Tan Delta Systems plc.

Annual Report & Financial Statements

for the year ended 31 December 2024

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DIRECTORS, REGISTERED OFFICE AND ADVISERS

Directors	**S R Tucker** (Non-Independent Non-Executive Chairman) **C J Greenwood** (Chief Executive Officer) **T J Croston** (Independent Non-Executive Director) **J Alvarez** (Independent Non-Executive Director) **J Higginbottom** (Chief Financial and Operations Officer) joined 5th July 2024 **S D Johnson** (Chief Financial Officer) resigned 4th July 2024
Company secretary	**J Higginbottom**
Registration number	06362470
Registered office	1 Carrera Court Dinnington Sheffield S25 2RG
Website	www.tandeltasystems.com
Adviser and Broker	**Zeus Capital Limited** 125 Old Broad Street London EC2N 1AR
Legal advisers	**Shoosmiths LLP** No.1 Bow Churchyard London EC4M 9DQ
Auditors	**HaysMac LLP** 10 Queen Street Place London EC4R 1AG

ABOUT TAN DELTA SYSTEMS plc.

Tan Delta Systems plc provides intelligent equipment monitoring systems that enable operators of all types of commercial and industrial equipment that rely on industrial oils to operate more efficiently, cost effectively and with a reduced carbon footprint.

Our solutions are powered by our proprietary real time oil analysis and analytics sensors which are able to analyse oil at a molecular level and provide data and insight that informs the operator about the operating and maintenance health of the host equipment.

Our customers range across all market application segments from marine and mining to power generation and manufacturing. Customers vary from a single farm using a bio-gas powered generator to generate heat and power, to multi-national mining or oil and gas companies with fleets of assets, each of which can contain multiple engines, hydraulic systems and gearboxes.

Power Generation: *ROI for both gas and diesel engines is generally less than 6 months.*

Commercial Mining: *Up to 6 sensors can be fitted onto a typical large off highway vehicle.*

Industrial: *Large industrial gearboxes can be prone to contamination and early failure.*

Marine: *Having accurate real time data is essential for self-sufficient maintenance on vessel.*

CHIEF EXECUTIVE OFFICER'S STATEMENT

Introduction

2024 was a year of strategic groundwork for Tan Delta. Revenue did not meet our initial growth expectations, down 16% to £1.22million (2023: £1.46 million). This variance was driven primarily by the extended timelines required to mature high-value customer opportunities, reflecting both the complexity and potential scale of our pipeline. We now have over 20 active trials and a commercial pipeline exceeding £35 million, a tenfold increase from the end of 2023. Our challenge has not been a lack of opportunity - in fact, the scale and quality of engagements in our pipeline continue to grow. Conversion of trials to order and the time that takes has been frustrating at times and we have taken numerous steps in our customer engagement processes to standardise our approach to planning and executing trials to address this from which we are already seeing very early positive signs. Much of this is linked to the larger size and scale opportunities now being seen. The key is strategic focus: prioritising the right opportunities where our technology can deliver the greatest impact and applying greater commercial discipline to accelerate conversion. Throughout 2024, we refined our sales processes to sharpen this focus, aligning more closely around defined success criteria and ROI delivery. These steps are already improving visibility into near-term revenue potential, while building a stronger foundation for long-term scalability.

We expanded our production and supply chain capacity to support a fivefold increase in output, appointed a dedicated production manager, and made key hires across engineering, quality, and operations. A dedicated salesperson in the Middle East was recruited in the first half of the year. This will better enable us to respond as trial projects mature into scaled rollouts. Commercially, we signed two new distribution agreements in the Middle East and grew our regional pipeline from zero to over £14 million. We also deepened traction with OEMs, now working in active collaboration with four of the world's seven major engine manufacturers. These partnerships, alongside our increased focus on pilot program success criteria and ROI delivery, are strengthening our path to scaled adoption.

Tan Delta's mission and unique value proposition remains clear: To deploy our unique oil sensing technology and related analytics which has been independently and practically proven to deliver unparalleled sensitivity, accuracy and actionable insight enabling an increasingly diverse global market to reduce their total cost of ownership of critical assets through the safe reduction in oil usage and maintenance costs whilst the continuous real time monitoring prevents unplanned downtime and unnecessary breakdowns. All of which has a positive impact on the environment through a reduced carbon footprint.

Financial Summary

Revenue for the year ended 31 December 2024 was lower than the prior year at £1.22 million (2023: £1.46 million). Our pipeline continues to grow, and we are expecting conversions to flow naturally from that growth through a more normalised sales cycle. To build customer confidence, we have conducted multiple trials of our technology, many of which have exceeded expectations in terms of performance and insights gained. However, often these trials evolve becoming more extensive than anticipated resulting in extended timelines as customers consider the application and benefits of our systems across their equipment portfolio.

A prior year adjustment was made to the financial statements to correct an over expense to the share option reserve in the previous year. A reconciliation of this adjustment can be found in Note 24.

Gross profit margin of 62% was achieved (2023: 60%), which is in line with our expectations with the improvement primarily due to the specific mix of products sold. We anticipate being able to sustain this level of margin. Our product delivers excellent value and payback to our customers, which in turn means that we believe our product can sustain price increases in line with inflation.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Financial Summary continued

Overheads increased on the prior year, slowly growing resources commensurate with customer and product development activity. Investing wisely ensures we can support business opportunities until conversion and the associated cash generation - whereupon we will permit further growth for the next phase of growth.

At the end of the year, cash and cash equivalents stood at £3.08 million (£4.55 million in 2023). Inventory increased by £0.37million during the year to £0.73million as we increased production to meet expected increases in sales. This increase in inventory provides the ability to deliver against increased customer demand alongside scaling manufacturing volumes to align not only with our revenue goals, but with our confidence of conversion of our rapidly growing sales pipeline.

Operations Summary

In terms of operations our target for this year was to rationalise and simplify our supply chain and associated systems and to further enhance our customer support function to continually improve the assistance given to existing and potential customers.

Our systems are in the process of being upgraded to enable us to react to future demand and provide a seamless interface for our customers, and we have also appointed a new quality manager.

We invested in product development primarily around our integral data analytics and online platform to deliver simpler, more meaningful insights, as well as enhancing our solutions to make sure that they are easy to install and integrate ensuring that we maintain our market leading sensor and associated product portfolio. As part of this we have appointed a new hardware engineer and technical author.

We have also bolstered our operations team by recruitment in the key areas of production and logistics to enable us to quickly react to the expected increases in demand. Other key hires include a new Chief Finance Officer/Chief Operating Officer who brings a wealth of both financial and operational experience, focusing mainly on our day-to-day operations to free up time for critical business development activities whilst retaining financial oversight.

Sales and Marketing

We have seen growing traction in the market, with opportunities and sales during the period spanning several regions and sectors. Around 75% of commercial sales to date have been concentrated in the power generation, industrial equipment and mining sectors with early adoption also emerging in marine, O&G and rail.

Geographically, our solutions are now in use across the UK, Europe, North & South America, Asia and the Middle East, validating the global applicability of our technology. While revenue during the period was below expectations, driven primarily by longer-than-anticipated trial-to-conversion cycles, our commercial momentum continues to build. Our active sales pipeline has grown significantly from £2.5 million at the end of 2023 to over £35 million driven by increased demand for predictive maintenance and sustainability-led asset monitoring. The pipeline is well diversified: over 60% relates to the power generation and equipment rental sectors, with the remainder split across marine, oil & gas, logistics, water utilities, and OEM partnerships.

Whilst the continued growth in pipeline has been encouraging the actual revenue of £1.22 million was lower than previous year. Conversion of this pipeline is now almost exclusively dependent on customer trials whilst as a board we are constantly exploring ways to circumvent this, currently we have to accept that trials are necessary for all significant opportunities and need to be factored into the timeline for conversion.

We currently have over 20 active trials, including engagements with a global logistics firm monitoring tens of thousands of assets, two Middle East rental companies (each with over 2,000 fleet assets), and a UK utility trial

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Sales and Marketing continued

monitoring critical gearboxes with potential to scale. Additionally, we are collaborating with several major engine OEMs on multiple projects across marine and power generation applications. These trials typically follow a 6-month to 18-month cycle from initial commercial discussions to installation and conversion, depending on the complexity of integration, length of trial required and the required ROI demonstration.

A key driver of purchasing decisions across segments remains our proven ability to reduce operational costs and unplanned downtime. In one example, our solution demonstrated potential savings exceeding $3,500 per asset per year, a compelling figure for fleet-based operators. Post-period end, we initiated integration discussions with three of the world's largest asset monitoring solution providers, which could enable significant scale and new market access through established ecosystems.

As our pipeline continues to expand, we are evolving our go-to-market strategy. We have deliberately narrowed our focus to a few high-potential market segments, where we are aligning sales, marketing, and product efforts. This approach is designed to drive deeper market penetration, improve brand awareness, and more effectively educate customers on the distinct ROI and reliability advantages of our sensor technology. To support this focus, we have engaged a new marketing agency to help refine our positioning and outreach. Upcoming activities include launching a refreshed website and customer portal, releasing new customer-endorsed case studies, coordinating social media campaigns, and presenting white papers at leading industry events in the UK, North America, and Europe. These efforts are designed to support the conversion of our growing pipeline into repeatable and scalable revenue.

Products

We have continued product development targeted at ensuring that our products are easier to install and commission. Beyond hardware, we are advancing into value-added services by leveraging the vast amount of real-time data our sensors generate. Through our newly developed advanced AI analytics, predictive maintenance capabilities, and a cloud-based platform, we aim to enable the transition from a sensor provider to a data-driven solutions business. This strategic shift enables us to offer enhanced operational insights to customers, driving efficiency, reducing downtime, and unlocking recurring revenue streams through subscription-based services. We have delivered an architecture which allows the flexible deployment of our analytics so that our solution can easily adapt to any current customer ecosystem or IT security demands. Customer demand for this type of solution is growing and allows us to become a Key Strategic Partner to our customers.

We are progressing well with the development of a new sensor for water-based fluids such as coolant, driven by demand from a major engine OEM who has co-funded the project. This product deepens our value in the engine market segment and once validated, will form part of a multi-sensor solution on each asset. Launch is targeted for Q2 2025.

During last year we also tasked TUV (a global organisation that offers solutions for quality, safety and sustainability) with undertaking a series of independent tests to verify the performance of our sensors when looking at overall oil degradation, particulate contamination and fuel dilution. This was successfully concluded with TUV producing both a summary and detailed test report, with an overall conclusion reached by TUV, *"During wear metal sensitivity, fuel dilution and end of life tracking testing, the Tan Delta OQSxG2 oil quality sensor was shown to be a very precise and repeatable instrument"*.

Market and Outlook

Our core sensing technology and analytics continue to be the gold standard for innovative predictive maintenance, based on real-time oil condition, this combined with the fact that all equipment operators want to get more from their

CHIEF EXECUTIVE OFFICER'S STATEMENT continued

Market and Outlook continued

assets for less, puts us in a unique position to disrupt the various huge global industrial and commercial markets who can directly benefit from this approach. This is further evidenced by the continued growth in our pipeline, the sheer number of active trials underway (many nearing completion) and the growing number of strategic engagements we have with global OEMs. We remain focused on conversion of the large opportunities and work on these in early 2025 has been continuing.

