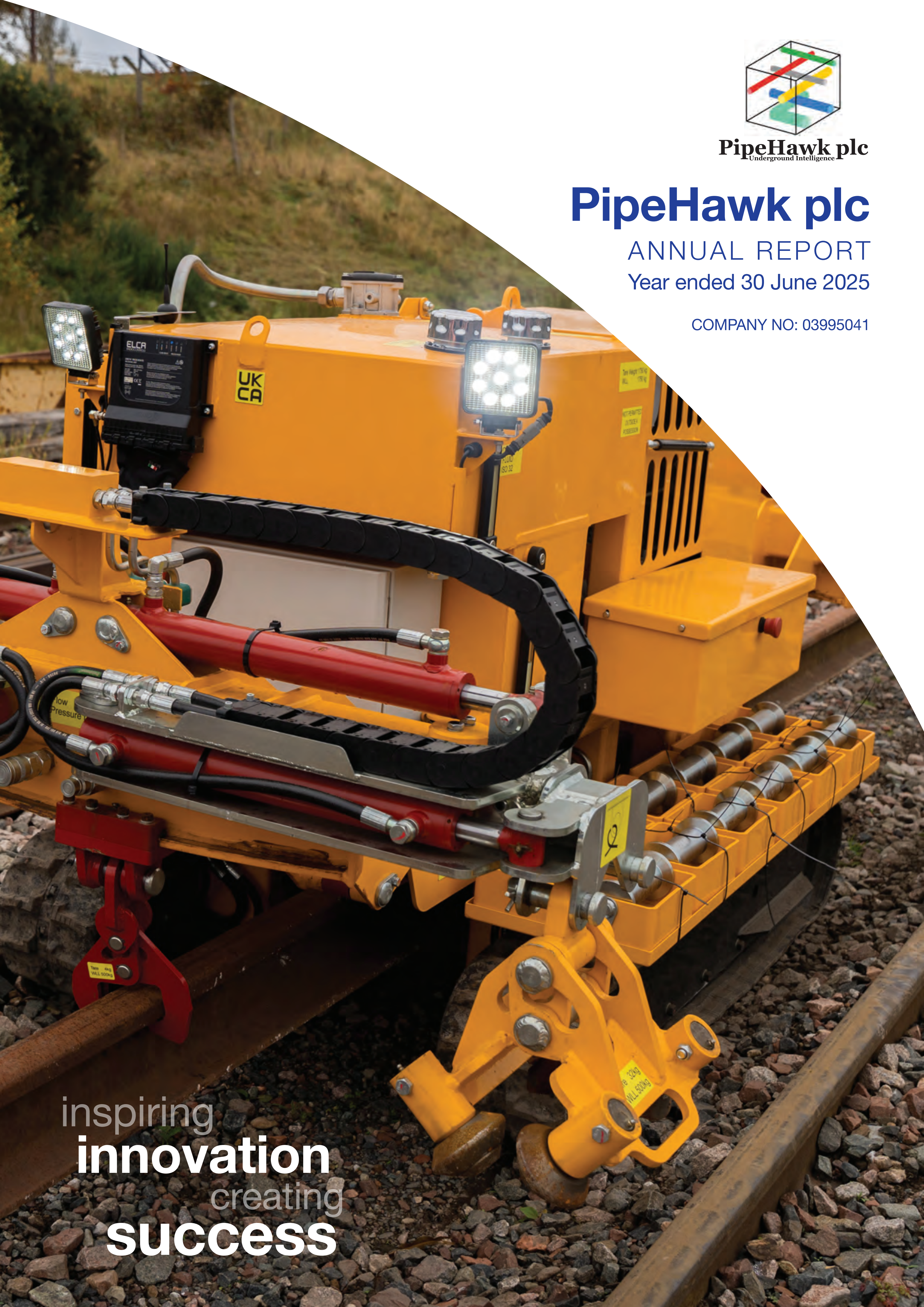
PipeHawk plc
Underground Intelligence

PipeHawk plc

ANNUAL REPORT

Year ended 30 June 2025

COMPANY NO: 03995041



inspiring
innovation
creating
success

PipeHawk plc is a dynamic business offering advanced engineering solutions to challenging technical requirements across many industries.

Thomson Engineering Design produces an unparalleled range of machines, attachments and tools for railway track renewal and maintenance across the globe.

Adien Limited is a leader in the field of utility detection and mapping. Its survey teams provide information that is critical in the design processes of almost all construction projects that involve breaking the ground.

