
Selling and research	-	-
Administration	1	1
	1	1

Company	**2025 £'000**	**2024 £'000**
Staff costs, including directors:		
Wages and salaries	124	82
Social security costs	-	-
Other pension costs	-	-
	124	82

6 Directors' remuneration

	Salary and fees £'000	**Benefits in kind £'000**	**2025 Total £'000**	**2024 Total £'000**
G G Watt	71	-	71	71
R MacDonnell	2	-	2	2
T Williams	10	-	10	9
Aggregate emoluments	83	-	83	82

Directors' pensions	**2025 No.**	2024 No.
The number of directors who are accruing retirement benefits under:		
Defined contributions policies	-	-

The directors represent key management personnel.

Refer to note 18 for details of directors share options.

7 Taxation

	2025 £'000	2024 £'000
United Kingdom Corporation Tax		
Current taxation	(51)	(68)
Adjustments in respect of prior years	-	120
	(51)	52
Deferred taxation	-	-
Tax on loss	(51)	52
Current tax reconciliation		
Taxable loss for the year	(310)	(1,639)
Theoretical tax at UK corporation tax rate 19% (2024: 19%)	(59)	(383)
Effects of:		
R&D tax credit adjustments	(99)	(38)
Fixed asset timing differences	1	4
Not deductible for tax purposes	8	259
Impairment of goodwill	-	(31)
Deferred tax not recognised	98	229
Adjustments in respect of prior years	-	120
Utilisation of losses	-	1
Short term timing differences	-	(109)
Total income tax (credit) / charge	(51)	52

The Group has tax losses amounting to approximately £3,293,000 (2024: £3,807,000), available for carry forward to set off against future trading profits. No deferred tax assets have been recognised in these financial statements due to the uncertainty regarding future taxable profits.

Potential deferred tax assets not recognised are approximately £626,000 (2024: £723,000).

8 Loss / profit per share

Group
Basic (pence per share) 2025 – Loss (0.71) per share; 2024 – Loss (2.26) per share

The loss has been calculated based on the net loss of £259,000 (2024: Loss £821,000) and the number of shares used was 36,312,823 (2024: 36,312,823) being the weighted average number of shares in issue during the year.

The net loss does not include the revaluation gain on the Group's property portfolio, which has been recognised in other comprehensive income and is therefore not a factor in the calculation of loss per share.

Diluted (pence per share) 2025 – (0.71) loss per share; 2024 – (2.26) loss per share
In the current year the potential ordinary shares included in the weighted average of shares are anti-dilutive and therefore diluted earnings per share is equal to basic earnings per share.

9 Property, plant and equipment

Group

	Freehold £'000	Equipment, fixtures and fittings £'000	Leasehold improvements £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 July 2024	375	1,139	21	292	1,827
Additions	-	18	-	-	18
Revaluation gain	81	-	-	-	81
Transfer from right of use assets	-	-	23	-	23
Disposals	-	(733)	-	(134)	(867)

At 30 June 2025	456	424	44	158	1,082
Depreciation					
At 1 July 2024	4	1,087	-	289	1,380
Charged in year	4	44	11	3	62
Revaluation depreciation reversal	(60)	-	-	-	(60)
Disposals	-	(733)	-	(134)	(867)
Transfer from right of use assets	-	3	11	-	14
At 30 June 2025	(52)	401	22	158	529
Net book value					
At 30 June 2025	**508**	**23**	**22**	**-**	**553**
At 30 June 2024	371	52	21	3	447

10 Right of use

Group	**Property**	**Equipment, fixtures and fittings**	**Leasehold improvements**	**Motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 July 2024	192	449	168	23	832
Additions	115	-	-	-	115
Transfer to property, plant and equipment	-	-	(23)	-	(23)
Disposal	-	-	-	-	-
At 30 June 2025	307	449	145	23	924
Depreciation					
At 1 July 2024	66	415	156	6	643
Charged in year	82	20	-	6	108
Transfer to property, plant and equipment	-	(3)	(11)	-	(14)
Disposal	-	-	-	-	-
At 30 June 2025	148	432	145	12	737
Net book value					
At 30 June 2025	**159**	**17**	**-**	**11**	**187**
At 30 June 2024	126	34	12	17	189

These assets have been offered as security in respect of these lease agreements. Depreciation charged in the period on those assets amounted to £108,000 (2024: £449,000)

11 Goodwill

Group	**Goodwill**	**Total**
	£'000	**£'000**
Cost		
At 1 July 2024	1,357	1,357
Additions	-	-
At 30 June 2025	1,357	1,357
Impairment		
As at 30 June 2024	(1,357)	.(1,357)
Additional impairment	-	-
Net book value		
At 30 June 2025	-	-

At 30 June 2024	-	-

The goodwill brought forward in the statement of financial position at 30 June 2024 was £ nil.

