

This announcement contains inside information as stipulated under the Market Abuse Regulations (EU) no. 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018) ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

14 March 2025

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

Unaudited results for the six months ended 31 December 2024

Chairman's Statement

In my Chairman's Statement accompanying the unaudited interim results for the six months ended 31 December 2023 ("H1 2023"), I congratulated the Governor of the Bank of England on delivering a sterling job of dampening down demand such that, with associated economic and political headwinds, very few new orders were placed during the period concerned, with the notable exception of Adien Ltd ("Aiden"). This continued negative sentiment coupled with two anticipated material orders not being forthcoming ultimately contributed to QM Systems Limited ("QM") being placed into administration just as the six-month period on which I am now reporting started.

Nevertheless, PipeHawk's remaining key subsidiaries have performed well in the circumstances enabling the Group to report a return to net profitability. The Group's turnover in the six months ended 31 December 2024 was £2,089,000 (H1 2023: £4,572,000). This represented a decrease of approximately 54% over the comparable period last year, which included QM, although represented an increase of approximately 83% if QM's turnover of £3,431,000 for H1 2023 is excluded. The Group's profit before taxation was £29,000 (H1 2023: loss before tax of £633,000; £203,000 loss before tax if QM is excluded) and the Group's profit after taxation was £59,000 (H1 2023: loss after tax of £441,000).

As mentioned in November 2024 in the annual report and accounts for the financial year ended 30 June 2024, the Group's remaining key subsidiaries service the utilities, government and rail industries and, hence, are significantly less reliant on the confidence of private sector businesses to commit funds for major investment projects. Though, somewhat ironically, while Network Rail has a reported budget of £44 billion to spend on UK rail infrastructure in the five years from April 2024, Network Rail seems very reticent to place orders with its Tier 1 suppliers. As a result, the start to the current calendar year has been slower than that I would have wished. Nevertheless, the prospective order book across all three operating subsidiaries remains buoyant, and I am confident that the overall recovery will continue.

Thomson Engineering Design Ltd ("TED")

TED continues to see steady activity for request for quotes ("RFQs") in the UK for strategic equipment as contracts are slowly released from Network Rail. This steady activity may be attributed to the change in the UK government and its subsequent release of the UK autumn budget last year.

Some of these RFQs have translated into orders for TED's innovative designs which we believe will push the rail industry into the 21st century both for Network Rail and for other UK contractors which can only be taken as a positive. We now hope to build on these UK orders going forward and as Network Rail builds up the momentum necessary to upgrade the UK's ageing rail infrastructure.

The strategic relationship between Unipart Rail Limited ("Unipart") and TED continues to go from strength to strength. In September 2024, a suite of TED's equipment was exhibited at the world's largest bi-annual rail show, InnoTrans in Berlin, at which 80 positively qualified potential sales leads were generated. We believe that our presence at this show continues to establish TED's standing to the rest of the world.

The respective regional Unipart sales teams are now tasked with following up those leads to bring them to fruition. Plans are now established also to exhibit TED's innovative products at the IAF Technology Show in Germany in May 2025, which is the largest exhibition for track technology in Europe, occurring only once every three years.

We believe that the proactive continuation of Unipart's global marketing initiatives will ensure that TED's products are embedded in future rail infrastructure projects around the world.

The Unipart rail attachment business remains stable with a regular monthly order intake, as sales relationships are firmly established around the world, including most recently in Australia, Canada, America and France.

Adien

July to December 2024 proved to be a positive period for Adien, off the back of strong activity from the sales team in the first six months of that year. In this regard, Adien was at 95%+ capacity during this half-year period. Much of this activity saw Adien mainly committed to the Scottish and Southern Electricity (“SSE”) projects together with a healthy number of ministry of defence and telecommunication sites.

The current Adien order book is strong, with a few large projects seeing the site teams booked until the end of April 2025. Following on from a refocus regarding networking and marketing, Adien was able to secure a good selection of new clients over this six-month period with purchase orders and commitments for a number of large projects expected to start in the current calendar year.

Adien has managed to secure around 50% of the new operatives required for our planned further site teams over this period, who are now in training.

With the new asset management plan (AMP) phases being issued in the new year for the water industry, Adien’s sales team is planning for this and are already looking to several national suppliers for collaboration on a tranche of projects which are expected to start in the summer of 2025.