Utsi is one of the global market leaders in ground probing radar technology with many applications including civil engineering and land mine detection. Our technology provides a superior detection of hidden underground objects and features, dramatically reducing risk, improving safety and saving substantial time and money during identification and excavation.

Wessex Precision Instruments is a leading manufacturer and service provider of specialist equipment to test the skid resistance characteristics of vehicle and pedestrian surfaces.

Powered by excellent people our reputation is built on exceeding our customers' expectations in delivering innovative, cost effective quality solutions in all aspects of our business.

Through our energetic, innovative and dynamic approach together with our significant investment in R&D we will continue to strengthen our market leading positions.

Contents

Directors:	**Gordon G Watt** (Executive Chairman) **Tim Williams** (Non-Executive)
Secretary:	**Andrew Tombs**
Nominated Adviser and Broker:	**Allenby Capital Limited** 5 St. Helen's Place London EC3A 6AB
Registered number:	**03995041**
Registered office:	2a & 3 Crabtree Road Forest Vale Industrial Estate Cinderford GL14 2YQ
Auditor:	**Sedulo Audit Limited** St Pauls House 23 Park Square Leeds West Yorkshire LS1 2ND
Solicitors:	**Gowling WLG** 4 More London Riverside London SE1 2AU

"finished the year on a high"

"the outlook for 2026 and beyond is very positive"

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

Financial results

Turnover for the year ended 30 June 2025 was £3.7 million (2024: £9.1 million). The Group made a loss after taxation and exceptional items of £259,000 (2024: loss £821,000). The loss per share was 0.71p (2024: loss per share 2.26p). A detailed review of business as well as future developments is included in the Chairman's statement.

Key performance indicators

The Group's key financial performance indicators are turnover and profit before tax and an analysis using these KPIs is included in the Chairman's statement and at note 2 "Segmental analysis". The primary non-financial KPI is the strength of the order book which is also discussed in the Chairman's statement.

Principal risks and uncertainties

The principal risks and uncertainties facing the business are:

1. the acceptance by end customers of its products – the Group mitigates this risk by sharing and getting sign off on the proposed solution and by ensuring open lines of communication such that any challenges are identified at an early stage and are resolved with the customer prior to delivery;
2. competitive pressure on pricing and delivery timescales – this risk is mitigated by the high level of technological quality offered by the Group's solutions and its strong relationships with its key customers;
3. technological changes – mitigated by continued investment in research and development;
4. availability of sufficient working capital – the Group monitors cash flow as part of its day-to-day control procedures. The Board considers cash flow projections at its meetings and ensures that appropriate facilities are available to be drawn down upon as necessary;
5. continued ability to obtain supply of key components to enable projects to be complete in a timely manner – this risk is mitigated by multi sourcing from several suppliers and allowing longer lead times for any potential delays.
6. A key risk for the business is the continuing availability of the financial support arrangements provided by the Executive Chairman described in the Report of the Directors and in note 1.
7. Major global conflicts causing uncertainty amongst clients.

The Group's financial risks and policies to minimise these are set out in note 17.

Statement by the Directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of the Group must act in accordance with a set of general duties. These duties are detailed in section 172(1) of the U.K. Companies Act 2006, which is summarised as follows:

A Director of a Group must act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1. The likely consequences of any decision in the long term;
2. The interests of the Group's employees;
3. The need to foster the Group's business relationships with suppliers, customers and others;
4. The impact of the Group's operations on the community and the environment;
5. The desirability of the Group maintaining a reputation for high standards of business conduct; and
6. The need to act fairly as between members of the Group.

The Board consider that they have fulfilled their duties in accordance with section 172(1) of the UK Companies Act 2006 and have acted in a way which is most likely to promote the success of the Group for the benefit of its stakeholders as a whole in the following ways:

Long term benefit

Our strategy was designed to have a long-term beneficial impact on the Group and to contribute to its success in delivering excellence with regards to service to its customers whilst ensuring the long-term requirements of the other stakeholders are considered.

Employees
The Board considers the employees as one of the key stakeholders within the Group and fundamental to the long-term success of the business. We have various engagement mechanisms, many of which have been in place for a number of years. Annual employee reviews are undertaken and regular communication takes place between management and staff to ensure that any concern or issues are identified and appropriately addressed. The Group provides training to employees as well as social occasions to promote the well-being and connectivity of the teams. The Board recognises the dedication, commitment and engagement of the employees through the year and extends its thanks to them for their efforts.

The interests of the employees are always considered when determining the strategic decision and vision of the Group.

