



27 March 2026

Buy

Ticker **PMG:AIM**

Oil & Gas

Shares in issue (m) 109.3
Next results FY Jun

Price **24.0p**

Target price 66.5p
Upside 177%

Enterprise value **£10.1m**

Net cash/(debt) £16.1m

Other EV adjustments £0.0m

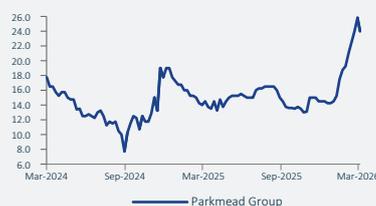
Market cap **£26.2m**

What's changed? **From To**

Adjusted EPS - n/c

Target price 66.5p n/c

Share price performance



%	1M	3M	12M
Actual	17.1	65.5	81.1

Company description

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

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Parkmead Group*

Cashed up, with multiple growth catalysts

With current cash and term deposits of £16.1m (14.7p/sh), Parkmead is well positioned to take advantage of organic drilling in the Netherlands and to significantly advance its renewable energy portfolio. The year-ahead is expected to see multiple growth catalysts, including the receipt of the £3.9m (3.4p/sh) deferred payment from Serica in February 2027, the anticipated drilling of the Skerryvore prospect by Serica and the submission of a planning application at the Glenskinnan Renewable Energy Park. The Board continues to review accretive acquisition targets that have the potential to add significant cashflow or where Parkmead can create value by leveraging its in-house expertise.

— **Maintaining a strong balance sheet:** During 1H26, the Group generated revenue of £1.5m (1H25: £2.1m), which included £1.3m (1H25: £0.3m) from Parkmead's Netherlands gas portfolio and £0.2m from Parkmead's owned and operated Kempstone Hill Wind Farm (1H25: £0.3m). Overall, cost of sales was £1.8m (1H25: £0.9m), with higher non-cash depletion charges being assumed for the Netherlands assets. Parkmead continues to maintain a strong balance sheet with net assets at the end of 1H26 of £26.1m. Cash and cash equivalents at the end of the period were £8.9m (8.2p/sh), with a further £4m on term deposits (3.7p/sh). Post period end, the Company received the second deferred payment from the sale of Parkmead (E&P) Ltd, leading to current cash and term deposits of £16.1m (14.7/sh).

A third deferred payment of £3.9m (3.4p/sh) from the sale of Parkmead (E&P) Ltd is due in February 2027. Two further contingent payments of up to £30m (27.4p/sh) and £90m (82.3p/sh) are conditional on future field development approvals on the Skerryvore and Fynn Beaully licences, respectively, providing the Company with the potential to realise significant additional upside in the future – all without any shareholder dilution and all at zero cost to Parkmead.

— **Operational review:** Good progress continues to be made across Parkmead's renewable energy portfolio. The Company's strategic land at Pitreadie forms a central part of the Glenskinnan Renewable Energy Park. An additional round of public consultations is scheduled for the coming months, ahead of a submission of a planning application to the Scottish Government during 2026.

Parkmead's Netherlands natural gas portfolio continued to perform in line with expectations in 1H26, with net production of 143boepd (1H25: 181boepd). The outlook for the portfolio is exciting, with a number of highly attractive drilling targets being actively progressed. The Drenthe VI concession contains two low cost, high return exploration prospects which are currently being progressed through the permitting and well design processes. At Geesbrug, an infill well is scheduled to be drilled in 2026, which will add further diversification to Parkmead's production. Parkmead remains unhedged, and so remains fully exposed to the upside from the recent increase in European gas prices (86% increase YTD, current price of €55/MWh).

— **Potential UK fiscal reforms a positive for Parkmead:** Parkmead is in the enviable position to benefit from both angles in the UK energy debate. With growing exposure to the UK renewables market, it is set to benefit from any additional green measures implemented, while any changes to the upstream O&G fiscal regime will substantially de-risk the aforementioned contingent payments of up to £120m.