Summary

In final summary, as always, I would like to convey my very sincere thanks to all of our stakeholders, in particular our excellent staff, our shareholders, our board and key suppliers. Without their continued support, dedication and patience we would not have the opportunity to continue our journey towards sustainable growth and realisation of commercial success.

Chris Greenwood
Chief Executive Officer
9 May 2025

STRATEGIC REPORT

The directors present their strategic report for the year ending 31 December 2024.

BUSINESS REVIEW

The principal activity of Tan Delta is the development and supply of oil condition monitoring equipment into a diverse range of global market delivering services that enable operators of rotating equipment, from trucks and ships to generators and wind turbines, to reduce oil consumption, maintenance costs, breakdowns and carbon footprint.

The Key Performance Indicators (KPIs) used by the board to monitor performance are revenue growth, gross profit margin, adjusted profit margin and cash conversion. These measures are in line with the Company's strategic objectives of delivering profitable growth which in turn drive shareholder value.

MARKET REVIEW

The addressable market for Oil Condition Monitoring Equipment is significant. We estimate that there are millions of assets with moving parts (rotating equipment) worldwide, from trucks or ships to generators or wind turbines. The desire of equipment operators to achieve greater reliability, operating cost reduction and efficiency has created a $200 billion global sensor market which is anticipated to reach approximately $500 billion by 2032 with an expected Compound Annual Growth Rate (CAGR) of 8.4% from 2023 to 2032.

Tan Delta has strategically targeted key sectors, including Power Generation, Mining, Commercial Marine, Agriculture, and Transportation. Our product offering is continuously refined to address the specific needs and challenges of these markets, delivering clear and compelling value propositions that drive the adoption of our sensing technology.

Section 172 and Stakeholder Engagement

Ensuring meaningful engagement with stakeholders is crucial for our achievements, enabling the Board and management to enhance decision-making. The Board acknowledges its duty to comprehend and weigh stakeholder perspectives in its decision-making framework, steadfast in cultivating productive business connections. Tan Delta's strategy regarding stakeholder engagement and our Section 172 Statement can be found on page 13.

FINANCIAL REVIEW

Whilst revenue for the year fell by 16% (2024: £1.22 million, 2023: £1.46 million), the Company saw a significant improvement in convertible pipeline opportunities. Although conversion in 2024 was lower than anticipated the opportunities still exist and we remain focused on order acquisition in 2025.

Revenues

Revenue in the year was generated by sales of oil condition monitoring equipment from a wide range of customers and sectors.

We saw a decrease in revenue achieved in the UK due to a slower than expected roll out with a number of customers. Europe and Rest of the World revenue was consistent with 2023, although many of the higher value opportunities are in the Middle East.

STRATEGIC REPORT continued

FINANCIAL REVIEW continued

Gross profit

Gross profit margin improved from 60% in 2023 to 62%, whilst ensuring that our product offering has an attractive return for our customers. Inflation on supply was reduced compared to previous years, any future cost pressure can be passed on through pricing and mitigated by good supply chain management.

Operating expenses

Operating expenses grew as we deployed the capital raised at the prior year IPO into sales, marketing, and product development teams. There have also been incremental costs as a full year of additional costs related to the listing have been incurred. We have grown the team in order to support our growth strategy and in line with our plans. We have continued to invest in growing the Company's sales and marketing activities alongside developing our product offering.

Adjusted loss/profit before tax

Loss before tax was £1.17 million in 2024 (2023: £1.05 million adjusted loss before tax). During the year, operating expenses increased because of investments in sales, marketing, and product development alongside incremental costs of being a plc. Prior year costs included £0.7million of IPO costs whereas in the current year there are no IPO costs.

Finance income and expenses

Cash reserves were invested in interest earning bank accounts generating interest income of £0.17 million. (2023: £0.04 million)

Interest expense was accounted for on the right of use asset as per IFRS 16.

Cash

The year-end cash balance for 2024 was £3.08 million (2023: £4.55 million).

Accounting policies

The financial information has been prepared consistently in accordance with the UK adopted International Accounting Standards.

STRATEGIC REPORT continued

FINANCIAL REVIEW continued

Use Of Non-GAAP Financial Performance Measures

This Annual Report and Financial Statements include disclosures and analysis that feature metrics not defined by generally accepted accounting principles ('GAAP') under UK-adopted IFRS. We consider this information, alongside comparable GAAP measures, beneficial to investors. Management utilises these financial metrics, in conjunction with the most directly comparable GAAP measures, to assess our operational performance. It's important not to view non-GAAP measures independently or as replacements for financial data presented in accordance with GAAP.

In the following table we provide a reconciliation of non-GAAP measures:

	12 months ended 31-Dec-24	Restated 12 months ended 31-Dec-23
Adjusted operating profit or (loss) before tax		
Reported operating profit or (loss)	**(1,337,051)**	(1,079,201)
Non-underlying items:		
IPO costs		(658,975)
Share Option Costs	**(36,905)**	(19,091)
Adjusted operating profit or (loss)	**(1,300,146)**	(401,135)
Adjusted profit or loss before tax		
Reported profit or (loss)	**(1,173,402)**	(1,049,500)
Non-underlying items:		
IPO costs		(658,975)
Share Option Costs	**(36,905)**	(19,091)
Adjusted profit or (loss)	**(1,136,497)**	(371,434)

A prior year adjustment was made to the financial statements to correct an over expense to the share option reserve in the previous year. Share option costs had been recognised incorrectly for the full year instead of recognising share option charges for five months since they were issued in August 2023.

J Higginbottom

John Higginbottom
Chief Financial and Operations Officer
9 May 2025

STRATEGIC REPORT continued

STAKEHOLDERS

In accordance with the Companies Act 2006, the directors are mandated to act in a manner they deem in good faith, as most likely to promote the success of the Company for the benefit of its shareholders collectively. In fulfilling this duty, they are required to consider the following:

- The probable long-term implications of any decision.
- The welfare of the Company's employees.
- The necessity of nurturing the Company's business relationships with suppliers, customers, and other stakeholders.
- The effects of the Company's operations on the community and the environment.
- The importance of maintaining a reputation for high standards of business conduct and the imperative to act equitably.

The Corporate Governance Report (page 16) delineates the Company's overarching approach to corporate governance. Discussions on the Company's activities, strategy, and future outlook are presented in the Strategic Report. The directors are wholly committed to fostering effective engagement with all principal stakeholders. The Board considers its major stakeholders to be its shareholders, employees, suppliers, and customers. When making decisions, the interests of these stakeholders are considered by the Board, depending on the likely impact of these decisions.

Shareholders
The Board's approach to investor engagement is detailed as followed.

- Meetings with major institutional investors.
- One-to-one meeting with the CEO and CFO as required.
- The Annual General Meeting and Presentation.
- Release of relevant information through RNS service.

Employees
The contribution of the Company's dedicated staff and management team is critical to the Company's success. The approach to employee engagement is multi-faceted.

- We operate an open-door policy to senior management.
- We conduct regular round-table discussions with all employees.
- We have an annual personal development plan in place.
- We conduct quarterly Company updates to all employees.

Suppliers
We appreciate that suppliers are critical to our successes. Our engagement with them is based around open communication. We therefore:

- share production forecasts;
- conduct regular ongoing internal and external quality audits at suppliers' production facilities; and involve them in our product development roadmap.

Customers
We work in close collaboration with our customers with them to deliver value from our technology. Customer feedback helps us shape our future product offerings. We recognise that driving value for them from our technology is the only way for the business to succeed.

Chris Greenwood
Chief Executive Officer
9 May 2025

PRINCIPAL RISKS AND UNCERTAINTIES

Tan Delta, like any business, encounters risks as it conducts its day-to-day activities and pursues its long-term goals. More details regarding these risks and their management by the Company can be found in the subsequent sections. It's understood that the Company faces a broader range of risks beyond those outlined here. Presented below are the risks of primary concern to the Board. Nevertheless, it's acknowledged that no risk management plan can guarantee complete protection against losses.

Since the IPO in August 2023, the Board has been developing a comprehensive risk management process to identify, evaluate, and address significant risks. This involves the executive directors working alongside the Board and Audit Committee to recognise, assess, and control risks.

The executive directors holds ultimate responsibility for establishing and supervising the Company's risk management framework. Their role includes setting the tone for risk management culture, determining risk prioritisation, and overseeing fundamental risk management by delegating responsibilities to the senior management team.

The executive directors are tasked with promptly identifying, evaluating, and mitigating risks, fostering an open approach to resolving risk issues within the Company, integrating risk management into the internal control system, and regularly updating the Board on significant risk and control statuses.

Significant risks, determined by their potential impact and likelihood of occurrence, are elevated to the Chief Executive Officer. If necessary, they are formally reviewed by the Board to assess potential financial impacts on the Company and decide on the best course of action to address these risks.

PRINCIPAL RISKS AND UNCERTAINTIES continued

Risk	Risk Description	Status and Management Strategy to Mitigate Risk
Reliance on Key Customers.	While the Company supplies products and services to multiple customers, it depends on a limited number of large customers in any one year for a significant proportion of its revenue.	The Company will Invest in marketing and sales efforts to attract new customers and promote brand awareness, thereby reducing dependence on existing key clients. The Company will diversify its customer base in different industries or geographic regions to spread risk and lessen dependence on any single client.
Conversion of Opportunities	A great number of opportunities have been identified and pipeline grown. Conversion of those to sales can impact on long term cash flow.	The Company has invested in strengthening the sales team to use experts with a proven track record in successful sales conversion. The board also frequently review pipeline to ensure focus is placed on key convertible opportunities.
Attracting and retaining staff with the right skills.	The successful execution of the Company's strategy relies on the proficiency and capabilities of its current workforce, as well as the recruitment of new talent.	The Company implements continuous efforts to promote effective staff engagement and guarantee competitive compensation packages in the market, which are crucial for the successful execution of its strategy.
Cost inflation and margin pressure.	The macro-economic climate is facing a sustained period of inflation.	We have the ability to manage certain inflationary elements by adjusting costs passed on to customers. However, factors like economic and political conditions remain outside of our influence. To safeguard our margins, we consistently update our pricing models to reflect the latest cost structure when quoting for new business and actively work on reducing our energy consumption.
Cyber Security	A malicious cyber-attack or security breach on the Company's IT systems.	The Company has trained staff on best practice of dealing with cyber security threat. We have also employed a third-party IT provider that provides end point detection and response solutions alongside anti-virus software.
Dependence on manufacturers, suppliers, and service providers.	The Company doesn't engage in its own manufacturing processes; instead, it relies on a limited number of manufacturers and suppliers. Consequently, the Company is reliant on the capabilities of these manufacturers, suppliers, and service providers.	The supply chain team frequently visits the Company's manufacturing partners to foster and uphold relationships, address operational concerns, and collaboratively devise strategic plans to guarantee the enduring prosperity of the partnership. The Company has also built up its manufacturing instructions and list of required equipment to enable the swift onboarding of new suppliers if so required.

BOARD OF DIRECTORS

CHRIS GREENWOOD (CHIEF EXECUTIVE OFFICER)

Chris is a co-founder and the Chief Executive Officer of the Company. Chris is an experienced director of industrial technology businesses. Previously, Chris was a co-owner of Redspire Limited and a director at Drive Management Services Limited.