Customers
The commercial teams at each of the Group's companies are in regular contact with our customers' key people to ensure that they are well informed and satisfied with the progress of the Group's projects on their behalf. Face to face meetings take place, as well as other communication such as email and video or phone conferences which allows for an on-going dialogue with the aim of reducing any potential issues or concerns.

Suppliers
The Group works closely with a number of suppliers in different disciplines. We aim to promote collaborative engagement and to build long term partnerships with our suppliers with an objective to minimise risk and optimise costs through the full lifecycle of our relationship. We seek to balance this with the need to ensure the company is not overly reliant on any single supplier.

Community and environment
The Board recognises its responsibilities with regard to the environment and wider community and takes actions to reduce any negative impact the provision of its services might have in this area. The Board regularly looks at ways in which it can operate a sustainable business and has taken actions to reduce its carbon footprint. Currently all waste is recycled by responsible contractors, the target for the next year is to reduce all waste by 50%.

Culture and values
The Board actively seeks to establish and maintain a corporate culture which will engage and motivate its employees and attract future employees, customers and suppliers. The Company promotes honesty, integrity and respect and all employees are expected to operate in an ethical manner in all their dealings, whether internal or external. We do not tolerate behaviour which goes against these values which could cause reputational damage to the business or create ongoing conflict or unnecessary tension internally.

Current trading
Current trading is satisfactory and in line with the directors' expectations. The strategic report was approved by the Board on 24 November 2025 and signed on its behalf by:

Gordon G Watt
Executive Chairman

The directors present the annual report on the affairs of the Group together with the financial statements for the year ended 30 June 2025.

Principal activities and review of business

The principal activities of the Group during the financial year were the development, assembly and sale of automated manufacturing units, test system, rail industry solutions and ground probing radar (GPR) equipment; the provision of GPR based services and the undertaking of complementary Research and Development assignments.

Future developments

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement and the summary of material accounting policies.

Results and dividends

The results for the Group for the year are set out in the consolidated statement of comprehensive income on page 17. The directors do not recommend the payment of a dividend for the year (2024: nil).

Directors

The directors who served during the year are set out below:

Gordon G Watt (Executive Chairman)
Robert Randal MacDonnell (Non-Executive) – Deceased 20/09/2025
Tim Williams (Non-Executive)

The directors' beneficial interests in the share capital of the Company at the date of this report were as follows:

	30 June 2025		30 June 2024	
	Ordinary shares of 1p	% of issued share capital	Ordinary shares of 1p	% of issued share capital
G G Watt	5,721,500	15.8%	5,721,500	15.8%
T Williams	40,000	0.1%	40,000	0.1%

The directors are also interested in unissued Ordinary shares granted to them by the Company under share options held by them pursuant to individual option schemes as set out in note 18.

Substantial share interests

Other than directors, the Company has been notified of the following persons being interested in more than 3% of the issued share capital of the Company at the date of this report.

	Ordinary shares of 1p	% of issued share capital
S Hamilton	4,583,334	12.6%
P Lobbenberg	4,040,000	11.1%
R J Chignell	2,204,200	6.1%

Research and development

The Group continues to undertake research and development activities at its sites in Cinderford and Cambridge. This will enable the Group to expand its activity in technology and innovation that will help us greatly in developing new products that will begin directly generating revenue in the future. The Group has undertaken research and development activities in the areas of ground probing radar, rail handling and safety equipment, and test & measurement related equipment.

Auditor and disclosure of information to auditor

Each of the persons who are directors at the time when this report is approved has confirmed that:

(a) so far as each director is aware, there is no relevant audit information of which the Group auditor is unaware; and

(b) each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Auditor

The reappointment of Sedulo Audit Limited will be proposed at the forthcoming Annual General Meeting, in accordance with section 489 of the Companies Act 2006.

Financial instruments

Note 17 to the financial statements describes the policies and processes for managing the Company's capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

Going concern

As described in the Chairman's report, the current economic environment is improving for the Group's trading subsidiaries in their respective markets as evidenced by healthy order prospects. However, the directors consider that the outlook presents challenges in terms of sales volumes and in terms of bringing R&D developments to commercialisation.

The directors have reviewed the 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 Chairman. The directors have obtained a renewed pledge from Gordon Watt that he is not intending to request repayment of the loans advanced by him to the Group and will provide ongoing financial support for a period of at least twelve months from the approval date of the Group statement of financial position. 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 for these financial statements. A material uncertainty exists regarding the ability of the Group to remain a going concern without the continuing financial support of the Chairman.

