

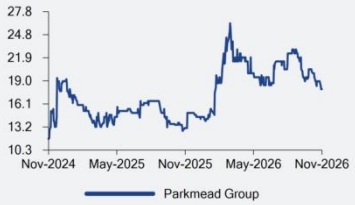
20 November 2026

Buy

Ticker	**PMG:AIM**
Oil & Gas	
Shares in issue (m)	109.3
Next results	H1 Dec
Price	**18.0p**
Target price	66.5p
Upside	269%
Enterprise value	**£1.7m**
Net cash/(debt)	£18.0m
Other EV adjustments	£0.0m
Market cap	**£19.7m**

What's changed?	From	To
Adjusted EPS	-	-3.0
Target price	66.5	n/c

Share price performance



%	1M	3M	12M
Actual	-12.2	-14.3	37.4

Company description

Parkmead offers a broad set of growth opportunities in natural gas and renewables

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Parkmead Group*

Cash-backed platform, delivery now in focus

Parkmead Group reported FY26 results that underline the strength of its cash-backed position while keeping the emphasis firmly on delivery. Revenue was £3.4m (FY25: £4.1m), gross profit was £0.8m (FY25: £1.9m) and year-end cash and term deposits were £16.1m (YE25: £13.2m). The Company's strong financial position and balanced asset base positions Parkmead well to capitalise on new activities and exploit new growth opportunities, including the commencement of a new drilling campaign in the Netherlands which is expected to significantly increase natural gas production.

— **Balance sheet strength:** Cash and term deposits increased 18% YoY to £16.1m (YE25: £13.2m), leaving Parkmead Group well funded. A further unconditional £3.9m payment remains due in February 2027 from Serica Energy as part of the divestment of Parkmead (E&P) Limited.

— **Dutch drilling remains key to increasing cash flow:** The outlook for the Drenthe V concession is particularly exciting with the JV spudding the GSB-02 well at the end of October. The well will target new gas reserves which are understood to be separate from, and therefore additional to, the rest of the field. First gas is expected in 2Q27. Elsewhere, following extensive subsurface work, two further prospects (Hilgert North and Hilgert South) have been identified on the Drenthe VI concession. At the Papekop field development, work is ongoing with detailed surface, well and pipeline work scheduled for 2027 with an expectation to submit field development plans in 2028.

— **Glenskinnan continues to advance:** The Company's strategic land at Pitreadie forms a central and core part of the potential Glenskinnan Renewable Energy Park. The current development concept at Glenskinnan is for 12-14 wind turbines with energy generating capacity of 98MW, with potential for a further 20MW solar PV array and a Battery Energy Storage System (BESS) of up to 30MW. Initial public consultations were completed in 2025 and over the coming months further consultations are scheduled before a Section 36 planning application is lodged with the Government.

— **Material UK upside remains free carried:** Parkmead retains exposure to contingent payments of up to £120m should Field Development Plan (FDP) approvals occur on the Skerryvore and Fynn Beauly UK offshore licences.

— **Near-term catalysts:** Near-term operational catalysts centre on its unhedged, cash-generative Dutch gas portfolio—highlighted by a late-2026 drilling campaign on the Drenthe V licence. Beyond immediate M&A potential as management looks to deploy its balance sheet into accretive UK renewables and international E&P assets, the shares carry substantial free-carry optionality via up to £120m in contingent milestone payments tied to FDP approval at the Skerryvore and Fynn Beauly UK offshore licences.

— **Strengthening European gas prices:** European gas prices have strengthened materially post period, with Dutch TTF rising from an average of c€47/MWh in June to c€85/MWh in November, as colder weather, lower-than-normal European storage levels and continuing geopolitical concerns over LNG supply have tightened the market. This provides a meaningful tailwind for Parkmead, whose Netherlands gas portfolio remains 100% unhedged and is therefore directly exposed to higher European gas prices.