Key estimates		2021A	2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun	Jun
Revenue	£m	3.6	12.1	14.8	5.7	4.1
Adj EBITDA	£m	-0.9	8.2	-21.5	2.4	-1.4
Adj EBIT	£m	-1.5	7.5	-22.2	1.4	-3.1
Adj PBT	£m	-2.6	6.3	-22.3	1.1	-3.2
Adj EPS	p	-2.2	1.2	3.0	4.5	6.7
DPS	p	0.00	0.00	0.00	0.00	0.00

Key valuation metrics		2021A	2022A	2023A	2024A	2025A
EV/sales	x	2.8	0.8	0.7	1.8	2.5
EV/EBIT (adj)	x	-6.6	1.4	-0.5	7.3	-3.3
P/E (adj)	x	-10.8	20.5	8.0	5.3	3.6
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-7.6%	-3.4%	-41.6%	-4.6%	-10.9%

Cashed up, with multiple growth catalysts

Income statement		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Sales	£m	12.1	14.8	5.7	4.1
Gross profit	£m	11.6	13.3	4.5	3.6
EBITDA (adjusted)	£m	8.2	-21.5	2.4	-1.4
EBIT (adjusted)	£m	7.5	-22.2	1.4	-3.1
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	-1.2	-0.1	-0.3	-0.1
PBT (adjusted)	£m	6.3	-22.3	1.1	-3.2
Total adjustments	£m	-2.3	-13.0	-0.0	10.6
PBT (reported)	£m	4.0	-35.3	1.1	7.5
Tax charge	£m	-4.8	-7.0	3.9	-0.1
Minorities/Disc ops	£m	0.0	0.0	0.0	0.0
Earnings (reported)	£m	-0.8	-42.3	4.9	7.3
Earnings (adjusted)	£m	1.4	3.6	4.9	7.3
EPS (basic)	p	-0.74	-38.7	4.5	6.7
EPS (adjusted, fully diluted)	p	1.2	3.0	4.5	6.7
DPS	p	0.00	0.00	0.00	0.00

Cash flow		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
EBITDA (adjusted)	£m	8.2	-21.5	2.4	-1.4
Net change in working capital	£m	-0.6	0.0	-0.9	-4.8
Other operating items	£m	0.4	32.9	-0.0	5.9
Cash flow from op. activities	£m	8.0	11.4	1.5	-0.3
Cash interest	£m	0.0	0.1	-0.1	0.1
Cash tax	£m	-3.5	-4.9	0.8	-2.2
Capex	£m	-3.8	-0.5	-0.6	-0.4
Other items	£m	-1.7	-17.0	-2.8	-0.0
Free cash flow	£m	-0.9	-10.9	-1.2	-2.9
Acquisitions / disposals	£m				
Dividends	£m				
Shares issued	£m	0.0	0.0	0.0	0.0
Other	£m	-0.1	-0.4	-0.3	-0.7
Net change in cash flow	£m	-0.1	-11.7	-2.1	3.8
Opening net cash (debt)	£m	25.8	25.2	13.7	11.8
Closing net cash (debt)	£m	25.2	13.7	11.8	15.9

Balance sheet		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Tangible fixed assets	£m	22.5	10.1	9.7	7.8
Goodwill & other intangibles	£m	35.4	3.1	3.6	4.7
Other non current assets	£m	3.1	0.0	0.0	0.0
Net working capital	£m	-20.7	-1.6	-0.2	0.7
Other assets	£m	0.0	2.9	2.9	3.1
Other liabilities	£m	-5.6	-10.5	-5.1	-2.6
Gross cash & cash equivs	£m	23.3	11.6	9.5	13.2
Capital employed	£m	57.9	15.5	20.3	27.0
Gross debt	£m	0.9	0.9	0.7	0.0
Net pension liability	£m	0.0	0.0	0.0	0.0
Shareholders equity	£m	57.0	14.7	19.6	27.0
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	£m	57.9	15.5	20.3	27.0