Approval

The report of the directors was approved by the Board on 24 November 2025 and signed on its behalf by:

G Watt

Gordon Watt
Executive Chairman
Date: 24 November 2025

The Directors recognise the importance of good corporate governance and on 27 September 2018 adopted the Quoted Companies Alliance Corporate Governance Code ("QCA Code"). The Directors have also reviewed its corporate governance measures in light of the revised QCA Code 2023, published in November 2023. The Board consider that the Group complies with the QCA Code so far as is practicable given its size.

The QCA Code identifies 10 principles. The following report sets out in broad terms how the Company applies each of the principles.

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

The Group's purpose, strategy and business model are developed by the Executive Chairman and approved by the Board, whenever required. The management team, led by the Chairman, is responsible for implementing the strategy. Over the years, the Group has developed its purpose of offering advanced engineering solutions to challenging technical requirements across a range of industries.

The key risks and uncertainties to the business model and strategy are detailed in the Strategic Report.

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

The Group maintains a high standard of integrity in the conduct of its operations and is committed to providing a safe and healthy working environment for its employees. The Group operates a corporate culture that is based on adherence to ethical values and behaviours.

In addition, the Group encourages an open culture, with regular discussions with employees regarding their performance and skills development to achieve the overall objectives and strategy of the Group.

Given the size of the Group, all practices undertaken by the Group are reviewed by the Executive Chairman to ensure that the ethical values and behaviours are being adhered to.

3. Seek to understand and meet shareholder needs and expectations

The Company encourages two-way communication with its shareholders to understand their needs and expectations. Shareholders are kept up to date via announcements made through a regulatory information service on matters of a material substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will be announced through a regulatory information service and in accordance with its obligations under the AIM Rules for Companies and the UK Market Abuse Regulation ("UK MAR"). The Board recognises the annual general meeting ("AGM") as an important opportunity to meet shareholders. The AGM is the main forum for dialogue with shareholders and all members of the Board attend the AGM and are available to answer questions raised by shareholders and to listen to views of shareholders.

Contact details are provided on the contacts page of the Company's website and within public documents should shareholders wish to communicate with the Company.

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

The Group is aware of its corporate social and environmental responsibilities and the need to maintain good relationships across a range of stakeholder groups, including employees, business partners, suppliers, customers and regulatory authorities.

The Group's operations and working environment take into account the needs of all stakeholder groups while maintaining focus on the responsibility to promote the success of the Group. The Group encourages feedback from all stakeholder groups as the Group's long-term strategy is to create shareholder value.

The Group places considerable value on the involvement of employees and continues to keep them informed on matters affecting the Group through formal and informal meetings which provide opportunities to received feedback on issues affecting the Group.

Considerations in relation to wider stakeholders and the environment which the Board took account of in making key decisions are set out in the Principal Risk and Uncertainties and S.172 Companies Act 2006 Statement sub sections of the Strategic Report section of this report.

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

The principal risks and uncertainties affecting the business are set out in the Report of the Directors. The Board monitors these risks, which include technological, regulatory and commercial risks, on a regular basis. The Chairman and senior management of each subsidiary meet regularly during the year to review and evaluate risks and opportunities and to review ongoing internal controls and assurance activities.

The Board considers that the internal controls in place are appropriate for the Group's size and resources, its activities and the risk profile. Risk identification, internal control and assurance activities can come from several sources: employees or other stakeholder feedback; executive meetings; and decisions taken at Audit Committee and Board meetings.

The additional key procedures designed to provide an effective system of internal control are that:

- There is an organisational structure with clearly defined lines of responsibility and delegation of authority.
- Annual budgets are prepared and updated as necessary.
- Management accounts are prepared on a quarterly basis and compared to budgets and forecasts to identify any significant variances.
- The Group appoints staff of the required calibre to fulfil their allotted responsibilities.

Through holding the ISO 9001 quality standard, the Company ensures compliance with health and safety and other regulations.

The Group's direct exposure to climate-related physical risks is limited. However, the Board recognises the importance of understanding and managing climate-related risks as part of its broader risk management framework, both to ensure operational resilience and to meet stakeholder and regulatory expectations.

Given the Group's size, it is not presently required to assess climate-related risks in line with the Task Force on Climate-related Financial Disclosures framework however this will remain under review. Whilst climate risks are currently assessed as low impact relative to our operations, the Board remains committed to ongoing monitoring and ensuring that the Group's approach remains appropriate as the regulatory and risk landscape evolves.