JOHN HIGGINBOTTOM – CHIEF FINANCIAL OFFICER/CHIEF OPERATIONS OFFICER

John has over 20 years of experience in senior roles, having worked as a Chief Financial Officer and Managing director in manufacturing, construction and facilities management sectors. John is a qualified CIMA accountant. Notable prior roles have been at Tarmac, Eurovia, Qualter Hall and Morgan Sindall.

SIMON TUCKER – NON-EXEC CHAIRMAN

Simon is Non-Executive Chairman of the Company, having joined and invested in the Company in 2011. Simon has extensive experience of building and scaling technology based international companies and is currently Chief Executive Officer of AIM quoted SRT Marine Systems plc which he has grown from a market capitalisation of £24m to over £100m.

TIMOTHY CROSTON – INDEPENDENT NON-EXEC DIRECTOR AND AUDIT COMMITTEE CHAIR

Tim has over 30 years' finance experience which was gained by working across both the UK and US, which included three years as CFO of AIM listed LBG Media plc, including managing the Company's successful IPO in December 2021, and ten years as CFO of Nichols plc (Vimto soft drinks).

JOY ALVAREZ – INDEPENDENT NON-EXEC DIRECTOR AND REMUNERATION COMMITTEE CHAIR

Joy is an international executive with over 25 years of experience working in the Industrial, Power Generation, and Oil & Gas markets. She has a strong track record of success with major equipment suppliers and customers. Whilst at General Electric she developed innovative products, drove double-digit revenue growth and expanded global market presence.

CORPORATE GOVERNANCE

INTRODUCTION

On behalf of the Board, I am delighted to present Tan Delta System plc's Corporate Governance Report for FY 24. The Board remains steadfast in its dedication to upholding elevated standards of governance within Tan Delta System plc. This commitment serves as the cornerstone for fostering sustained growth and safeguarding the interests of our shareholders and broader stakeholders. As Chair, it falls upon me to ensure that the Board fulfils its obligations effectively and abides by a rigorous corporate governance framework. The Company has adopted the principles outlined in the Corporate Governance Code issued by the QCA, tailored as deemed suitable for a Company of our size and operational profile. Comprehensive details regarding the Company's adherence to the QCA Code and any areas of non-compliance are detailed on the next page of this report.

It is the duty of the Board to create and uphold the Company's frameworks for financial and operational oversight, which undergo constant monitoring and evaluation. This ensures that the Board is reassured regarding the Company's risk exposure and any alterations throughout the year. As a collective, the Board remains dedicated to delivering strong guidance and supervision over the organisation, particularly in shaping and overseeing the Company's cultural landscape to ensure alignment with our vision, mission, and strategic objectives.

Board structure and composition

The board has an appropriate make up of skills and experience. We appointed our non-executive director, Joy Alvarez on the 9 April 2024. John Higginbottom joined the executive directors as CFO/COO on 5th July 2024, replacing Steve Johnson. The current board make up is two executive directors and three non-executive directors.

Board Meetings

During the year ended 31 December 2024, there were four board meetings.

The board has a set agenda for each meeting, covering various aspects of the business such as operations, product management, project delivery, sales and marketing, and financial matters.

Prior to each meeting, executive directors compile a board pack containing relevant information, including minutes from the previous meeting for approval and monthly management accounts. The board believes that its current composition and diverse experience are suitable for the Company, providing a blend of relevant expertise, skills, and personal qualities necessary for successful strategy execution. All directors receive consistent and timely updates on the Company's operational, sales, and financial performance.

Board Committees

The Company has two standing Board Committees: an Audit Committee and a Remuneration Committee.

The Board collectively assumes the responsibilities typically handled by a nominations committee. Considering the Company's size and the composition of its Board, directors find it practical and advantageous to address matters related to Board composition, recruitment, performance evaluation, succession planning for Executive and Non-Executive positions, and training and development as a unified Board, unless specific circumstances necessitate establishing a separate nominations committee for the most senior appointments. These matters are consistently included on the Board's agenda and extensively deliberated, incorporating diverse perspectives and experiences from all directors.

CORPORATE GOVERNANCE continued

The Board thoroughly review the corporate governance policies and procedures of the Company throughout the year to establish a robust governance framework. The Board has embraced and is striving to achieve complete compliance with the QCA Corporate Governance Code (referred to as 'the Code') designed for small and mid-size quoted companies. The level of adherence to the ten principles outlined in the Code, along with any instances of non-compliance and the actions already implemented or planned to achieve full compliance, are detailed below.

THE TEN PRINCIPLES OF THE QCA CODE

PRINCIPLE 1
Establish a business strategy and business model which promotes long-term value for shareholders.

Tan Delta's growth strategy revolves around two focal points, significantly ramping up sales and marketing efforts to boost sales in the commercial and industrial sector (both nationally and internationally) and accelerating new product development to diversify revenue streams within the current target market and tap into new segments like light commercial and automotive.

PRINCIPLE 2
Seek to understand and meet shareholder needs and expectations.

The board fosters shareholder engagement by actively communicating with institutional and private investors. Updates on material and regulatory matters will be shared via a Regulatory Information Service, including financial updates and significant deviations from market expectations. Tan Delta will engage shareholders through interviews, presentations, and Q&A sessions. The Annual General Meeting offers a platform for shareholders to interact with the board, formally or informally, with outcomes announced through the Regulatory Information Service.

PRINCIPLE 3
Take into account wider stakeholder and social responsibilities and their implications for long-term success.

Tan Delta prioritises corporate social responsibility, including ESG commitments. It fosters strong relationships with shareholders, employees, customers, suppliers, and local communities to ensure long-term success. The Company pledges to sustain open dialogue with stakeholders to further its long-term objectives.

PRINCIPLE 4
Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Company’s internal control environment and system of risk management, including the key risks to which the Company is exposed, are documented in this corporate governance report and the Risks and Risk Management section of this Annual Report.

PRINCIPLE 5
Maintain the Board as a well-functioning, balanced team led by the chair

The board consists of Simon Tucker, Non-Independent Chairman; Chris Greenwood, Chief Executive Officer, John Higginbottom, Chief Financial Officer/Chief Operations Officer, Tim Croston, Independent non executive director and Joy Alvarez as an Independent non executive director.

The current Board structure ensures that no individual or Company dominates the decision-making process. The Chair and Independent non-executive directors are available to shareholders if they have concerns regarding the functioning of the Board. The role of Company Secretary is currently undertaken by the CFO/COO. In compliance with the Code, the Board is mindful of the need to develop plans to separate the roles of CFO and Company Secretary at an appropriate time.

CORPORATE GOVERNANCE continued

THE TEN PRINCIPLES OF THE QCA CODE continued
PRINCIPLE 6
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board is satisfied that it comprises an effective balance of knowledge, skills, experience and independence. The Board represents relevant industry experience from engineering, operational management, finance and investment. The additions made during the year have added strength to the board. The board is of suitable strength and experience to deliver the growth strategy. Biographies of all Board members are published on the Company's website.

PRINCIPLE 7
Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Before being admitted to AIM in August 2023, significant thought was put into determining the size and makeup of the Board. The Chairman consistently evaluates the understanding, efficacy, and input of each director prior to any re-election proposals at the Annual General Meeting.

PRINCIPLE 8
Promote a corporate culture that is based on ethical values and behaviours

The Company endeavours to cultivate an inclusive and transparent culture, fostering an environment where every employee is valued for their contributions to the continuous growth and prosperity of the business. For instance, regular employee feedback sessions are conducted to encourage staff to share their ideas, concerns, and suggestions for improvement. Additionally, the implementation of an open-door policy ensures that employees feel comfortable approaching management with any issues or feedback they may have.

PRINCIPLE 9
Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

Details regarding the Board structure, its committees, their respective responsibilities and members, as well as the roles of directors with specific mandates, are outlined in both this Corporate Governance report and the individual committee reports contained within this Annual Report.

PRINCIPLE 10
Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

All shareholders are encouraged to utilise the Company's Annual General Meeting as an opportunity to address any inquiries concerning the management or performance of the Company. Subsequent to the results announcement, the Company will also provide shareholders with the opportunity to engage with the Chief Executive and Finance director to discuss performance and future plans.

Simon Tucker
Non-Executive Chairman
9 May 2025

REMUNERATION COMMITTEE REPORT

On behalf of the Board, I am pleased to present the Remuneration Report for the financial year ended 31 December 2024. The report sets out our remuneration policy and provides details of amounts earned by the directors during the year.

Role and Composition of Committee

The Remuneration Committee consists of Joy Alvarez (Chairman) and Tim Croston. Joy Alvarez replaced Tim Croston as Chair of the committee on the 9 April 2024, at this date Simon Tucker also resigned from the committee. Throughout the year, the Committee met to deliberate on the compensation of the executive directors. To ensure competitiveness, we consider market data and AIM-listed peer group comparisons when assessing executive pay levels. The remuneration policy for directors is established by the Board and delineated below. Within this framework, it is the Remuneration Committee's responsibility to determine executive compensation. Notably, the Remuneration Committee, comprised entirely of independent non-executive directors, assesses and decides on the remuneration of the executive directors. The Committee appropriately consults with Chris Greenwood, the Chief Executive Officer, regarding its proposals concerning executive remuneration. The Remuneration Committee's policy involves evaluating the remuneration of executive directors based on market practices within the Company's sector. With the aim to attract, motivate, and retain key executives, the Company designs remuneration packages encompassing basic salary, performance-based bonuses, share options, pension arrangements, and specific benefits. These packages are structured to reward executives fairly and responsibly for their individual contributions while aligning their potential earnings with the Company's overall performance. The comprehensive package, subject to annual review, may include the following components:

a) Base Salaries

The Remuneration Committee conducts annual reviews of basic salaries for executive directors, setting them at levels commensurate with their performance and level of responsibility.

b) Enterprise Management Incentive Share Option Scheme

Upon IPO, executive directors received share options as disclosed in the admission document, aligning their interest with long term shareholder value.

c) Pension Payments

Contributions were made for both executive directors.

d) Additional Benefits

The remuneration committee meets at least once a year to discuss and plan the renumeration of the executive directors. During FY24, the Committee met twice, all directors were in attendance. Discussions focused on ensuring executive pay remains competitive and aligned with company performance, as well as reviewing long-term incentive structures.