Growth analysis		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Sales growth	%	236.1%	21.8%	-61.3%	-29.1%
EBITDA growth	%	n/m	-361.5%	111.2%	-157.8%
EBIT growth	%	592.2%	-396.4%	106.2%	-324.1%
PBT growth	%	342.2%	-456.6%	105.0%	-383.2%
EPS growth	%	152.6%	156.4%	50.4%	48.6%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Gross margin	%	95.4%	89.7%	78.4%	88.0%
EBITDA margin	%	67.8%	-145.6%	42.1%	-34.3%
EBIT margin	%	61.8%	-150.5%	24.1%	-76.3%
PBT margin	%	51.6%	-151.0%	19.5%	-78.0%
Net margin	%	11.5%	24.1%	86.4%	181.2%

Valuation analysis		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
EV/EBITDA (adjusted)	x	1.2	-0.5	4.2	-7.3
EV/EBIT (adjusted)	x	1.4	-0.5	7.3	-3.3
P/E (adjusted)	x	20.5	8.0	5.3	3.6

Cash flow analysis		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Cash conv'n (op cash / adj EBITDA)	%	97.7%	n/m	63.0%	n/m
Cash conv'n (FCF / adj EBITDA)	%	-10.9%	50.7%	-50.4%	206.1%
U/lying FCF	£m	2.2	-11.1	-1.6	-4.2
Cash quality (u/l FCF / adj earn)	%	155.6%	-311.7%	-33.1%	-57.4%
Investment rate (capex / depn)	x	5.2	0.7	0.6	0.2
Interest cash cover	x	n/a	n/a	21.4	net cash
Dividend cash cover	x	n/a	n/a	n/a	n/a

Working capital analysis		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Net working capital / sales	%	-170.8%	-11.0%	-4.3%	17.6%
Net working capital / sales	days	-623	-40	-16	64
Inventory (days)	days	1	0	0	0
Receivables (days)	days	61	23	104	321
Payables (days)	days	685	64	120	257

Leverage analysis		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Net bank debt / equity	%	net cash	net cash	net cash	no debt
Net bank debt / EBITDA	x	net cash	n/a	net cash	n/a
Liabilities / capital employed	%	1.6%	5.5%	3.3%	0.0%

Capital efficiency & intrinsic value		2022A	2023A	2024A	2025A
Year end:		Jun	Jun	Jun	Jun
Adjusted return on equity	%	2.4%	24.3%	25.2%	27.2%
RoCE (EBIT basis, pre-tax)	%	12.9%	-143.2%	6.8%	-11.5%
RoCE (u/lying FCF basis)	%	3.7%	-71.6%	-8.1%	-15.6%
NAV per share	p	52.2	13.4	18.0	24.7
NTA per share	p	19.7	10.6	14.7	20.4

Financial update

Revenue in 1H26 was £1.5m, a c29% reduction YoY (1H25: £2.1m). The decrease in revenue YoY reflected lower production and lower realised gas prices. Realised gas prices averaged €32.1/MWh during the period, compared with €38.16/MWh in 1H25. Post period end, the TTF benchmark price has risen by c86% YTD, driven by the military conflict in the Middle East.

Cost of sales increased to £1.8m in 1H26 (1H25: £0.9m), with higher non-cash depletion charges being assumed for the Netherlands assets.

During the period, the Group recognised several additional non-cash charges and credits, contributing to an operating loss for the period of £1.2m (1H25: £1.0m) and cash outflow used in operations of £1.0m (1H25: £2.3m). Overall, the Group generated an accounting loss of £0.9m for the period (1H25: £1.2m).

Parkmead continues to maintain a strong balance sheet with net assets of £26.1m (1H25: £27m). Cash and cash equivalents at 31 December 2025 were £8.9m (30 June 2025: £13.2m), with a further £4m on short-term deposits. Post period end, the Company received the second deferred payment from the sale of Parkmead (E&P) Ltd, taking current cash and term deposits up to c£16.1m.