6. Establish and maintain the board as a well- functioning, balanced team led by the chair

The current Board comprises one Executive Director and one Non-Executive Director, the biographies of whom are set out below:

Executive Chairman - Gordon Watt BA, FCA, FRSA

Gordon has a wide-ranging knowledge of the engineering industry with a solid background in finance. He is a chartered accountant having been a partner at RSM Robson Rhodes and then Finance Director/Deputy Chief Executive of British Bus Plc until it was sold to Arriva Plc. He is non-executive chairman of a number of private companies. He became a non-executive director of the Group in 1998, became finance director in December 2001 and Chairman in January 2003.

Non-executive Director - Tim Williams

Tim brings over 30 years of international and HR experience. He joined the group in November 2022. He is an experienced HR Director with a broad background in global blue-chip companies. He was previously Group HR Director of Redde Northgate Plc, having served also with Cadbury Schweppes Plc, HSBC, Cardinal Health Inc. and Revlon International.

The Board deems Tim Williams to be independent.

The intention is to appoint another Non-Executive Director in due course. All of the Directors are members of the audit and remuneration committees and have the necessary skills and knowledge to discharge their duties and responsibilities. The Chairman is responsible for the running of the Board.

The Directors receive regular updates on the Group's operational and financial performance during Board meetings. The time commitment required from each Director varies in line with the operations of the business. Currently, this commitment is approximately four days per week for Gordon Watt, and six days per annum for Tim Williams. The Company believes it has effective procedures in place to monitor and deal with conflicts of interest. The Company had four Board meetings during the year which were attended by all the Directors in office at the time of each board meeting.

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

The Board has overall responsibility for promoting the success of the Group. The Executive Chairman has day-to-day responsibility for the operational management of the Group's activities. The Non-executive Director is responsible for bringing independent and objective judgement to Board decisions. There is a clear separation of the roles of Chairman and the Non-executive director. The Chairman is responsible for overseeing the running of the Board, and ensuring the Non-executive Director is properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group.

The Board has established the following committees: Audit Committee and Remuneration Committee. Given the size of the Group, the Board does not belief a Nomination Committee is necessary. The members of the two Committees are all the Board Directors. The Audit Committee normally meets at least twice a year and has responsibility for, amongst other things, planning and reviewing the annual report and accounts and interim statements. It is also responsible for ensuring that an effective system of internal control is maintained. The Remuneration Committee meets at least once a year and has responsibility for making recommendations to the Board on matters such as the remuneration packages for each of the Directors.

The Directors consider that the Group has an appropriate governance framework for its size now and as it grows but they will consider the evolution of this framework on an annual basis. The Board does not maintain a formal schedule of matters reserved for Board decision but matters such as financial results, Board appointments and acquisitions require approval at the Company's Board meetings.

Attendances of Directors at Board and committee meetings convened during the year ended 30 June 2025 are set out below:

	Board Meetings Attended	Audit committee Meetings Attended	Remuneration Committee Meeting attended
Number of meetings in year	4	2	1
Gordon G Watt	4	2	1
Tim Williams	4	2	1
Robert Randal MacDonnell	4	2	1

The Board is satisfied that the Directors have sufficient skills, experience and capabilities to enable the strategy of the Company to be delivered. The Board, if required, will review the composition of the Board to ensure that it has the necessary diversity of skills to support the ongoing development of the Group. All Directors retire each year.

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

The Directors undergo a performance evaluation before being proposed for re-election to ensure that they continue to be effective and committed to the role. All Directors meet to discuss the performance evaluation together. Appraisals are carried out each year with all Directors. The Board considers that the size of the Company does not justify the use of third parties to evaluate the performance of the Board on an annual basis. During the year, the Non-executive Directors are responsible for informally reviewing Directors' performance and highlighting any issues identified. At the present time, succession planning is not in the Company's immediate plans. However, the Board will monitor the need to implement an informal or formal succession plan going forward.

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

The Company has put in place a remuneration policy which is aligned with shareholders' interests of creating shareholder value. All employees of the Group are subject to yearly performance appraisals to ensure that good performers are rewarded with salary increments which are aligned with the Company's purpose, strategy and culture.

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

The Company encourages two-way communication with various stakeholder groups, including shareholders and responds quickly to their relevant queries. The Directors recognise the AGM as an important opportunity to meet shareholders and the Directors are available to answer questions raised by the shareholders. The Company's website is regularly updated to include business progress, financial performance and corporate actions reflecting information that has already been announced by the Company through regulatory announcements. The Company will announce and post on its website the results of voting on all resolutions in the general meetings (including annual general meetings) including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent. of independent shareholders.

Under AIM Rule 26, the Company already publishes historical annual reports, notices of meetings and other publications over the last five years.

The directors are responsible for preparing the Strategic Report, the Directors’ Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards (IAS).