Key estimates		2023A	2024A	2025A	2026A
Year end:		Jun	Jun	Jun	Jun
Revenue	£m	14.8	5.7	4.1	3.4
Adj EBITDA	£m	-21.5	2.4	-1.4	-0.3
Adj EBIT	£m	-22.2	1.4	-3.1	-2.0
Adj PBT	£m	-22.3	1.1	-3.2	-1.5
Adj EPS	p	3.0	4.5	6.7	-1.4
DPS	p	0.0	0.0	0.0	0.0
Key valuation metrics					
EV/sales	x	0.1	0.3	0.4	0.5
EV/EBIT (adj)	x	-0.1	1.2	-0.5	-0.8
P/E (adj)	x	6.0	4.0	2.7	-13.2
Dividend yield	%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-223.0%	-6.3%	-26.3%	-3.6%

Source: Cavendish estimates, Company data

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Income statement		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
Sales	£m	5.7	4.1	3.4
Gross profit	£m	4.5	3.6	2.5
EBITDA (adjusted)	£m	2.4	-1.4	-0.3
EBIT (adjusted)	**£m**	**1.4**	**-3.1**	**-2.0**
Associates/other	£m	0.0	0.0	0.0
Net interest	£m	-0.3	0.0	0.5
PBT (adjusted)	**£m**	**1.1**	**-3.2**	**-1.5**
Total adjustments	£m	0.0	10.6	0.0
PBT (reported)	£m	1.1	7.5	-1.5
Tax charge	£m	3.9	-0.1	0.0
Minorities/Disc ops	£m	0.0	0.0	0.0
Earnings (reported)	£m	4.9	7.4	-1.5
Earnings (adjusted)	**£m**	**4.9**	**7.4**	**-1.5**
EPS (basic)	p	4.5	6.7	-1.4
EPS (adjusted, fully diluted)	**p**	**4.5**	**6.7**	**-1.4**
DPS	**p**	**0.0**	**0.0**	**0.0**

Growth analysis		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
Sales growth	%	-61.3%	-29.1%	-16.6%
EBITDA growth	%	-111.2%	-159.6%	-78.8%
EBIT growth	%	-106.2%	-327.2%	-35.5%
PBT growth	%	-105.0%	-382.4%	-52.8%
EPS growth	%	50.4%	48.8%	-120.2%
DPS growth	%	n/m	n/m	n/m

Profitability analysis		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
Gross margin	%	78.4%	88.0%	73.2%
EBITDA margin	%	42.1%	-35.4%	-9.0%
EBIT margin	%	24.1%	-77.4%	-59.9%
PBT margin	%	19.5%	-77.8%	-44.1%
Net margin	%	86.4%	181.4%	-44.1%

Valuation analysis		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
EV/EBITDA (adjusted)	x	0.7	-1.2	-5.6
EV/EBIT (adjusted)	x	1.2	-0.5	-0.8
P/E (adjusted)	x	4.0	2.7	-13.2

Cash flow		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
EBITDA (adjusted)	£m	2.4	-1.4	-0.3
Net change in working capital	£m	-0.9	-4.8	-0.5
Other operating items	£m	0.0	3.7	0.0
Cash flow from op. activities	**£m**	**1.5**	**-2.6**	**-0.8**
Cash interest	£m	-0.1	0.1	0.3
Cash tax	£m	0.8	-2.2	0.0
Capex	£m	-0.6	-0.4	-0.3
Other items	£m	-2.8	0.0	0.0
Free cash flow	**£m**	**-1.2**	**-5.2**	**-0.7**
Acquisitions / disposals	£m	-0.5	7.3	3.1
Dividends	£m	0.0	0.0	0.0
Shares issued	£m	0.0	0.0	0.0
Other	£m	-0.3	2.4	-0.8
Net change in cash flow	**£m**	**-2.1**	**4.6**	**1.6**
Opening net cash (debt)	£m	13.7	11.8	16.4
Closing net cash (debt)	**£m**	**11.8**	**16.4**	**18.0**