REMUNERATION COMMITTEE REPORT continued

	Salary and fees	Benefits	Bonuses	Pension	Total remuneration
2024	£	£	£	£	£
Executive directors					
Chris Greenwood	146,684	-	-	6,500	153,184
Steve Johnson (resigned 5 July 2024)	60,240	-	-	2,702	62,942
John Higginbottom (appointed 5 July 2024)	37,743	-	-	1,683	39,426
Total	**244,667**	**-**	**-**	**10,885**	**255,552**
Non-executive directors					
Simon Tucker	30,000	-	-	-	30,000
Tim Croston (appointed 18 August 2023)	32,884	-	-	1,500	34,384
Joy Alvarez (appointed 9 April 2024)	21,846	-	-	-	21,846
Total	**84,730**	**-**	**-**	**1,500**	**86,230**
2023					
Executive directors					
Chris Greenwood	111,927	-	-	3,847	115,774
Steve Johnson (appointed 18 August 2023)	45,582	-	-	1,889	47,471
Total	**157,509**	**-**	**-**	**5,736**	**163,245**
Non-executive directors					
Simon Tucker	10,000	-	-	-	10,000
Tim Croston (appointed 18 August 2023)	11,896	-	-	375	12,271
Simon Rodgers (resigned 21 July 2023)	-	-	-	-	-
Jonathan Horne (resigned 21 July 2023)	-	-	-	-	-
Richard Booth (resigned 21 July 2023)	-	-	-	-	-
Total	**21,896**	**-**	**-**	**375**	**22,271**

REMUNERATION COMMITTEE REPORT continued

Annualised remuneration

	Salary and fees	Benefits	Bonuses	Pension	Total remuneration
2024	**£**	**£**	**£**	**£**	**£**
Executive directors					
Steve Johnson (resigned 5 July 2024)	112,545	-	-	5,000	117,545
John Higginbottom (appointed 5 July 2024)	170,700	-	-	7,500	178,200
Total	**283,245**	**-**	**-**	**12,500**	**295,745**
Non-executive directors					
Joy Alvarez (appointed 9 April 2024)	30,000	-	-	-	30,000
Total	**30,000**	**-**	**-**	**-**	**30,000**

Share scheme

Directors' interests in unvested and vested share option awards at £0.26 per share. Steve Johnson's shares were cancelled on 5 July 2024.

	Number of shares granted as at 1 January 2024	Number of shares granted in the year	Awards lapsed /surrendered /cancelled in the year	Awards exercised in the year	Number of awards over shares at 31 December 2024	Expiry date
Executive directors						
Chris Greenwood	1,002,996	-	-	-	1,002,996	31/12/2028
Steve Johnson	250,749	-	(250,749)	-	-	
Total	**1,253,745**		(250,749)		**1,002,996**	

Joy Alvarez
Chair of the Remuneration Committee
9 May 2025

AUDIT AND RISK COMMITTEE REPORT

The Audit & Risk Committee oversees the thorough review and reporting of the Company's financial performance. Its duties encompass ensuring the integrity of financial statements, including annual and interim accounts, as well as results announcements. Additionally, the committee evaluates internal control and risk management systems, examines any alterations to accounting policies, scrutinises the scope of non-audit services provided by the external auditor, and provides recommendations regarding the appointment of the external auditor.

Upon his appointment in August 2023, Tim Croston assumed the role of Chair, with support from fellow member Simon Tucker, subsequently on 9 April 2024 Joy Alvarez replaced Simon Tucker as the other committee member. executive directors regularly attend Audit & Risk Committee meetings by invitation. During these meetings, non-executive directors have the chance to engage with the external auditor without executive directors present. The Board affirms that the Committee Chair possesses recent and pertinent financial expertise. The Committee convenes at least three times annually and as needed, with unhindered access to the Company's auditor.

Duties

The Committee acknowledges its pivotal role in supporting the Board to fulfil its governance obligations. The primary responsibilities of the Audit & Risk Committee are outlined in its terms of reference accessible on the Company's website.

During FY 24 the committee discussed and agreed the following:

- Audit tender process concluding with the appointment of HaysMac;
- Review of the external auditors report for FY 23
- Review and approve audit plan for FY 25;
- Review of risk register and risk mitigation process; and
- Review of control systems.

The Committee meets not less than three times per year and more frequently if required and has unrestricted access to the Group's auditor. During the year the audit committee met twice.

T Croston...

Tim Croston
Chairman of the Audit committee
9 May 2025

STATUTORY DIRECTOR'S REPORT

The directors present their report and audited financial statements for the year ended 31 December 2024.

GENERAL INFORMATION AND PRINCIPAL ACTIVITY

Tan Delta is a public limited Company which is admitted on the AIM Market of the London Stock Exchange and is incorporated and domiciled in the United Kingdom. The principal activity of the Company is to develop and sell oil condition monitoring equipment.

RESULTS AND DIVIDENDS

The Company incurred a loss after tax of £1.17 million (2023: loss £1.05 million). The directors have not recommended the payment of a dividend in 2024 (2023: £nil).

RESEARCH AND DEVELOPMENT EXPENDITURE

The Company has continued to invest in research and development of its products during the year. The people and non-people cost of product development on specific identifiable projects are capitalised in accordance with the accounting policy detailed on notes to the financial statements. General research costs undertaken in respect of the Group's principal activities are charged through the income statement as incurred.

POST-BALANCE SHEET EVENTS

There are no post-balance sheet date events necessitating disclosure in the financial statements.

DIRECTORS' INSURANCE

The Company has a management protection policy, including directors' and officers' liability insurance, subject to annual review. This insurance extends coverage to the directors and officers of the Company, Tan Delta Systems plc. It safeguards them against costs incurred in defending themselves in civil proceedings related to their roles as directors or officers of a Company as well as any resulting damages, fines, or penalties.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The guidelines pertaining to the selection and departure of directors are outlined in the Company's Articles of Association, which are accessible on the Company's website www.tandeltasystems.com.

POLITICAL DONATIONS

The Company made no political donations in 2024 and the preceding year.

GOING CONCERN

In evaluating the feasibility of preparing the financial statements of the Company on a going concern basis, the directors thoroughly examined the Company's business operations alongside factors anticipated to impact its future growth, performance, and standing. This assessment encompassed scrutinising the Company's financial standing and cash flows.

Several pessimistic scenarios were simulated and analysed to establish a spectrum of potential outcomes, with the adjusted assumptions rigorously scrutinised. The modelled cash flow forecast, based on these scenarios, illustrated that the Company would be capable of meeting its financial obligations for the period to 31 December 2026.

Consequently, the directors are confident that preparing the financial statements on a going concern basis is appropriate.

STATUTORY DIRECTOR'S REPORT continued

SHARE CAPITAL AND VOTING

As at 31 December 2024 the Company's issued share capital comprised 73,223,800 Ordinary Shares of £0.001. The holders of Ordinary Shares are entitled to one vote per share at general meetings of the Company.

SIGNIFICANT SHAREHOLDINGS

As at 31 December 2024, the Company was advised of the following significant shareholding interests in 3% or more of the voting rights:

SIGNIFICANT SHAREHOLDERS	NUMBER OF ORDINARY SHARES	SHARE OPTIONS GRANTED
Simon Francis Rogers	11,351,449	16%
Jonathan Michael Horne	11,350,400	16%
Simon Richard Tucker	9,425,589	13%
BNY(OCS) Nominees Limited	7,212,000	10%
Chase Nominees Limited	7,212,000	10%
Richard Booth	6,519,996	9%
Christopher John Greenwood	4,777,440	7%
Hargreaves Lansdown (Nominees) Limited	3,651,207	5%

DISCLOSURE OF INFORMATION TO THE AUDITOR.

The directors currently holding office upon approval of these financial statements have affirmed that, to the best of their knowledge, there is no pertinent audit information that the Company's auditor is not privy to. Each director has verified that they have fulfilled all necessary obligations as directors to ensure awareness of any relevant audit information and its communication to the Company's auditor.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company is to 18 June 2025. The notice of the meeting has been provided to shareholders at the back of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, directors' Report and the financial statements in accordance with applicable law 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 Group and parent Company financial statements in accordance with UK-adopted international accounting standards. 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 of 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 UK-adopted international accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

STATUTORY DIRECTOR'S REPORT continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS AND THEIR INTERESTS

The directors of the Company who held office during the year and up to the date of approving the Company's financial statements were:

Executive
Chris Greenwood
Steve Johnson (resigned 4th July 2024)
John Higginbottom (appointed 5th July 2024)

Non-Executive
Simon Tucker
Tim Croston
Joy Alvarez (appointed 9 April 2024)

The directors who held office during the year and up to the date of approving the financial statements had the following interests in the Ordinary Shares of the Company:

SIGNIFICANT SHAREHOLDERS	NUMBER OF ORDINARY SHARES	Share OPTIONS GRANTED
Chris Greenwood	4,777,440	1,002,996

Simon Tucker
Non-Executive Chairman
9 May 2025

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAN DELTA PLC

Opinion
We have audited the financial statements of Tan Delta Plc (the 'company') for the year ended 31 December 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Financial Reporting Standards ('IFRS').

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of the company's 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.

An overview of the scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and the industry in which it operates. Our audit consisted principally of substantive tests of detail as this was deemed the most efficient and effective way of amassing sufficient reliable audit evidence.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAN DELTA PLC continued

Key audit matters continued

Key Audit Matter	How our scope addressed this matter
Fraud in revenue recognition The risk of incorrect treatment of income under IFRS. We consider the risk of revenue recognition specifically in relation to management override in relation to manual postings to revenue and cut-off. The relevant assertions are completeness, occurrence and measurement.	Our work in this area included but was not limited to: • Obtaining an understanding of the order to cash process and performing walkthrough procedures to confirm our understanding of the process from initiation to recording; • Reviewing managements' revenue recognition policy and assessing whether this is in accordance with IFRS 15; • Performing substantive analytical procedures – cash to revenue reconciliation, to confirm the occurrence and completeness of revenue; • Based on our sampling methodology, for a sample of revenue transactions, we performed tests of detail and vouched the relevant attributes to supporting documentation to satisfy ourselves of the occurrence and measurement of revenue; and • Performing data analytics procedures to further confirm our understanding of process flows and investigate any outliers; and • Assessing the appropriateness of recognition of trade receivables and deferred income.
Inventory existence and valuation There has been a significant material increase in the value of inventory held by the company at year end this year, as management have increased stock levels ahead of anticipated sales in the new year. There is a therefore a significant risk that this inventory held may be impaired or obsolete if these sales are not met or could not exist at all.	Our work in this area included but was not limited to: • Attended the inventory count and tested a sample of items to satisfy ourselves of the existence of this inventory at year end, by agreeing a sample from both 'sheet to floor' and 'floor to sheet'. • Agreed that a sample of inventory items held at year end are being held at the lower of net realisable value and cost. This was performed by obtaining post year-end sales invoices for these items and the most recent purchase orders before the year end, which were used to determine the net realisable value and cost respectively. These values were then compared to the stock listing to ensure that the items were being held at the lower of the two. • We assessed and challenged management's working for inventory valuation and related impairment.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken based on the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take into account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAN DELTA PLC continued

Our application of materiality continued

We consider revenue to be the financial metric of most interest to shareholders and other users of the financial statements. Accordingly, we used revenue for the year as the basis of setting planning materiality. Our planning materiality was initially determined based on forecast revenue and was subsequently updated based on the actual year-end revenue.

Materiality for the financial statements as a whole was set at £24,000, determined by reference to 2% of revenue, which we considered was within a suitable range for calculating materiality using revenue as the benchmark.
Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality for the Company was set at £15,600.

We agreed with those charged with governance that we would report all individual audit differences identified during the course of our audit in excess of £1,200. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Conclusion relating to going concern
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 evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included consideration of the inherent risks to the Company's business model and reviewed the directors' assessment of how those risks affect the Company's financial resources or ability to continue operations over the going concern period. We considered the likely cash inflows and cash outflows over the going concern period and assessed the risk that the Company would be unable to meet its liabilities as they fall due. We scrutinised the reasonableness of assumptions applied to the cash flow forecasts and sensitised such forecasts against various scenarios. We have considered post balance sheet date performance and other wider factors in concluding our assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern.
Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAN DELTA PLC continued

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 24, 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.