We consider the CGUs to be the entities as acquired under business combinations and managed as separate legal entities, each representing a separately identifiable and independent group of assets contributing to the cash flows of the CGU.

- Adien Limited specialises in leading edge detection systems in the field of utilities detection.
- Thomson Engineering Design produces an unparalleled range of machines, attachments and tools for railway track maintenance.
- Utsi design & manufacturer of innovative Ground Penetrating Radar (GPR) systems which are used for commercial and Industrial applications, all over the world.

12 Non-current investments

Company

Investment in subsidiaries	**Investment in subsidiaries £'000**	**Total £'000**
Cost		
At 1 July 2024	1,903	1,903
Additions	-	-
At 30 June 2025	1,903	1,903
Impairment		
Provided at 30 June 2024	(1,903)	(1,903)
Additional impairment	-	-
Net book value		
At 30 June 2025	-	-
At 30 June 2024	-	-

Subsidiary	**Parent and Group interest in ordinary shares and voting rights**	**Country of incorporation**	**Principal activity**
Adien Ltd	100%	England & Wales	Specialist surveying
Thomson Engineering Design Ltd	100%	England & Wales	Specialist in railway equipment
Wessex Precision Instruments Ltd	100%	England & Wales	Slip test solutions
Utsi Electronics Ltd	100%	England & Wales	GPR equipment
Wessex Test Equipment Ltd	100%	England & Wales	Dormant
CE Marking Services Ltd	100%	England & Wales	Dormant

An impairment assessment was performed in line with the assessment of goodwill, see note 11 for further details.

The registered office of all of the above named subsidiaries, except Adien Ltd and Utsi Electronics Ltd is Units 2a & 3 Crabtree Road, Forest Vale Industrial Estate, Cinderford, Gloucestershire, United Kingdom, GL14 2YQ.

The registered office of Adien Ltd is Derek Lewis Building, Millfield Ind Estate, Bentley, Doncaster, DN5 0SJ

The registered office of Utsi Electronics Ltd is Unit 26, Glenmore Business Park, Ely Road, Waterbeach, Cambridge, Cambridgeshire, CB25 9PG.

13 Inventories

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Raw materials	-	-	-	-
Finished goods	105	113	-	-
	105	113	-	-

The replacement cost of the above inventories would not be significantly different from the values stated.

The cost of inventories recognised as an expense during the year amounted to £769,000 (2024: £2,709,000). For the Parent company this was £nil (2024: £nil).

14 Trade and other receivables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current				
Trade receivables	397	504	-	-
Amounts owed by Group undertakings less provision	-	-	87	9
Other Debtors	116	125	93	-
Accrued income	45	235	-	-
Prepayments	170	143	-	-
	728	1,007	180	9

15 Trade and other payables

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current				
Trade payables	418	406	74	55
Other taxation and social security	231	370	-	13
Payments received on account	6	389	-	-
Accruals and other creditors	311	209	31	61
	966	1,374	105	129

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non-current				
Amounts owed to Group undertakings	-	-	277	310
Other creditors	-	121	-	-
	-	121	277	310

The performance obligations of the IFRS 15 contract liabilities (payments received on account) are expected to be met within the next financial year. The brought forward payments received on account figure was £389,000, this was all recognised during the financial year 2025.

16 Borrowing analysis

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Due within one year				
Bank and other loans	991	783	633	578
Directors' loan	2,294	2,035	2,294	2,035
Obligations under lease agreements	116	111	-	-
	3,401	2,929	2,927	2,613

Due after more than one year				
Bank and other loans	246	342	169	240
Directors' loan	3,336	3,342	3,336	3,342
Obligations under lease agreements	81	96	-	-
	3,663	3,780	3,505	3,582
Repayable				
Due within 1 year	3,401	2,929	2,927	2,613
Over 1 year but less than 2 years	3,505	3,652	3,445	3,522
Over 2 years but less than 5 years	158	128	60	60
	7,064	6,709	6,432	6,195

Directors' loans
Included with Directors' loans and borrowings due within one year are accrued fees and interest owing to G.G Watt of £2,294,000 (2024: £2,035,000). The accrued fees and interest are repayable on demand and no interest accrues on the balance.

The director's loan due in more than one year is a loan of £3,336,000 from G.G Watt. Directors' loans comprise of two elements. A loan attracting interest at 2.15% over Bank of England base rate. At the year-end £2,336,000 (2024: £2,342,000) was outstanding in relation to this loan. During the year to 30 June 2025 £241,000 (2024: £543,000) was repaid. The Company has the right to defer payment for a period of 366 days.