Cash flow analysis		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
Cash conv'n (op cash / adj EBITDA)	%	61.7%	181.3%	265.8%
Cash conv'n (FCF / adj EBITDA)	%	-51.6%	359.9%	230.3%
U/lying FCF	£m	-1.2	-5.2	-0.7
Cash quality (u/l FCF / adj earn)	%	-25.2%	-70.2%	47.0%
Investment rate (capex / depn)	x	0.6	0.2	0.1
Interest cash cover	x	20.9	46.5	2.3
Dividend cash cover	x	n/m	n/m	n/m

Working capital analysis		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
Net working capital / sales	%	-4.3%	18.0%	81.2%
Net working capital / sales	days	-16	66	297
Inventory (days)	days	0	0	0
Receivables (days)	days	104	321	476
Payables (days)	days	120	255	180

Balance sheet			2024A	2025A	2026A
Year end:			Jun	Jun	Jun
Tangible fixed assets	£m		9.7	7.4	5.9
Goodwill & other intangibles	£m		3.6	4.7	1.2
Other non current assets	£m		0.0	0.0	2.4
Net working capital	£m		-0.2	0.7	2.7
Other assets	£m		2.9	3.1	4.9
Other liabilities	£m		-5.1	-2.8	-2.9
Gross cash & cash equivs	£m		9.5	13.2	11.3
Capital employed	**£m**		**20.3**	**26.4**	**25.5**
Gross debt	£m		0.7	0.0	0.6
Net pension liability	£m		0.0	0.0	0.0
Shareholders equity	£m		19.6	26.4	24.9
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	**£m**		**20.3**	**26.4**	**25.5**

Leverage analysis		2024A	2025A	2026A
Year end:		Jun	Jun	Jun
Net bank debt / equity	%	net cash	no debt	net cash
Net bank debt / EBITDA	x	net cash	n/a	n/a
Liabilities / capital employed	%	3.3%	0.0%	2.2%

Capital efficiency & intrinsic value			2024A	2025A	2026A
Year end:			Jun	Jun	Jun
Adjusted return on equity	%	24.3%	25.2%	27.8%	-6.0%
RoCE (EBIT basis, pre-tax)	%	-143.2%	6.8%	-11.9%	-7.9%
RoCE (u/lying FCF basis)	%	-282.6%	-6.1%	-19.5%	-2.7%
NAV per share	p	13.4	18.0	24.2	22.8
NTA per share	p	10.6	14.7	19.8	21.8

Source: Cavendish estimates, Company data

FY26 financial results

Group turnover for the year was £3.4m, compared with £4.1m in FY25, reflecting lower Dutch gas production due to natural decline and softer international market gas pricing. The average realised gas price in the period fell to €36.5/MWh (FY25: €40.1/MWh). Post year-end, gas prices have increased significantly to over €80/MWh in October 2026.

Electricity generation at Kempstone Hill increased to a new high of 3,005MWh (FY25: 2,717MWh), a 10.5% increase YoY, delivering growth in output for a third year in a row. Parkmead continues to pay down its small loan with Close Brothers and has extended this loan to make it available for renewable projects to 2032.

Group operating costs have been reduced to £2.8m (FY25: £3.5m) including £0.4 m of non-cash charge for share based payments.

Overall there was a small loss after tax of £1.49m (FY25: profit £7.35m) due to natural decline in production rates in the Netherlands and low gas prices in the period ahead of reinvestment through new drilling. This is equivalent to a loss per share of 1.36p/sh (FY25: earnings 6.73p/sh).

Cash and term deposits at 30 June 2026 stood at £16.1m, equivalent to c14.7p/sh, versus £13.7m at the prior year-end. Parkmead's cash will be further strengthened by the contractual £3.9m receipt due in February 2027 from Serica Energy.

Net assets at the end of the period were £25m (FY25: £26.4m), equivalent to 23p/sh, with total assets of £30.1m, equivalent to 28p/sh.