Utsi Electronics Ltd (“Utsi”)

As global events continue to affect order schedules across multiple markets, it has been a slower than expected first six months for UTSI but one which carries with it the prospect of a much brighter future.

With major customers now more familiar with the cyclical nature of 'the new normal', their returning confidence is being reflected in a more buoyant, regular and substantive order outlook which, on current signs, promises to deliver a busy and more positive year end.

Negotiating the peaks and troughs of component availability and their corresponding cost fluctuations, in order to effect delivery of these increasing orders will however place greater strains on the Group’s cashflow in the short term, as we are forced to move away from using a 'just in time' model.

With our continued R&D investment into new product lines and re-design of those existing products which may now provide greater returns from having more time/cost effective build processes, the future for UTSI is looking bright.

Financial position

As announced on 28 November 2024, my letter of financial support was renewed on 20 November 2024 to provide the Group with financial support until 31 December 2025.

In addition to the loan I have provided to the Company in previous years, my fellow directors and I have deferred a certain proportion of our fees and interest payments due on loans until the Company is in a suitably strong position to make these payments in full. During the six months ended 31 December 2024, these deferred fees and interest payments amounted to approximately £134,000 in total, all of which have been accrued in the Company’s interim results, and at 31 December 2024 amounted in total to £2,169,000.

Gordon Watt
Chairman

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Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2024

	6 months ended 31 December 2024 (unaudited) £'000	6 months ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Revenue	2,089	4,572	9,138
Staff costs	(831)	(2,404)	(4,954)
Impairment of goodwill	-	-	(163)
General administrative expenses	(1,021)	(2,566)	(5,236)
Profit / (Loss) on ordinary activities before interest, taxation and exceptional items	237	(398)	(1,215)
Finance costs	(207)	(235)	(424)
Profit / (Loss) before taxation and exceptional items	30	(633)	(1,639)
Taxation credit / (charge)	29	192	(52)
Profit / (Loss) for the period attributable to equity holders of the Company	59	(441)	(1,691)
Exceptional gains on de-recognition (QM Systems)	-	-	870
Other comprehensive income	-	-	-
Total comprehensive income / (expense) for the period net of tax	59	(441)	(821)
Profit / (Loss) per share (pence) – basic	0.16	(1.21)	(2.26)
Profit / (Loss) per share (pence) – diluted	0.03	(1.21)	(2.26)

Consolidated Statement of Financial Position
As at 31 December 2024

	As at 31 December 2024 (unaudited) £'000	As at 31 December 2023 (unaudited) £'000	As at 30 June 2024 (audited) £'000
Assets			
Non-current assets			
Property, plant and equipment	432	722	447
Right of use	252	2,143	189
Goodwill	-	679	-
	<u>684</u>	<u>3,544</u>	<u>636</u>
Current assets			
Inventories	91	213	113
Current tax assets	96	1,012	80
Trade and other receivables	843	2,983	1,007
Cash	49	63	95
	<u>1,079</u>	<u>4,271</u>	<u>1,295</u>
Total assets	<u><u>1,763</u></u>	<u><u>7,815</u></u>	<u><u>1,931</u></u>
Equity and liabilities			
Equity			
Share capital	363	363	363
Share premium	5,316	5,316	5,316
Other reserves	(11,893)	(11,572)	(11,952)
	<u>(6,214)</u>	<u>(5,893)</u>	<u>(6,273)</u>
Non-current liabilities			
Borrowings	3,690	5,561	3,780
Trade and other payables	-	-	121
	<u>3,690</u>	<u>5,561</u>	<u>3,901</u>
Current liabilities			
Bank overdrafts and loans	3,120	3,151	2,929
Trade and other payables	1,167	4,996	1,374
	<u>4,287</u>	<u>8,147</u>	<u>4,303</u>
Total equity and liabilities	<u><u>1,763</u></u>	<u><u>7,815</u></u>	<u><u>1,931</u></u>