On 13 August 2010 the Company issued £1 million of Convertible Unsecured Loan Stock ("CULS") to G.G Watt, the Chairman of the Company. The CULS were issued to replace loans made by G.G Watt to the Company amounting to £1 million and has been recognised in non-current liabilities of £3,336,000.

Pursuant to amendments made on 13 November 2014, 9 November 2018 and 30 June 2022 the principal terms of the CULS are as follows:

- The CULS may be converted at the option of Gordon Watt at a price of p per share at any time prior to 13 August 2026;
- Interest is payable at a rate of 10 per cent per annum on the principal amount outstanding until converted, prepaid or repaid, calculated and compounded on each anniversary of the issue of the CULS. On conversion of any CULS, any unpaid interest shall be paid within 20 days of such conversion;
- The CULS are repayable, together with accrued interest on 13 August 2026 ("the Repayment Date").

No equity element of the convertible loan stock was recognised on issue of the instrument as it was not considered to be material.

Bank and other loans

Included in bank and other loans is an invoice discounting facility of £218,774 (2024: £170,766). The principal terms of which are interest at 2.58% over Bank of England base rate and secured on the company's debtors.

Included in bank and other loans is a secured mortgage of £78,417 which incurs an interest rate of 2.44% over base rate for 10 years and at a rate of 2.64% over base thereafter.

As a result of COVID 19, Coronavirus Business Interruption Loan Scheme (CBILS) became available for the business. This enabled the group to secure two loans. The loan for £400,000 had a remaining balance outstanding of £87,000, at a rate of 3.96%, over base and the second loan of £150,000 had a remaining balance outstanding of £40,000, at a rate of 2.96% over base. The amount of interest paid during the Financial Year was £11,145.

The business was also able to secure a Bounce Back loan through Wessex Precision Engineering of £24,000 the remaining balance outstanding is £10,000, and Utsi obtained £50,000 bounce back loan the remaining balance outstanding is £24,000 both with an interest rate of 2.5%.

2025	Bought forward	Cash flows	Non-cash: Lease release / disposal	Non-cash: New leases	Non-cash: Accrued fees /interests	Carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Director loan	5,376	(77)	-	-	331	5,630
Leases	207	(130)	-	115	5	197
Other	1,126	28	-	-	83	1,237
Loans and borrowings	6,709	(179)	-	115	419	7,064

2024	Bought forward	Cash flows	Non-cash: Lease release / disposal	Non-cash: New leases	Non-cash: Accrued fees/interests	Carried forward
	£'000	£'000	£'000	£'000	£'000	£'000
Director loan	4,284	769	-	-	323	5,376
Leases	2,487	(572)	(1,873)	75	90	207
Other	1,028	30	-	-	68	1,126
Loans and borrowings	7,799	227	(1,873)	75	481	6,709

17 Financial instruments

The Group uses financial instruments, which comprise cash and various items, such as trade receivables and trade payables that arise from its operations. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. A number of procedures are in place to enable these risks to be controlled. For liquidity risk these include profit/cash forecasts by business segment, quarterly management accounts and comparison against forecast. The board reviews and agrees policies for managing this risk on a regular basis.

Credit risk

The credit risk exposure is the carrying amount of the financial assets as shown in note 14 (with the exception of prepayments which are not financial assets) and the exposure to the cash balances. Of the amounts owed to the Group at 30 June 2025, the top 3 customers comprised 70% (2024: 41%) of total trade receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties and the Group uses its own trading records to rate its major customers, also the Group invoices in advance where possible. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Having regard to the credit worthiness of the Groups significant customers the directors believe that the Group does not have any significant credit risk exposure to any single counterparty.

Within revenue there are two customers which individually represent 22.4% and 10.0% of the overall revenue for the financial year, this compared to 11.8% and 9.1% in the previous financial year.

An analysis of trade and other receivables:

2025	Weighted average loss rate	Gross carrying value	Impairment loss allowance
	£'000	£'000	£'000
Performing	0.00%	728	-

2024	Weighted average loss rate	Gross carrying value	Impairment loss allowance
		£'000	£'000
Performing	0.00%	1,007	-

Interest rate risk

The Group finances its operations through a mixture of shareholders' funds and borrowings. The Group borrows exclusively in Sterling and principally at fixed and floating rates of interest and are disclosed at note 16.

As disclosed in note 16 the Group is exposed to changes in interest rates on its borrowings with a variable element of interest. If interest rates were to increase by one percentage point the interest charge would be £23,000 higher. An equivalent decrease would be incurred if interest rates were reduced by one percentage point.

Liquidity risk

As stated in note 1 the Executive Chairman, G.G Watt, has pledged to provide ongoing financial support for a period of at least twelve months from the approval date of the Group statement of financial position. It is on this basis that the directors consider that neither the Group nor the Company is exposed to a significant liquidity risk.