Figure 1: Parkmead FY25 vs FY26 comparison

June yr end		2025A	2026A	% Chg y/y
Revenue	£'000	4,053	3,379	-17%
Gross Profit	£'000	1,866	752	-60%
Operating Profit	£'000	7,497	(2,024)	-127%
PBT	£'000	7,481	(1,489)	-120%
PAT	£'000	7,354	(1,489)	-120%
EPS	GBpence	6.73	1.36	-80%
Net Assets	£'000	26,433	24,944	-6%
Total Assets	£'000	32,103	30,084	-6%
CFFO	£'000	(838)	(2,580)	208%
Period End Cash and Term Deposits	£'000	13,683	16,132	18%
Period End Debt	£'000	-	(555)	N/A
Net Cash/Debt	£'000	13,683	15,577	14%

Source: Company data

Operational update

Netherlands gas – moving from decline management to investment

Parkmead's portfolio of onshore natural gas fields in the Netherlands has continued to perform in-line with expectation. Gross production across the portfolio was 1,600boepd.

On the Drenthe V concession, the JV committed to a new well at the Geesburg gas field. The well, GSB-02 was spudded in October 2026, with first gas expected in 2Q27.

The outlook for the Drenthe VI concession is also exciting, with attractive prospects being analysed at Hilgert North and Hilgert South. Both of these targets overlap on the Drenthe VI and neighbouring concessions and hence will require unitisation in due course.

At the Papekop field, work is ongoing with detailed surface, well and pipeline work scheduled for 2027 with an expectation to submit development plans in 2028.

Glenskinnan – planning submission is the next de-risking step

Parkmead Group's land at Pitreadie is a central component of the proposed Glenskinnan Renewable Energy Park. The project concept combines up to 98MW of wind generation across 12-14 turbines, alongside 20MW of solar capacity and 30MW of battery storage. The scale and integrated nature of the project make the planning application the most important near-term value milestone.

Initial public consultations were completed in 2025 and over the coming months further consultations are scheduled before a Section 36 planning application is lodged with the Government.

Kempstone Hill – a visible renewables contribution

Parkmead's 100% owned and operated wind farm at Kempstone Hill has continued to perform strongly during the year, generating 3,005MWh (FY25: 2,717MWh) of electricity. Excellent uptime has been achieved, allowing for more power to be generated in the period, with average operational uptime of 95% during the year.

Following the year-end, the Parkmead team successfully negotiated a new Power Purchase Agreement (PPA) covering Kempstone for the 12-month period ending 30 September 2027 at a much-increased average export price of £100.27/MWh (previously £87.62/MWh).

Sale proceeds and retained UK upside

The disposal of Parkmead E&P delivered £14.3m of firm consideration, comprising £7.3m on completion, £3.1m in February 2026 and a final unconditional £3.9m due in February 2027. This contracted receivable adds further support to an already strong liquidity position.

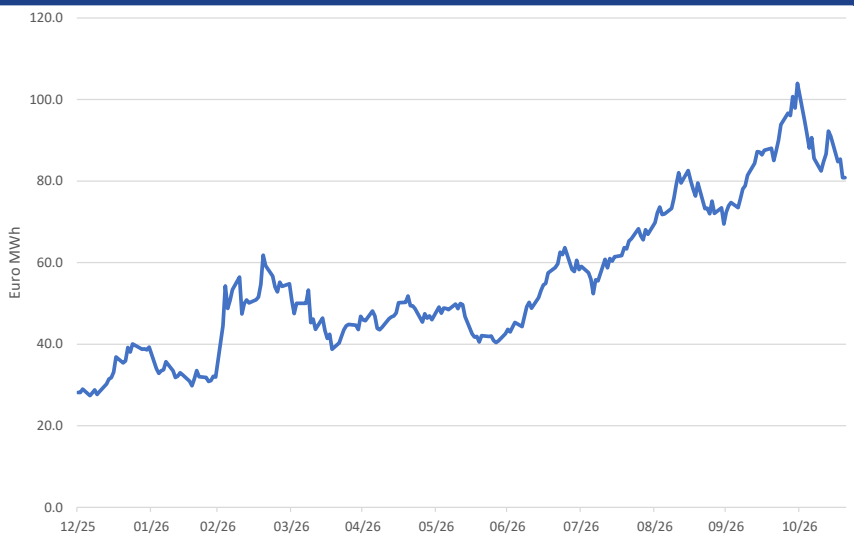
Parkmead Group also retains the right to contingent consideration of up to £120m following approval of field development plans at Skerryvore and Fynn Beauly. The payments are calculated at £0.80/bbl of net 2P reserves included in the relevant development plan, capped at £30m for Skerryvore and £90m for Fynn Beauly.