Consolidated Statement of Cash Flow
For the six months ended 31 December 2024

	6 months ended 31 December 2024 (unaudited) £'000	6 months ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Cash inflow from operating activities			
Profit / (Loss) from operations	237	(398)	(1,215)
Adjustment for:			
Impairment of goodwill	-	-	163
Impairment of right of use assets	-	-	347
Depreciation	83	315	619
	320	(83)	(86)
Decrease in inventories	22	40	65
Decrease/(Increase) in receivables	164	(216)	271
Increase/(Decrease) in liabilities	(255)	(240)	(1,002)
Cash generated from/(used in) operations	251	(499)	(752)
Interest paid	(73)	(116)	(173)
Corporation tax received	13	7	695
Net cash generated from/(utilised in) operating activities	191	(608)	(230)
Cash flows from investing activities			
Purchase of fixed assets	(16)	(25)	(50)
Net cash utilised in investing activities	(16)	(25)	(50)
Cash flows from financing activities			
(Repayments)/Proceeds from borrowings	(53)	170	30
Repayments of bank and other loans	(150)	(199)	(544)
Proceeds of bank and other loans	46	863	1,313
Repayment of leases	(64)	(286)	(572)
Net cash (utilised in)/generated from financing activities	(221)	548	227
Increase/(Decrease) in cash and cash equivalents	(46)	(85)	(53)
Cash and cash equivalents at beginning of period	95	148	148
Cash and cash equivalents at end of period	49	63	95

**Consolidated Statement of Changes in Equity
For the six months ended 31 December 2024**

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
6 months ended 31 December 2023				
As at 1 July 2023	363	5,316	(11,131)	(5,452)
Loss for the period	-	-	(441)	(441)
Total comprehensive income	-	-	(441)	(441)
Issue of shares		-	-	-
As at 31 December 2023	363	5,316	(11,572)	(5,893)
12 months ended 30 June 2024				
As at 1 July 2023	363	5,316	(11,131)	(5,452)
Loss for the period	-	-	(821)	(821)
Total comprehensive income	-	-	(821)	(821)
Issue of shares	-	-	-	-
As at 30 June 2024	363	5,316	(11,952)	(6,273)
6 months ended 31 December 2024				
As at 1 July 2024	363	5,316	(11,952)	(6,273)
Profit for the period	-	-	59	59
Total comprehensive income	-	-	59	59
Issue of shares		-	-	-
As at 31 December 2024	363	5,316	(11,893)	(6,214)

Notes to the Interim Results

1. Basis of preparation

The Interim Results for the six months ended 31 December 2024 are unaudited and do not constitute statutory accounts in accordance with section 240 of the Companies Act 2006.

Full accounts for the year ended 30 June 2024, on which the auditors gave a qualified report and contained no statement under Section 498 (2) or (3) of the Companies Act 2006, have been delivered to the Registrar of Companies.”

The interim financial information has been prepared on a basis which is consistent with the accounting policies adopted by the Company for the last financial statements and in compliance with basic principles of IFRS.

2. Segmental information

The Company operates in one geographical location being the UK. Accordingly, the primary segmental disclosure is based on activity.

	Utility detection and mapping services £'000	Development, assembly and sale of GPR equipment £'000	Automation and test system solutions £'000	Total £'000
6 months ended 31 December 2024				
Total segmental revenue	855	144	1,090	2,089
Segment result	64	(49)	222	237
Finance costs	(18)	(175)	(14)	(207)
Profit / (loss) before taxation	46	(224)	208	30
Segment assets	687	323	753	1,763
Segment liabilities	585	6,477	941	8,003
Non-current asset additions	2	-	14	16
Depreciation and amortisation	21	8	54	83
6 months ended 31 December 2023				
Total segmental revenue	715	52	3,805	4,572
Segment result	(5)	180	(573)	(398)
Finance costs	(19)	(143)	(73)	(235)
Profit / (loss) before taxation	(24)	37	(646)	(633)
Segment assets	561	1,154	6,100	7,815
Segment liabilities	633	6,143	7,114	13,890
Non-current asset additions	46	-	70	116
Depreciation and amortisation	35	9	271	315

12 months ended 30 June 2024

Total segmental revenue	1,448	330	7,360	9,138
Segmental result	85	154	(1,454)	(1,215)
Finance costs	(35)	(335)	(54)	(424)
Profit / (loss) 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. Profit / loss per share

This has been calculated on the profit for the period of £59,000 (H1 2023: loss £441,000) and the number of shares used was 36,312,823 (H1 2023: 36,312,823), being the weighted average number of shares in issue during the period.

4. Dividends

No dividend is proposed for the six months ended 31 December 2024.

5. Copies of Interim Results

The Interim Results will be posted on the Company's website www.pipehawk.com and copies will be available from the Company's registered office at 2a & 3 Crabtree Rd, Forest Vale Industrial Estate, Cinderford, GL14 2YQ.