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Report of the Directors and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

The maintenance and integrity of the PipeHawk plc website is the responsibility of the directors.

Legislation in the United Kingdom governing the preparation and dissemination of the accounts and the other information included in annual reports may differ from legislation in other jurisdictions.

Directors

PipeHawk Plc has one executive director and one non-executive director.

Introduction

The Remuneration Policy for PipeHawk Plc incorporates three main elements: salary, cash bonus and equity incentives.

The policy has been prepared for both Executive Directors and Non-Executive Directors.

Salary

Gordon Watt, Executive Chairman, has accrued his annual salary and chosen not to draw this until the Group is in a better financial position. This amounted to £71,000 for the financial year.

Tim Williams, Non-Executive Director, raises invoices monthly to PipeHawk Plc but has chosen not to draw this until the Group is in a better financial position. This amounted to £10,000 for the financial year.

In addition, the Directors have also declined an increase in remuneration to more industry normal levels until the Group is in a better financial position.

Randal MacDonnell, who was a Non-Executive Director, passed away subsequent to the financial year end. Like the other Directors, he had chosen not to draw his salary until the Group was in a better financial position. This amounted to £2,000 for the financial year.

Further details on the Directors' salaries are shown at note 6 to the accounts.

Cash bonus

No cash bonusses were issued in the financial year.

Long-term incentive awards

PipeHawk Plc has the ability to issue share options as an equity incentive which should deliver value to the Directors in the medium to long-term, based on a sustainable increase in the share price over the corresponding period of time, in order to align managements' incentive with the interests of shareholders.

- **Exercise of shares** – There have been no gains made by Directors on the exercise of share options during the financial year.
- **Share options** – No share options have been issued to the Directors during the financial year.

Statement of Director's shares and share interests

The Directors' interests in shares in Pipehawk Plc is shown below:

- Gordon Watt – 5,721,500 shares, being 15.8% of the Company's issued share capital.
- Tim Williams – 40,000 shares, being 0.11% of the Company's issued share capital.

The Directors' interests in share options in Pipehawk Plc is shown at note 18 to the accounts.

Pension contributions

- Executive Director - No pension costs have been incurred.
- Non-Executive Director - Non-Executive Directors do not receive pension benefits.

Private medical benefit

- Executive Director - No private medical costs have been incurred.
- Non-Executive Director - Non-Executive Directors do not receive private medical benefits.

Payments to directors for loss of office or termination benefits
No payments have been made.

Loan Interest
Loan interest is accrued and is reflected in the Notes to the Financial Statements.

Gordon Watt
Remuneration Committee Chairman
Date: 24 November 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 11, 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

	Note	30 June 2025 £'000	30 June 2024 £'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 on pages 23 to 42 form an integral part of these financial statements.

Consolidated Statement of Financial Position
at 30 June 2025

Assets	Note	30 June 2025 £'000	30 June 2024 £'000
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 on pages 23 to 42 form an integral part of these financial statements.

The financial statements were approved by the board and authorised for issue on 24 November 2025 and signed on its behalf by:

Gordon G Watt
Director

Company No: 03995041

Assets	Note	30 June 2025 £'000	30 June 2024 £'000
Non-current assets			
Property, plant and equipment	9	-	-
Investment in subsidiaries	12	-	-
		-	-
Current assets			
Inventories	13	-	-
Current tax assets		-	-
Trade and other receivables	14	180	9
Cash and cash equivalents		-	-
		180	9
Total assets		180	9
Equity and liabilities			
Equity			
Share capital	18	363	363
Share premium		5,316	5,316
Retained earnings		(12.313)	(12,304)
		(6,634)	(6,625)
Non-current liabilities			
Borrowings	16	3,505	3,582
Trade and other payables	15	277	310
		3,782	3,892
Current liabilities			
Borrowings	16	2,927	2,613
Trade and other payables	15	105	129
		3,032	2,742
Total equity and liabilities		180	9

Equity includes loss for the year of the Parent Company of £9,000 (2024: Loss £647,000).

The notes on pages 23 to 42 form an integral part of these financial statements.

The financial statements were approved by the board and authorised for issue on 24 November 2025 and signed on its behalf by:

Gordon G Watt
Director

Company No: 03995041

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 on pages 23 to 42 form an integral part of these financial statements.