Auditor's 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:

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company and trade regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and value added tax.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAN DELTA PLC continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud continued

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and cut off and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- For a sample of revenue transactions, we performed tests of detail and vouched the relevant attributes to supporting documentation to satisfy ourselves of the occurrence and measurement of revenue
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing accounting journal entries, in particular those journal entries which exhibited the characteristics we had identified as possible indicators of irregularities;
- Vouched a sample of transactions in the last month of the year to supporting documentation to confirm revenue was recorded in the correct period; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

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.

Jon Dawson

Jon Dawson (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
9 May 2025

10 Queen Street Place
London
EC4R 1AG

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	12 months ended 31-Dec-24	Restated 12 months ended 31-Dec-23
		£	£
Revenue	4	**1,215,328**	1,457,344
Cost of sales		**(460,990)**	(588,034)
Gross profit		**754,338**	869,310
Other operating income		**-**	-
Distribution costs		**-**	-
Administrative expenses	5	**(2,091,389)**	(1,948,511)
(Loss) Profit from operations			
Adjusting items	6	**(36,905)**	(678,066)
Excluding adjusting items		**(1,300,146)**	(401,135)
(Loss) / Profit from operations		**(1,337,051)**	(1,079,201)
Interest expense	7	**(2,612)**	(6,414)
Interest Income	8	**166,261**	36,115
(Loss) / Profit before tax			
Adjusting items		**(36,905)**	(678,066)
Excluding adjusting items		**(1,136,497)**	(371,434)
(Loss) /Profit before tax		**(1,173,402)**	(1,049,500)
Taxation	9	**5,682**	7,215
(Loss) / Profit for the period attributable to equity holders of the Company		**(1,167,720)**	(1,042,285)
Other comprehensive income			
Total other comprehensive income		**-**	-
Total comprehensive (loss) / profit for the period attributable to equity holders of the Company		**(1,167,720)**	(1,042,285)
Basic and diluted earnings per share (£)	10	**(0.02)**	**(0.02)**

All amounts are derived from continuing operations. The Notes to the Financial Statements form an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	As at 31-Dec-24	Restated As at 31-Dec-23
		£	£
Non-current assets			
Intangible assets	11	**111,928**	143,836
Right of use asset	12	**66,922**	93,690
Property, plant and equipment	13	**73,923**	55,680
		252,773	293,206
Current assets			
Inventories	14	**733,136**	365,326
Trade and other receivables	15	**309,619**	274,643
Cash and cash equivalents	16	**3,083,552**	4,555,003
		4,126,307	5,194,972
Total assets		**4,379,080**	5,488,178
Current liabilities			
Trade and other payables	17	**514,936**	465,832
Short term borrowings	18	-	-
Short term lease liability	18	**28,221**	27,388
		543,157	493,220
Non-current liabilities			
Long term borrowings	18	-	-
Long term lease liability	18	**43,949**	72,169
		43,949	72,169
Total liabilities		**587,106**	565,389
Net assets		**3,791,974**	4,922,789
Equity attributable to equity holders of the Company			
Ordinary share capital	19	**73,224**	73,224
Share premium account	20	**5,426,204**	5,426,204
Other reserves	21	**55,994**	19,089
Retained earnings	20	**(1,763,448)**	(595,728)
Total equity		**3,791,974**	4,922,789

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024 continued

All amounts are derived from continuing operations. The Notes to the Financial Statements form an integral part of these financial statements.

Chris Greenwood
Chief Executive Officer
9 May 2025

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital	Share premium account	Restated Other reserves	Restated Retained earnings / losses	Restated Total equity
		£	£	£	£	£
Balance at 1 January 2023		**452**	**1,564,692**	**-**	**(1,068,436)**	**496,708**
Share issue on IPO		23,074	5,426,203	-	-	5,449,277
Bonus issue of shares		49,698	(49,698)	-	-	-
Cancellation of share premium		-	(1,514,993)	-	1,514,993	-
Share option costs		-	-	76,907	-	76,907
Share option costs adjustment	24			(57,818)		(57,818)
Comprehensive income:						
Loss for the period		-	-		(1,042,285)	(1,042,285)
Balance at 31 December 2023		**73,224**	**5,426,204**	**19,089**	**(595,728)**	**4,922,789**

	Note	Share capital	Share premium account	Other reserves	Retained earnings / losses	Total equity
		£	£	£	£	£
Balance at 1 January 2024		**73,224**	**5,426,204**	**19,089**	**(595,728)**	**4,922,789**
Ordinary share capital		-	-	-	-	-
Comprehensive income:				-		
Loss for the period		-	-	-	(1,167,720)	(1,167,720)
Share option costs		-	-	36,905	-	36,905
Balance at 31 December 2024		**73,224**	**5,426,204**	**55,994**	**(1,763,448)**	**3,791,974**

All amounts are derived from continuing operations. The Notes to the Financial Statements form an integral part of these financial statements.

A prior year adjustment was made to the financial statements to correct an over expense to the share option reserve in the previous year. Share option costs had been recognised incorrectly for the full year (£76 907) instead of recognising share option charges for five months (£19 089) since they were issued in August 2023.This results in the loss for the year 31 December 2023 decreasing by £57,818, with the closing balance of the share option reserve also decreasing by this amount to a revised closing balance of £19,089.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	12 months ended 31-Dec-24 £	Restated 12 months ended 31-Dec-23 £
Cash flows from operating activities			
Loss before Tax		**(1,173,402)**	(1,049,500)
Adjustments for non-cash/non-operating items:			
Depreciation		**25,231**	24,219
Amortisation of intangible assets		**51,911**	20,274
Amortisation of right of use assets		**26,768**	26,769
Taxation		**5,682**	7,215
Tax paid / received		**-**	-
Share Options Costs		**36,905**	19,087
Loss on disposal of plant and equipment		**-**	5,854
Interest income		**(166,261)**	(36,115)
Interest expense		**2,612**	6,414
Operating cash flows before movements in working capital		**(1,190,554)**	(975,783)
Increase in inventories		**(367,803)**	(125,195)
(Increase) / decrease in trade and other receivables		**(34,974)**	44,532
Increase in trade and other payables		**49,096**	98,654
Net cash used in operating activities		**(1,544,235)**	(957,792)
Cash flows from investing activities			
Investments in Property & Equipment		**(43,474)**	(21,756)
Investments in Intangible assets		**(20,003)**	(42,836)
Net cash from / (used in) investing activities		**(63,477)**	(64,592)
Cash flows from financing activities			
Repayment of debt		**-**	(64,347)
Repayment of lease		**(30,000)**	(30,000)
Proceeds from investments in Bank		**166,261**	36,115
Issuance of equity		**-**	5,449,278
Net cash from / (used in) financing activities		**136,261**	5,391,046
Net (decrease) / increase in cash and cash equivalents		**(1,471,451)**	4,368,662
Cash and cash equivalents at the beginning of the period		**4,555,003**	186,341
Cash and cash equivalents at the end of the period	16	**3,083,552**	4,555,003

All amounts are derived from continuing operations. The Notes to the Financial Statements form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. General information

Tan Delta Systems Plc (the "Company") is a public limited company, incorporated and registered in England. The registered office is 1 Carrera Court, Dinnington, Sheffield, South Yorkshire, England, S25 2RG and the registered number is 06362470.

The principal activities of the Company are that of oil sensor development, manufacture, and sales.

2. Standards and Interpretations issued.

All the new revised standards and interpretations with effective dates for annual periods beginning on or before 1 January 2024 were adopted. No new standards or amendments that became effective in the financial year had a material impact in preparing these financial statements. Below is a list of all the amendments issued;

Title	Document Type	Effective Date	Standards
Classifying liabilities as current or non - current	Amendment	01-Jan-24	IAS 1
Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	Amendment	01-Jan-24	IAS 7 & IFRS 7
Classification of Financial Instruments (IFRS 9)	Amendment	01-Jan-24	IFRS 9
Classification of Liabilities as Current or Non-Current (Amendment to IAS 1)	Amendment	01-Jan-24	IAS 1
Non-current Liabilities with Covenants (Amendment to IAS 1)	Amendment	01-Jan-24	IAS 1
Deferred tax related to assets and liabilities arising from a single transaction	Amendment	01-Jan-24	IAS 12

New and revised IFRS Accounting Standards in issue but not yet effective

The following amendments are effective for annual reporting periods beginning on or after 1 Jan 2025;

Title	Document Type	Effective Date	Standards
Lack of Exchangeability	Amendment	01-Jan-25	IAS 21
Sale or contribution of assets	Amendment	01-Jan-25	IFRS 10 & IAS 28

The following amendments are effective for annual reporting periods beginning on or after 1 Jan 2027;

Title	Document Type	Effective Date	Standards
Presentation and disclosure in Financial statements	Amendment	01-Jan-27	IFRS 18
Subsidiaries without Public Accountability: Disclosures	Amendment	01-Jan-27	IFRS 19

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

2. Standards and Interpretations issued continued

New and revised IFRS Accounting Standards in issue but not yet effective continued

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

3. Summary of significant accounting policies continued

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by the UK adopted international accounting standards ('adopted IFRSs') and those parts of the Companies Act 2006 that are applicable to companies that prepare financial statements in accordance with IFRS. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent in all material respects with those applied in the previous year. The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified for the revaluation of certain financial assets and financial liabilities at fair value.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

The financial statements are presented in Sterling, which is also the Company's functional currency. The amounts presented in the financial statements are rounded off to the nearest whole number.

Going Concern

In evaluating the feasibility of preparing the financial statements of the Company on a going concern basis, the directors thoroughly examined the Company's business operations alongside factors anticipated to impact its future growth, performance, and standing. This assessment encompassed scrutinising the Company's financial standing and cash flows.

Several pessimistic scenarios were simulated and analysed to establish a spectrum of potential outcomes, with the underlying assumptions rigorously scrutinised. The modelled cash flow forecast based on these scenarios, illustrated that the Company would be capable of meeting its financial obligations for the period to 31 December 2028.

Consequently, the directors are confident that preparing the financial statements on a going concern basis is appropriate.

Revenue

IFRS 15 Revenue from Contracts with Customers is a principle-based model of recognising revenue from contracts with customers. It has a five-step model that requires revenue to be recognised when control over goods and services is transferred to the customer.

The Company earns revenue relating to the sale of oil sensor equipment through direct sales. Revenue is recognised at a point in time when the relevant performance obligation is satisfied. The Company considers the control over goods is transferred to the customer at point of shipment, product readiness, point of delivery or

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

3. Summary of significant accounting policies continued

Revenue continued

another declared term. Revenue is recognised at the point stated by the terms agreed on the customer order, this can either be at point of shipment, point of product readiness, point of delivery or another declared term.

Invoices are raised at the agreed point of shipment or product readiness (ex-works). As the Company considers the significant risks and rewards of ownership of the goods to be transferred at this point, revenue is subsequently measured at this point and does not give rise to any contract assets or liabilities. New customers are required to make a payment on account prior to their first order which are recognised as contract liabilities.

Existing customers will have pre-agreed credit terms which will apply to the invoices due.