Contractual maturity analysis for financial liabilities:

2025	Less than 1 year	Due between 1-2 years	Due between 2 – 5+ years	Total
	£'000	£'000	£'000	£'000
Trade and other payables	966	-	-	966
Borrowings	3,285	3,540	42	6,867
Lease liability	116	25	56	197
	4,367	3,565	98	8,030

2024	Less than 1 year	Due between 1-2 years	Due between 2 – 5+ years	Total
	£'000	£'000	£'000	£'000
Trade and other payables	1,374	121	-	1,495
Borrowings	2,818	3,614	70	6,502
Lease liability	111	96	-	207
	4,303	3,831	70	8,204

Financial liabilities of the Company are all due within less than three months with the exception of the intercompany balances that are due between 1 and 5 years.

Fair value of financial instruments

Loans and receivables are measured at amortised cost. Financial liabilities are measured at amortised cost using the effective interest method. The directors consider that the fair value of financial instruments are not materially different to their carrying values.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to be able to move to a position of providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages trade debtors, trade creditors and borrowings and cash as capital. The entity is meeting its objective for managing capital through continued support from G G Watt as described per note 1.

18 Share capital

	2025 No.	2025 £'000	2024 No.	2024 £'000
Authorised				
Ordinary shares of 1p each	40,000,000	400	40,000,000	400
Allotted and fully paid				
Brought forward	36,312,823	363	36,312,823	363
Issued during the year	-	-	-	-
Carried forward	36,312,823	363	36,312,823	363

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

12,893,703 (2024: 12,893,703) share options were outstanding at the year end, comprising the 2,240,000 employee options and the 10,653,703 share options and warrants held by directors disclosed below.

Share based payments have been included in the financial statements where they are material. No share-based payment expense has been recognised (2024 : nil).

No deferred tax asset has been recognised in relation to share options due to the uncertainty of future available profits.

The director and employee share options were issued as part of the Group's strategy on key employee remuneration, they lapse if the employee ceases to be an employee of the Group during the vesting period.

Employee options

Date options exercisable	Number of shares	Exercise price
Between November 2019 and November 2026	200,000	3.875p
Between November 2020 and November 2027	100,000	3.75p
Between March 2024 and March 2031	1,090,000	8.00p
Between January 2026 and January 2033	700,000	14.25p
Between December 2027 and December 2034	1,100,000	2.35p

Directors' share options

	Number of options					
Directors' share options	At start of year	Granted during the year	Lapsed during the year	At end of year	Exercise price	Date from which exercisable
G G Watt	750,000	-	-	750,000	8.0p	18 Mar 2024
T Williams	200,000	-	-	200,000	14.25p	10 Jan 2026

The Company's share price at 30 June 2025 was 1.68p. The high and low during the period under review were 8.50p and 1.01p respectively.

In addition to the above, in consideration of loans made to the Company, G.G Watt has warrants over 3,703,703 ordinary shares at an exercise price of 13.5p and a further 6,000,000 ordinary shares at an exercise price of 3.0p.

The weighted average contractual life of share options outstanding at the year-end is 7.03 years (2024: 6.86 years).

19 Related party transactions

Directors' loan disclosures are given in note 16. The interest payable to directors in respect of their loans during the year was:

G.G Watt - £259,266

The directors are considered the key management personnel of the Company. Remuneration to directors is disclosed in note 6.

Included within the amounts due from and to Group undertakings were the following balances:

	2025 £	2024 £
Balance due from:		
Thomson Engineering Design Limited	78,584	391,898
Wessex Precision Engineering Limited	8,520	8,520
Balance due to:		
Adien Limited	21,473	16,614
Utsi Electronics Limited	255,306	256,897

There is no ultimate controlling party of PipeHawk plc.

Other related party transactions

	2025 £	2024 £
Balance due to:		
Express Travel Ltd	80,223	-

20 Government grants

No government grants were recognised during the period:

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Grant	-	18	-	-
	-	18	-	-

21 Post Balance Sheet Events

There were no adjusting or significant non-adjusting events between 30 June 2025 and the approval of the financial statements.

22 Copies of Reports and Accounts

Copies of the Report and Accounts will be posted to shareholders later today and will be available from the Company's registered office, 2a & 3 Crabtree Road, Forest Vale Industrial Estate, Cinderford, England, GL14 2YQ and from the Company's website www.pipehawk.com.

23 Notice of Annual General Meeting

The Report and Accounts will include a notice that the annual general meeting will be held at the offices of Allenby Capital Limited at 5th floor, 5 St Helen's Place, London, EC3A 6AB at 11:30 am on 18 December 2025.