The structure leaves Parkmead Group exposed to development success without carrying future licence expenditure. The timing and probability of receipt remain uncertain, but the potential proceeds are highly material relative to the Group's current operating scale.

Rising natural gas prices provide tailwind

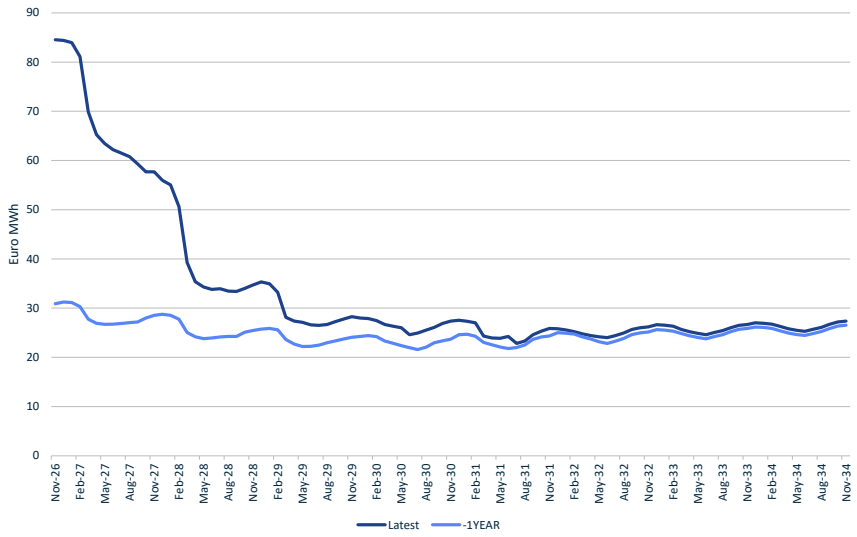
European gas prices have strengthened materially since the end of June, with Dutch TTF rising from an average of c.€47/MWh in June to c.€85/MWh in November, an increase of approximately 80%, as colder weather, lower-than-normal European storage levels, periods of weak renewable generation and continuing geopolitical concerns over LNG supply have tightened the market. This provides a meaningful tailwind for Parkmead, whose Netherlands gas portfolio remains 100% unhedged and is therefore directly exposed to higher European gas prices. With Dutch production providing existing cash flow and further drilling opportunities being progressed at Drenthe VI and Geesbrug, the sharp increase in TTF since June should feed through into materially stronger realised pricing, revenue and operating cash generation, while also improving the economics and value of incremental production from the portfolio.

Figure 2: Dutch natural gas prices (YTD)



Source: FactSet

Figure 3: Dutch TTF forward prices (latest vs 1 year ago)



Source: FactSet

Investment conclusion

Parkmead Group's attraction lies in the asymmetry created by a cash-rich balance sheet and a portfolio of funded or free-carried options. The retained Dutch and renewables assets provide an operating platform, while the February 2027 receivable and contingent UK consideration offer additional routes to value. The principal challenge remains execution: natural decline must be countered by successful drilling, Glenskinnan must progress through planning and surplus capital must be deployed with discipline.

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Sell	0	0.0%	1	0.5%
Under Review	0	0.0%	1	0.5%
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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Parkmead Group	2,6,8,9,10,11	27 March 26	Buy	21.5p	66.5p

Source: Cavendish

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