Revenue is recognised by reference to the five-step model to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Below is the five-step model framework;

- Identifying the contract(s) with the customer;
- Identifying the performance obligation in the contract;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations in the contract;
- Recognise revenue when the performance obligation is satisfied

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to income on a straight-line basis so as to write off the cost of the assets to their estimated residual values over their estimated useful lives. The Company assesses its useful lives and residual values of property, plant and equipment on an annual basis. Any changes in estimates are accounted for on a prospective basis. The depreciation rates used are as follows:

Plant and Machinery	1 - 7 years on a straight-line basis
Furniture and fixtures	5 years on a straight-line basis
Office equipment	4 years on a straight-line basis
Tenants' improvements	5 years on a straight-line basis

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

3. Summary of significant accounting policies continued

Intangible Assets continued

Amortisation is charged to expenditure on a straight-line basis so as to write off the cost of the assets to their estimated residual values over their estimated useful lives. The Company assesses its useful lives and residual values of intangible assets on an annual basis. Any changes in estimates are accounted for on a prospective basis. The estimated useful lives are based upon management's best estimate of the expected life of the asset. Costs are capitalised when the project does meet the IAS 38 criteria.

Amortisation rates used are as follows:

Development costs	3 years on a straight-line basis

Impairment

At each statement of financial position date, the Company performs the impairment assessment when there is an indication of impairment. 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 for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment continued

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.

If the recoverable amount of the asset is estimated to be less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised immediately

Taxation

Income tax expense represents the sum of current tax and deferred tax.

<u>Current tax</u>

The Company's current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date in the UK where the Company operate and generate taxable income.

<u>Deferred tax</u>

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 are 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 future taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

3. Summary of significant accounting policies continued

Deferred tax continued

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.

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 future 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 period 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 statement of financial position date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in profit and loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is considered in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Leases

The Company as a lessee

For a lessee, a lease that is accounted for under IFRS 16 results in the recognition of;

- A right-of-use asset and liability
- Interest expense (on the lease liability)
- Amortisation expense (on the right-of-use asset)

The Company adopted the modified retrospective approach. The lease liability is initially measured at the present value of all remaining lease payments except where a discount rate implicit in the lease has been stipulated in the lease agreement, the lease payments are discounted using the incremental

borrowing rate. After the adoption date, Tan Delta Systems plc recognises right-of-use at commencement date of the lease (that is, the date the underlying asset is available for use). The right-of-use assets are measured at cost, which is made up of initial measurement of the lease liabilities, any initial direct costs incurred by Interfile, any lease payments made in advance of the lease commencement date, less any lease incentives received. The right-of-use asset is presented within noncurrent assets. Lease liability is presented within loans and borrowings.

The Company amortises the right-of-use asset on a straight-line method. The amortisation period is measured at the lower of the remaining lease term or the remaining useful life of the asset. The Company assesses for impairment when such indicators exist. Lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability.

The incremental borrowing rate was determined by checking the observable rates on past borrowings from Lloyd's bank for loans with similar amount, security and term. No adjustments were made to the observable rate as they were immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

3. Summary of significant accounting policies continued

Financial instruments

General

Financial instruments carried on the statement of financial position include all assets and liabilities.

The Company recognises financial assets and financial liabilities on its Statement of Financial Position when, and only when, the Company becomes a party to the contractual provisions of the instruments.

Financial assets

The Company classifies its financial assets in the category of loans and receivables designated at amortised cost.

Tan Delta Systems classifies financial assets on initial recognition at amortised cost or fair value through profit and loss (FVTPL) on the basis of Tan Delta Systems plc's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are subsequently measured at amortised cost where they are held with the objective to collect contractual cash flows that are solely payments of principal amount outstanding and interest on the outstanding amount. These include trade and other receivables and loans.

Derecognition of financial assets

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

Financial liabilities and equity instruments

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 Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Other 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 Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or expired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

3. Summary of significant accounting policies continued

Inventories

Inventories are initially recognised at costs on a first in first out basis and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Foreign exchange

Transactions entered into the Company in a currency other than the functional currency are recorded at the average monthly rate prevailing during the year. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Foreign exchange differences are recognised in the Income statement.

Employee benefits: pension obligations

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

Share-based payments

The Company issues equity-settled share-based incentives to certain employees in the form of share options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed in the Company's financial statements on a straight-line basis over the estimated vesting period, based on the estimate of shares that will eventually vest.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, payment is probable ('more likely than not'), and the amount can be estimated reliably. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date and are discounted to present value where the time value of money is significant.

Critical accounting judgements and key sources of estimation and uncertainty

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Residual value and useful lives

The Company depreciates its assets over its estimated useful lives considering residual values, which following the adoption of IAS16 – Property, plant and equipment, are re-assessed on an annual basis. The actual lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives, and residual values of assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

3. Summary of significant accounting policies continued

Income taxes

The Company recognised the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing that an obligation is probable, more likely than not or remote.

This judgement application is used to determine if the obligation is recognised as a liability, or disclosed as a contingent liability, if applicable.

Capitalisation of development costs

The capitalisation of development costs held as intangible assets in the statement of financial position involves judgements regarding the initial recognition of the asset based on market research, an assessment of capitalisation rates of staff costs and expected future net revenues. It also includes estimations regarding the period of amortisation.

Share-based payments

In order to calculate the value of employee share options as required by IFRS 2, the Company makes estimates principally relating to the assumptions used in its option-pricing model. This is a key estimate used to value the share options in issue at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

4. Revenue from contract customers

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
United Kingdom	**385,068**	**688,545**
Europe	**391,350**	**314,597**
Rest of the World	**438,910**	**454,202**
	1,215,328	**1,457,344**

Segmental reporting

The Chief Operating Decision Maker ("CODM") has been identified as the directors. The CODM reviews the Company's internal reporting in order to assess performance and allocate resources. The CODM has determined that there is one single operating segment, the manufacture and sale of oil sensors.

5. Administrative expenses by nature

Included in Administrative expenses is auditors' fees of £59,631 (2024) and £58,355 (2023). The auditors were also paid £150,000 in 2023 relating to reporting accountant work (non-audit services) (2024: £nil). Employee benefits and expenses (including directors) were £1,261,265 in 2024 (2023: £733,070). During the year ended 31 December 2024, the Company capitalised staff costs of £20,003 (2023: £42,836). This amount has been included within intangibles in the statement of financial position. Research and development expenditure recognised as an expense in 2024 is £25,757 (2023: £3,461).

Directors' remuneration

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Directors' emoluments		
Salaries and benefits	329,397	179,405
Pension contributions	12,385	6,111
	341,782	185,516

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

5. Administrative expenses by nature continued

Directors' remuneration continued

In FY 24 the highest paid director received £146,684 (2023: £115,774). There was no compensation for loss of office for the directors that resigned during the year.

In FY 23 the Company granted 1,253,745 share options in line with the disclosures made in the companies Admission document to two Executive directors. The options have an exercise price of 26p. Steve Johnson's shares (250,749) were cancelled on 5 July 2024.

	Number of shares granted as at 1 January 2024	Awards lapsed /surrendered /cancelled in the year	Number of awards over shares at 31 December 2024
Executive directors			
Chris Greenwood	1,002,996	-	1,002,996
Steve Johnson	250,749	250,749	-
Total	1,253,745	250,749	1,002,996

Total remuneration inclusive of directors

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Salaries and benefits	**1,238,078**	754,028
Pension contributions	**43,190**	21,878
Total remuneration	**1,281,268**	**775,906**
Less: capitalised product development costs	**20,003**	**42,836**
	1,261,265	**733,070**

Average number of employees (including directors)

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
Employees (including directors)	15	11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

6. Adjusting items

	12 months ended 31-Dec-24	Restated 12 months ended 31-Dec-23
	£	£
IPO costs	-	658,975
Share Option Costs	**36,905**	19,089
	36,905	678,064

A prior year adjustment was made to the financial statements to correct an over expense to the share option reserve in the previous year. Share option costs had been recognised incorrectly for the full year (£76 907) instead of recognising share option charges for five months (£19 089) since they were issued in August 2023.

This results in the loss for the year 31 December 2023 decreasing by £57,818, with the closing balance of the share option reserve also decreasing by this amount to a revised closing balance of £19,089.

7. Interest expense

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Interest on bank loans	-	2,993
Interest on finance leases	**2,612**	3,421
	2,612	6,414

8. Interest income

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Interest Income	**166,261**	36,115

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

9. Taxation

	12 months ended 31-Dec-24	Restated 12 months ended 31-Dec-23
Normal taxation:		
- current year charge	**5,682**	7,215
- prior year charge	**0**	0
Charge to the statement of comprehensive income	**5,682**	7,215
The total charge for the year can be reconciled to the accounting profit as follows:		
Loss / Profit before taxation	**(1,173,402)**	(1,049,500)
Tax calculated at tax rate of 25% (2023: 23.52%)	**293,351**	246,846
Non-deductible expenses & Allowances		
IPO Costs	**0**	(154,995)
Share option costs	**(9,226)**	(18,088)
Share option costs adjustment	**0**	13,601
Professional fees	**(37)**	(28)
IFRS Adoption :IFRS 16	**0**	(56,856)
Fixed asset differences	**4,684**	(1,891)
R&D expenditure	**6,568**	7,619
Trading losses	**(281,062)**	(21,227)
Employer pension	**(74)**	(372)
Surrender of tax losses for R&D tax credit refund	**(8,522)**	(8,783)
Tax rate change	**0**	1,389
	5,682	7,215

In 2024 Tan Delta used 25% (2023:23.52%) as the corporate effective tax rate. The Company was not liable for corporation tax during the past two years due to taxable losses being sustained in each of the years reported. A deferred tax asset has not been recognised in respect of such losses due to uncertainty of future profit streams. The Company will recognise a deferred tax asset when there is clear visibility of profits. Accumulated tax losses carried forward were £2.2m (31 Dec 20223 : £1.1m)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

10. Earnings per share

	12 months ended 31-Dec-24	Restated 12 months ended 31-Dec-23
	£ per share	£ per share
Earnings per share are as follows:		
Basic and diluted earnings per share	**(0.02)**	**(0.02)**
The calculations of basic and diluted earnings per share are based upon:		
(Loss) / Profit for the period attributable to the owners	**(1,167,720)**	(1,042,285)
	Number	Number
Weighted average number of ordinary shares	**73,223,800**	58,802,550

The calculation of basic earnings per share is based on the results attributable to ordinary shareholders divided by the number of ordinary shares outstanding as if the bonus issue and share split had occurred at the beginning of the earliest period presented. The earnings per share calculations for the period and prior period presented are based on the new number of shares.

The number of shares in issue at the end of the period is used as the denominator in calculating basic earnings per share. As the Company is loss making the effect of instruments that convert into ordinary shares is considered anti-dilutive, hence there is no difference between the diluted and non-diluted loss per share.