	Note	30 June 2025 £'000	30 June 2024 £'000
Cash flows from operating activities			
Profit / (Loss) from operations		341	(308)
Impairment of investment		-	988
Adjustment for provision / (reversal) against inter-company balance		(392)	(288)
Decrease/(increase) in receivables		221	290
Decrease/(increase) in liabilities		(72)	(1,661)
Cash generated from operations / (used in)		98	(979)
Interest paid		(92)	(83)
Corporation tax received		-	38
Net cash generated from/(used in) operating activities		6	(1,024)
Cash flow from investing activities			
Proceeds from borrowings / (Repayments)		(6)	1,020
Net cash used in financing activities		(6)	1,020
Net decrease in cash and cash equivalents		-	(4)
Cash and cash equivalents at the beginning of year		-	4
Cash and cash equivalents at end of year		-	-

The notes on pages 23 to 42 form an integral part of these financial statements.

Consolidated

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Revaluation Reserve £'000	Total £'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)

Parent

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
As at 1 July 2023	363	5,316	(11,657)	(5,978)
Loss for the year	-	-	(647)	(647)
Total comprehensive loss	-	-	(647)	(647)
As at 30 June 2024	363	5,316	(12,304)	(6,625)
Loss for the year	-	-	(9)	(9)
Total comprehensive income	-	-	(9)	(9)
As at 30 June 2025	363	5,316	(12,313)	(6,634)

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 on pages 23 to 42 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 6.

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 Summary of material accounting policies (continued)

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 Summary of material accounting policies (continued)

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.

1 Summary of material accounting policies (continued)

1.10. Financial assets (continued)

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 Summary of material accounting policies (continued)

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.

1 Summary of material accounting policies (continued)

1.16. Impairment of property, plant and equipment (continued)

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.

1 Summary of material accounting policies (continued)

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

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

2 Segmental analysis (continued)

	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 £'000	2024 £'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

6 Directors' remuneration (continued)

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

	2025 £'000	2024 £'000
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 £'000	Equipment, fixtures and fittings £'000	Leasehold improvements £'000	Motor vehicles £'000	Total £'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 £'000	Total £'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.

11 Goodwill (continued)

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 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 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 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 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 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 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

15 Trade and other payables (continued)

	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

16 Borrowing analysis (continued)

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 £'000	Cash flows £'000	Non-cash: Lease release/ disposal £'000	Non-cash: New leases £'000	Non-cash: Accrued fees/ interests £'000	Carried forward £'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

16 Borrowing analysis (continued)

2024	Bought forward £'000	Cash flows £'000	Non-cash: Lease release/ disposal £'000	Non-cash: New leases £'000	Non-cash: Accrued fees/ interests £'000	Carried forward £'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 £'000	Gross carrying value £'000	Impairment loss allowance £'000
Performing	0.00%	728	-

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

17 Financial instruments (continued)

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 £'000	Due between 1-2 years £'000	Due between 2-5+ years £'000	Total £'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 £'000	Due between 1-2 years £'000	Due between 2-5+ years £'000	Total £'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

Directors' share options	Number of 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.

NOTICE IS HEREBY GIVEN that the annual general meeting of PipeHawk plc (the "AGM") will be held at the offices of Allenby Capital Limited at 5th Floor, 5 St. Helen's Place, London, England, EC3A 6AB at 11:30 A.M. on 18th December 2025 for the purpose of considering and, if thought fit, passing the following resolutions:

Resolutions 1, 2, 3, 4, 5 and 6 will be proposed as ordinary resolutions and Resolution 7 will be proposed as a special resolution:

Ordinary business

1. To receive the accounts for the year ended 30 June 2025 together with the reports of the directors and auditor thereon. **(Resolution 1)**

2. To approve the Directors Remuneration Report as set out on page 12. **(Resolution 2)**

3. To re-appoint Gordon Watt as Director, who retires but, being eligible, offers himself for re-election **(Resolution 3)**

4. To re-appoint Tim Williams as Director, who retires but, being eligible, offers himself for re-election **(Resolution 4)**

5. To re-appoint Sedulo Audit Limited as auditor of the Company and to authorise the directors to set their remuneration. **(Resolution 5)**