Operational update

Netherlands Gas

Net production during 1H26 was 143boepd, in line with expectations, and a 21% YoY decrease (1H25: 181boepd), with the reduction from the prior period due to natural decline. The outlook for the Dutch gas portfolio sees a number of organic highly attractive drilling targets being actively progressed. The Drenthe VI concession contains two low cost, high return exploration prospects that are currently being progressed through the permitting and well design processes. At Drenthe V plans are underway for the GSB-02 well, which is slated to be drilled next year. This well is targeting new gas reserves, believed to be disconnected to existing production. Recent technical work suggests 157 bcf of remaining in-place gas at Geesbrug and Geesbrug-02.

The late life Grolloo field has ceased production due the host facilities reaching the end of life. Work continues on the Brakel field to assess the potential to restart production or for further infill drilling on the Andel Va licence.

Renewables

Against a backdrop of fiscal and environmental uncertainty in the UK, Parkmead's strategy of diversifying its asset base has proven to be an important move. Renewables have grown to become a more substantial part of the overall revenue, growing to 13% in 1H26.

The Kempstone Hill wind farm continued to perform strongly during 1H26, generating electricity sales of £0.2m. Uptime decreased temporarily to 91% (1H25: 99%) in the period primarily due to planned strategic maintenance on Turbine 3, which was performed during the low season.

The Company's strategic land at Pitreadie forms a central and core part of the Glenskinnan Renewable Energy Park. Parkmead is working closely with its partner, Galileo Empower, to progress the physical and commercial plans. This vision includes 14 wind turbines with energy-generating capacity of 98MW, 20MW of solar photovoltaics and 30MW of battery energy storage. These three projects form the Glenskinnan Renewable Energy Park. An initial public consultation was completed in 2025, with an additional round of public consultation planned during 2026. The project is closely aligned to the UK Government's Clean Power 2030 Action Plan, which may should accelerate the review of the Section 36 planning application to the Scottish Government, which is intended to be submitted in 2026.

UK fiscal changes could be positive for Parkmead

The UK Government is considering reform to the UK's energy fiscal regime in an attempt to bring both the certainty and predictability required for the long-term investment in the UKCS. For Parkmead, this would potentially help derisk the Skerryvore and Fynn Beaully projects, thereby increasing the likelihood of the up to £120m in contingent payments.

As a reminder, earlier in 2025, Parkmead completed the successful sale of one of the Group's subsidiaries, which held operated interests in two non-producing offshore UK licences. This divestment brought £14m of firm cash into Parkmead, £10.1m of which has been received to date and the remaining £3.9m is contracted to be received in February 2027. In addition, Parkmead may potentially receive up to a further £120m in contingent cash payments in the event of future field development plans being approved.

- An initial payment of £7.3m, was paid on completion of the sale.
- A deferred payment of £3.1m was made in February 2026.
- A further deferred payment of £3.9m is due in February 2027. This payment is firm and not subject to any conditions.
- Two contingent payments, payable upon receipt by Serica of approval by the North Sea Transition Authority (NSTA) for any field development plan (FDP) relating to any development within the area of licence P2400 (containing the Skerryvore prospect) any development within the area of licence P2634 (containing the Fynn Beaully oil discovery). These payments are to be calculated based on £0.8/bbl of the 2P reserves contained within the respective FDP net to the Subsidiary's current 50% working interest in each licence, subject to caps of £30m (in relation to licence P2400) and £90m (in relation to licence P2634).

At Skerryvore, the licence conditions include the drilling of an exploration well before 31 March 2027.

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Definition of research recommendations

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BUY is an expected return greater than 10%

HOLD is an expected return -10% - +10%

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UNDER REVIEW: recommendation and/or forecasts are under review pending further clarity as to the company's financial and/or operational position

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Sell	0	0.0%	2	1.1%
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Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
Parkmead Group	2,6,8,9,10,11	26 March 26	Buy	24.0p	66.5p

Source: Cavendish

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