6. That, in substitution of any existing authority (passed in 2024) and for the purposes of section 551 of the Companies Act 2006 (the "Act"), the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot ordinary shares of 1 penny each in the share capital of the Company ("Ordinary Shares") or grant rights to subscribe for or to convert any security into Ordinary Shares ("Rights") up to an aggregate nominal value of £467,532 representing authority in respect of: (a) the grant of warrants to subscribe for 9,703,703 new Ordinary Shares as referred to in Note 18 of the Annual Report of the Company for the year ended 30 June 2025 ("Annual Report"); (b) the conversion of Convertible Unsecured Loan Stock (convertible into a maximum of 20,000,000 new Ordinary Shares) referred to in Note 16 of the Annual Report; (c) the grant of options to subscribe for 4,340,000 new Ordinary Shares, granted under the Company's share option scheme ("Share Option Scheme") on or prior to the date of this resolution, as referred to in Note 18 of the Annual Report; (d) the allotment of new Ordinary Shares or Rights, other than pursuant to paragraphs (a), (b) and (c) above, up to an aggregate nominal amount of £127,094.88 (representing approximately 35 per cent. of the issued share capital of the Company at the date of the notice of the meeting in which this resolution appears), provided that such authority (unless previously revoked, varied or extended by the Company in general meeting) will expire on the earlier of the fifth anniversary of the date of the passing of the Resolution and the end of the annual general meeting of the Company to be held in 2029, save that the Company may, before such expiry, make an offer or agreement which would, or might, require new Ordinary Shares or Rights to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority so conferred had not expired.
(Resolution 6)

To transact any other ordinary business

Special business

7. That, in substitution of any existing authority and subject to the passing of Resolution 6 set out above, the Directors be and are hereby empowered in accordance with section 570 of the Act until the earlier of the fifth anniversary of the date of the passing of this Resolution and the end of the general meeting of the Company to be held in 2030 (the “Period”) to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them by Resolution 7, as if section 561 (1) of the Act did not apply to such allotment, provided that the power conferred by this Resolution shall be limited to: (a) the grant of warrants to subscribe for 9,703,703 new Ordinary Shares as referred to in Note 18 of the Annual Report; (b) the conversion of the Convertible Unsecured Loan Stock (convertible into a maximum of 20,000,000 new Ordinary Shares) referred to in Note 16 of the Annual Report; (c) the grant of options to subscribe for 4,340,000 new Ordinary Shares, granted under the Company’s Share Option Scheme on or prior to the date of this resolution, as referred to in Note 18 of the Annual Report; and (d) the allotment of equity securities (within the meaning of Section 560 of the Act), other than pursuant to paragraphs (a), (b) and (c) above, up to an aggregate nominal amount of £127,094.88, save that this power shall allow the Company to make an offer or enter into an agreement before the expiry of the Period which would, or might, require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the power conferred hereby had not expired. **(Resolution 7)**

Serious loss of capital

To consider whether any, and if so what, steps should be taken to address the serious loss of capital within the Company, pursuant to section 656 (1) of the Companies Act 2006.

Registered Office
2a & 3 Crabtree Road
Forest Vale Industrial Estate
Cinderford
GL14 2YQ

By order of the Board

A Tombs
Secretary

Dated: 24 November 2025

Notes:

1. A member of the Company entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his/her behalf. A form of proxy for the use of members who are unable to attend the AGM in person is enclosed. A proxy need not be a member of the Company. This instrument appointing a proxy and the power of attorney (if any) under which it is signed, or a notarially certified copy of that power, must be deposited with the Company’s Registrars, Equiniti Limited (EQ), Aspect House, Spencer Road, Lancing, BN99 6DA, not less than 48 hours before the time of the AGM.

2. The completion of a proxy does not preclude a member from attending the AGM and voting in person.

3. As permitted by Regulation 41 of the Uncertified Securities Regulations 2001, only those shareholders who are registered on the Company’s Register of Members at 6.30pm on 16 December 2025 shall be entitled to attend the Annual General Meeting and to vote in respect of the number of ordinary shares in their names at that time. Changes to entries on the register of members after 6.30pm on 16 December 2025 shall be disregarded in determining the rights of any person to attend/or vote at the AGM.

4. Copies of all the Directors’ service contracts are available for inspection at the Company’s registered office during normal business hours on business days from the date of this notice until the close of the AGM and will be available for inspection at the place of the AGM for 15 minutes before the AGM and during the AGM.

5. CREST members who wish to appoint a proxy or proxies, or amend an instruction to a previously appointed proxy, through the CREST electronic proxy appointment service may do so for the AGM to be held at 11:30 A.M. on 18 December 2025 and any adjournment(s) thereof, by using the procedures described in the CREST manual (available via euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

6. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited (Euroclear)’s specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an instruction to a previously appointed proxy, must be transmitted so as to be received by the issuer’s agent (ID: RA19) by no later than 11:30 A.M. on 16 December 2025 (or no later than 48 hours before the time appointed for any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages.

   Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions.

   It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service provider(s) is/are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

   The company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Perivan.com
272445

PipeHawk plc
2a & 3 Crabtree Road
Forest Vale Industrial Estate
Cinderford
GL14 2YQ