During the period ended 31 December 2023, the Company completed a 110 for 1 bonus share issue and a subdivision of shares. The Company also issued 23,074,000 as part of the IPO process on 18 August 2023. Prior to the bonus issue there were 451,800 shares at £0.001, after the bonus issue and shares issued at IPO there are 73,223,800 shares at £0.001.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

11. Intangible assets

	Intangible assets
	£
2024	
Cost	
Beginning of the year	164,110
Additions	20,003
Disposals	-
End of the year	184,113
Accumulated amortisation	
Beginning of the year	(20,274)
Amortisation	(51,911)
Disposals	-
End of the year	(72,185)
Carrying amount End of the year	**111,928**

	Intangible assets
2023	
Cost	
Beginning of the year	121,274
Additions	42,836
Disposals	-
End of the year	164,110
Accumulated amortisation	
Beginning of the year	-
Amortisation	(20,274)
Disposals	-
End of the year	(20,274)
Carrying amount End of the year	**143,836**

Intangible assets comprise the costs incurred during the development of Tan Delta Systems products and software. They are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. An amortisation period of three years has been adopted based on the expected period of commercial advantage of the technology. Useful lives are reconsidered if circumstances relating to the asset change or if there is an indication that the initial estimate requires revision.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

12. Right of use asset

	Right of use asset
	£
2024	
Cost	
Beginning of the year	200,764
Additions	-
Disposals	-
End of the year	200,764
Accumulated amortisation	
Beginning of the year	(107,074)
Amortisation	(26,768)
Disposals	-
End of the year	(133,842)
Carrying amount End of the year	**66,922**

	Right of use asset
	£
2023	
Cost	
Beginning of the year	200,764
Additions	-
Disposals	-
End of the year	200,764
Accumulated amortisation	
Beginning of the year	(80,305)
Amortisation	(26,769)
Disposals	-
End of the year	(107,074)
Carrying amount End of the year	**93,690**

The Company leases one property for commercial use with a lease term of 10 years (remaining lease term is 2 years and 5 months). All lease payments, in substance, are fixed over the term and are capitalised as part of the right-of-use asset. All expected future cash out flows are reflected within the measurement of the lease liabilities at each year end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

13. Property, plant and equipment

	Plant and machinery	Office equipment	Furniture and fixtures	Tenants Improvements	Total
	£	£	£	£	£
2024					
Cost					
Beginning of the year	67,847	17,933	8,561	10,966	**105,307**
Additions	17,392	25,920	162	-	**43,474**
Disposals	-	-	-	-	**-**
End of the year	85,239	43,853	8,723	10,966	**148,781**
Accumulated depreciation					
Beginning of the year	(31,762)	(5,577)	(3,792)	(8,496)	**(49,627)**
Depreciation	(12,982)	(8,883)	(1,173)	(2,193)	**(25,231)**
Disposals	-	-	-	-	**-**
End of the year	(44,744)	(14,460)	(4,965)	(10,689)	**(74,858)**
Carrying amount End of the year	**40,495**	**29,393**	**3,758**	**277**	**73,923**

	Plant and machinery	Office equipment	Furniture and fixtures	Tenants Improvements	Total
	£	£	£	£	£
2023					
Cost					
Beginning of the year	59,954	22,806	6,745	10,966	**100,471**
Additions	8,962	9,477	3,316	-	**21,755**
Disposals	(1,069)	(14,350)	(1,500)	-	**(16,919)**
End of the year	67,847	17,933	8,561	10,966	**105,307**
Accumulated depreciation					
Beginning of the year	(16,505)	(11,006)	(2,987)	(5,975)	**(36,473)**
Depreciation	(15,890)	(4,007)	(1,801)	(2,521)	**(24,219)**
Disposals	633	9,436	996	-	**11,065**
End of the year	(31,762)	(5,577)	(3,792)	(8,496)	**(49,627)**
Carrying amount End of the year	**36,085**	**12,356**	**4,769**	**2,470**	**55,680**

Subsequent to 1 January 2023, property, plant and equipment are depreciated using the straight-line method and also reassessed for useful estimated life. Prior to that assets were depreciated using the reducing balance method. Tan Delta adopted a comprehensive change, that is both new and old assets are depreciated using the straight-line method prospectively. The change from reducing balance to straight line method resulted in a depreciation charge increase of £12,239 in 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

14. Inventories

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Raw Materials	**369,547**	164,302
Finished goods	**371,692**	207,928
Total	**741,239**	372,230
Less : Provision	**(8,103)**	(6,904)
	733,136	365,326

The cost of inventories recognised as an expense in the year ended 31 December 2024 amounted to £360,554 (2023: £432,833). This is included in cost of sales in the statement of profit or loss and comprehensive income. During the year ended 31 December 2024, the Company wrote off a total stock value of £nil (2023: £nil).

15. Trade and other receivables

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Amounts falling due within one year:		
Trade receivables	**187,978**	144,381
Other receivables	**83,987**	87,006
Tax recoverable	**12,897**	7,215
Prepayments	**24,757**	36,041
	309,619	**274,643**

Refer Note 21 to the financial statements for further details on expected credit losses.

16. Cash and cash equivalents

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Cash at banks	**3,083,552**	**4,555,003**

Included in cash and cash equivalents are balances held either in instant access accounts or in accounts where funds can be accessed when giving the bank thirty-two days' notice. These balances have accordingly been classified as cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

17. Trade and other payables

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Trade payables	**380,324**	305,150
Other payables	**30,778**	21,099
Other Taxation and social security	**29,789**	24,740
Accruals	**64,414**	90,905
Deferred Income	**9,631**	23,938
	514,936	465,832

18. Borrowings and liabilities

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Current:		
Bank loans	-	-
Lease liability	**28,221**	27,388
	28,221	27,388
Non-current:		
Bank loans	-	-
Lease liability	**43,949**	72,169
	43,949	72,169

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

19. Share capital

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Allotted, called up and fully paid		
Opening share capital	**(73,224)**	(452)
Bonus Issue	-	(49,698)
Ordinary shares of 23,074,000 @ £0.001 each	-	(23,074)
Total	**(73,224)**	(73,224)

Called up share capital represents the nominal value of shares that have been issued. All classes of shares have full voting, dividends, and capital distribution rights.

On 1 June 2023, the ordinary shares were subdivided from £0.01 to £0.001 (45,180 shares to 451,800 shares). Subsequently a bonus issue was made for all the shareholders holding 451,800 shares at that date. The bonus issue offered 110 ordinary shares for every 1 ordinary share in issue, with a nominal value of £0.001 per share. This increased the number of ordinary shares in issue by 49,698,000 to 50,149,800.

On 18 August 2023 the Company issued 23,074,000 at £0.001 per share increasing the total number of shares in issue to 73,223,800.

20. Share Premium

In anticipation of re-registering the Company as a public limited Company, at a general meeting of the Company 1on 1 June 2023, it was resolved that the Company would reduce its share premium account by £1.52m by crediting the Profit and Loss Account.

Share premium account
This represents the excess value recognised from the issue of ordinary shares above nominal value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

21. Share Based Payments

When the Company listed on Aim in Augst 2023 it instituted an EMI share options scheme. The Company granted 1,253,745 share options in line with the disclosures made in the companies Admission document. The options have an exercise price of 26p. These options are granted in five equal tranches and will vest annually over five years. The fair value of each option granted was estimated on the grant date using the Black Scholes option pricing model with the following assumptions:

Tranche	1	2	3	4	5
1. Stock Price	0.26	0.26	0.26	0.26	0.26
2. Exercise Price	0.26	0.26	0.26	0.26	0.26
3. Expected Term (years)	5.5	6	6.5	7	7.5
4. Volatility (annualised %)	45%	45%	43%	44%	44%
5. Dividend Yield *	-	-	-	-	-
6. Risk-Free Interest Rate *	4.70%	4.70%	4.70%	4.70%	4.70%
Fair Value	0.12	0.13	0.13	0.13	0.14

On 5 July 2024 250,749 shares granted to Steve Johnson were cancelled.

	Number of shares granted as at 1 January 2024	Number of shares granted in the year	Awards lapsed /surrendered /cancelled in the year	Awards exercised in the year	Number of awards over shares at 31 December 2024	Expiry date
Executive directors						
Chris Greenwood	1,002,996	-	-	-	1,002,996	31/12/2028
Steve Johnson	250,749	-	(250,749)	-	-	
Total	**1,253,745**	**-**	(250,749)	**-**	**1,002,996**	

Other reserve

This represents the cumulative fair value of share options charged to the statement of comprehensive income net of the transfers to the profit and loss reserve on exercised and cancelled/lapsed options.

	12 months ended 31-Dec-24	Restated 12 months ended 31-Dec-23
Share option charges for share based payments	**£**	**£**
Opening Balance	19,089	-
Share option costs	36,905	19,089
Closing balance	**55,994**	**19,089**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management

The Company has exposure to the following risks from its use of financial instruments;

- Market risk
- Liquidity risk
- Credit risk
- Foreign exchange risk

This note presents information about the Company’s exposure to each of the above risks, objectives, policies and processes for measuring and managing risk as well as the Company’s management of capital. The Board of directors has the overall responsibility for the establishment and oversight of the Company`s risk management framework.

The table below sets out the Company's classification of financial assets and liabilities in the statement of financial position. There were no financial assets and liabilities in the following category in 2024 and 2023 financial periods;

- Financial assets and liabilities at fair value through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

The category has therefore been excluded from the tables below:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Categories of financial instruments		
Financial assets		
Receivables and cash	**3,393,171**	4,829,646
Financial liabilities		
Payables	**587,106**	565,389

		Financial liabilities at amortised cost	Financial assets at amortised cost	Total carrying value	Fair value
2024	**Note**	£	£	£	£
Assets		**-**	**3,393,171**	**3,393,171**	**3,393,171**
Trade and other receivables	**14**	-	309,619	309,619	309,619
Bank balance and cash	**15**	-	3,083,552	3,083,552	3,083,552
Liabilities		**587,106**	**-**	**587,106**	**587,106**
Trade and other payables	**16**	514,936	-	514,936	514,936
Borrowings & leases	**17**	72,170	-	72,170	72,170
2023					
Assets		**-**	**4,829,646**	**4,829,646**	**4,829,646**
Trade and other receivables	**14**	-	274,643	274,643	274,643
Bank balance and cash	**15**	-	4,555,003	4,555,003	4,555,003
Liabilities		**565,389**	**-**	**565,389**	**565,389**
Trade and other payables	**16**	465,832	-	465,832	465,832
Borrowings & leases	**17**	99,557	-	99,557	99,557

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

The estimated net fair values as at 31 December 2024 have been determined using available market information as outlined below. This value is indicative of the amounts the Company could realise in the normal course of business.

The fair value of receivables, bank balances, and payables approximate their carrying amount due to the short-term maturities of these instruments. The fair value of finance lease liabilities is not significantly different to their carrying values, as the carrying values approximate their fair values.

Financial assets and liabilities disclosures require the measurement of fair values which differ from the carrying values of these financial assets and liabilities. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The valuation of the Company's financial instruments is based on market observables whereby the owned assets and owed liabilities are similar to, but not the same as, those traded in an active market. In this case, the fair values of the financial instruments reported requires the

use of inputs that are unobservable in the market. As such the fair value hierarchy of the entity's financial instruments is a level 3.

Fair value hierarchy

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices in active markets;
- Level 2: Level 1 quoted prices are not available, but fair value is based on observable market data; and
- Level 3: Inputs that are not based on observable market data.

Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Company’s income or expenses. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

Interest rate risk management

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to fluctuations in interest rates (i.e. cash flow interest rate risk) on its bank balances and finance leases. It does not at present hedge its exposure to adverse interest rate movements.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Variable rate instruments		
Asset		
Bank balance and cash	**3,083,552**	4,555,003
Liability		
Borrowings & leases	**72,170**	99,557

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables in particular foreign currency rates remain constant:

Variable rate instruments	**(Decrease) / increase in equity and profit or loss**	
	100bp increase	100bp decrease
	£	£
2024		
Asset		
Bank balance and cash	**30,836**	**(30,836)**
Liability		
Borrowings & leases	**722**	**(722)**
2023		
Asset		
Bank balance and cash	45,550	(45,550)
Liability		
Borrowings & leases	996	(996)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

Liquidity risk

Liquidity risk arises when there are insufficient liquid assets (cash and readily convertible securities) available to meet financial obligations. There were no material changes in the exposure to liquidity risk and its objectives, policies and processes for managing and measuring the risk during the current financial year.

The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses in the short-term including the servicing of financial obligations this excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

The following liquid resources are available:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	£
Trade and other receivables	**309,619**	274,643
Bank balance and cash	**3,083,552**	4,555,003
Total	**3,393,171**	**4,829,646**

The table below analyses the Company's financial liabilities which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Note	Carrying Amount	Contractual cash flows	0-12 months	1-3 years
2024		£	£	£	£
Trade and other payables	**16**	514,936	514,936	514,936	-
Borrowings & leases	**17**	72,170	75,000	30,000	45,000
Total		**587,106**	**589,936**	**544,936**	**45,000**
2023					
Trade and other payables	**16**	465,832	465,832	465,832	-
Borrowings & leases	**17**	99,557	105,000	30,000	75,000
Total		**565,389**	**570,832**	**495,832**	**75,000**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

Credit risk

This risk represents the risk that the borrower or counterparty fails to meet an obligation when it falls due. The exposures may arise, for instance from deterioration in the borrower's financial position, from a reduction in the value of securities held as collateral and from entering into contracts under which counterparties have an obligation to repay. In order to minimise the risk, the Company endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored.

IFRS 9 requires the use of forward-looking information to recognise expected credit losses – the 'expected credit loss model'. Recognition of credit losses is not dependent on the Company first identifying a credit loss event, instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current economic conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

When the Company becomes aware of a financial asset that is irrecoverable, the Company writes off the financial asset through the profit and loss. The Company considers its maximum exposure per class to be as followed:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
	£	**£**
Trade and other receivables	**309,619**	274,643
Bank balance and cash	**3,083,552**	4,555,003
Total	**3,393,171**	**4,829,646**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

Credit risk **continued**

Cash and cash equivalents

The Company determines appropriate internal credit limits for each counterparty. In determining these limits, the Company considers the counterparty's credit rating established by an accredited ratings agency and performs internal risk assessments.

The Company holds its cash balances in financial institutions with a rating of A+ and BBB+.

Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. While cash and cash equivalents are subject to the impairment requirements of IFRS9, no impairment losses were identified.

	Exposure at Default (EAD)	Probability of possible defaults (PD)	Loss given default (LGD)	Expected credit losses (ECL)
2024	**£**			**£**
Cash & Cash equivalents	3,083,552	0%	0%	-

	Exposure at Default (EAD)	Probability of possible defaults (PD)	Loss given default (LGD)	Expected credit losses (ECL)
2023	**£**			**£**
Cash & Cash equivalents	4,555,003	0%	0%	-

Trade receivables

The Company has adopted a simplified approach for determining expected credit losses which considers the lifetime of assets. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The expected credit losses are calculated based on the probable defaults which are considered on the historic payment trends of the customer, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assesses impairment regularly of trade receivables on a collective basis as they possess shared credit risk characteristics based on grouping debt by days overdue. On that basis the expected credit loss allowance was determined to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

Credit risk **continued**

Trade receivables continued

The ageing of trade receivables and credit loss allowances at the reporting date were:

	Exposure at Default (EAD)	Probability of possible defaults (PD)	Loss given default (LGD)	Expected credit losses (ECL)
2024	**£**			**£**
Current	74,659	0%	0%	-
1 - 30 days	49,378	0%	0%	-
31 - 60 days	9,197	0%	0%	-
Over 61 days	54,744	0%	0%	-
Total	**187,978**			-

	Exposure at Default (EAD)	Probability of possible defaults (PD)	Loss given default (LGD)	Expected credit losses (ECL)
2023	**£**			**£**
Current	82,519	0%	0%	-
1 - 30 days	37,540	0%	0%	-
31 - 60 days	9,048	0%	0%	-
Over 61 days	15,274	0%	0%	-
Total	**144,381**			-

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions in a currency other than its functional currency. The Company's policy is, where possible, to settle liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 continued

23. Related Party transactions

During the year, the key management personnel remuneration included within staff costs are as follows:

	12 months ended 31-Dec-24	12 months ended 31-Dec-23
Key management personnel compensation	£	£
(Directors' remuneration)		
Short-term employee benefits	341,782	185,516
Post-employment benefits	-	-
Termination benefits	-	-
Equity compensation benefits	-	-
Total	**341,782**	**185,516**

Key management personnel are considered to be the directors of Tan Delta Systems plc.

24. Prior year adjustment

A prior year adjustment was made to the financial statements to correct an over expense to the share option reserve in the previous year. Share option costs had been recognised incorrectly for the full year (£76,907) instead of recognising share option charges for five months (£19,089) since they were issued in August 2023.

This has therefore impacted the following lines of the financial statements:

	2023 c/f balance	Adjustment	Restated 2023 c/f balance
Admin expenditure	(2,006,329)	57,818	(1,948,511)
Other reserves	76,907	(57,818)	19,089

25. Events after reporting period

No adjusting or significant non-adjusting events have occurred between reporting date and the date of authorisation.

NOTICE OF ANNUAL GENERAL MEETING

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant, or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if you reside elsewhere, another appropriately authorised financial adviser.

If you have recently sold or transferred all of your shares in Tan Delta Systems Plc, please send this notice and the accompanying documents as soon as possible to the purchaser or transferee or to the person who arranged the sale or transfer, so they can pass these documents to the person who now holds the shares.

TAN DELTA SYSTEMS PLC

Registered in England and Wales with Company Number 06362470

NOTICE OF ANNUAL GENERAL MEETING

LETTER FROM THE CHAIRMAN

Registered Office: 1 Carrera Court
Dinnington
Sheffield
United Kingdom
S25 2RG

09 May 2025

Dear Shareholder

Annual General Meeting 2025

The Board is pleased to confirm that the Company's Annual General Meeting (**AGM**) will take place at 1:00 p.m. on 18 June 2025 and the notice convening the AGM (**AGM Notice**) is set out at the end of this letter.

Arrangements

The AGM will be held at the offices of Zeus Capital at Stock Exchange Tower, 125 Old Broad St, London EC2N 1AR.

Shareholders are invited to submit questions to the Board on matters to be discussed at the AGM in advance. Questions can be submitted by email to info@tandeltasystems.com by 1:00pm on 4 June 2024. Please title your email "TAND – AGM Shareholder Questions" and include your full name. Questions will be **responded to individually where appropriate and any areas of significant shareholder interest will be addressed with answers on the Company's website as soon as practicable following the AGM**. **Shareholders are requested to submit their questions ahead of the proxy voting deadline** at 1:00 p.m. on 4 June 2024.

Voting

Shareholders are encouraged to vote on the resolutions to be put to the AGM by proxy whether or not they intend to attend. Please also refer to the "Notes" section of the AGM Notice for details on how to vote by proxy.

Voting at the AGM will be conducted on a poll in accordance with best practice.

Resolutions

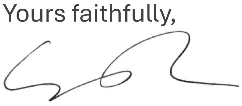
The resolutions to be put to shareholders at the AGM are set out in the Notice of AGM which is included with this letter. An explanation of each of the resolutions is set out at the end of the document.

Recommendation

The Board of Tan Delta Systems Plc considers all of the proposed resolutions to be in the best interests of the Company and shareholders as a whole and, accordingly, recommends that shareholders vote in favour of all the resolutions proposed, as the directors intend to do in respect of their own holdings.

We look forward to welcoming shareholders to the AGM.

Yours faithfully,



Simon Tucker
Chair

TAN DELTA SYSTEMS PLC
NOTICE OF ANNUAL GENERAL MEETING
2024

Notice is hereby given that the Annual General Meeting (**AGM**) of Tan Delta Systems Plc will be held at the offices of Zeus Capital at Stock Exchange Tower, 125 Old Broad St, London EC2N 1AR on 18 June 2025 at 1:00 p.m. to consider and, if thought fit, to pass the resolutions set out below. Resolutions 1 to 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions.

Definitions

CA 2006	the Companies Act 2006
Company	Tan Delta Systems Plc
Directors	the board of directors of the Company (or a duly constituted committee thereof)
Equity Securities	shall have the meaning given in section 560 of CA 2006
Ordinary Shares	ordinary shares in the capital of the Company

Report and Accounts

1. To receive the Annual Report and Accounts of the Company for the financial year ended 31 December 2024 together with the directors' reports and auditor's report on those accounts.

Directors

2. To appoint Joy Alvarez as a director of the Company.

3. To re-appoint Timothy Croston as a director of the Company.

4. To re-appoint Christopher Greenwood as a director of the Company.

5. To appoint John Higginbottom as a director of the Company.

6. To re-appoint Simon Tucker as a director of the Company.

Auditor

7. To re-appoint Haysmac LLP as auditor of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

8. To authorise the directors to determine the fees payable to the auditor.

Share Authorities

9. THAT, in accordance with section 551 of CA 2006, the directors be generally and unconditionally authorised to allot Equity Securities:

9.1. up to an aggregate nominal amount of £48,815.87 (such amount to be reduced by the nominal amount of any Equity Securities allotted pursuant the authority in paragraph 9.2 below) in connection with a fully pre-emptive offer:

A. to holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

B. to holders of other Equity Securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

9.2. in any other case, up to an aggregate nominal amount of £24,407.93 (such amount to be reduced by the nominal amount of any Equity Securities allotted pursuant to the authority in paragraph 9.1 above in excess of £24,407.93),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the next annual general meeting of the Company (or if earlier, the date which is 15 months from the date of the passing of the resolution) save that the Company may, before such expiry, make offers or agreements which would or might require Equity Securities to be allotted and the directors may allot Equity Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised authorities previously granted to the directors under section 551 of CA06, but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

10. THAT, subject to the passing of resolution 9, the directors be authorised to allot Equity Securities for cash under the authority conferred by that resolution and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that such authority shall be limited to:

10.1. the allotment of Equity Securities in connection with an offer of Equity Securities (but, in the case of the authority granted under paragraph 9.1, by way of a rights issue only):

A. to the holders of Ordinary Shares in proportion (as nearly as may be practicable) to their respective holdings; and

B. to holders of other Equity Securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

10.2. the allotment of Equity Securities or sale of treasury shares (otherwise than pursuant to 10.1 of this resolution) to any person up to an aggregate nominal amount of £7,322.38); and

10.3. the allotment of Equity Securities or sale of treasury shares (otherwise than under paragraph 10.1 or paragraph 10.2 above) up to a nominal amount equal to 20% of any allotment of Equity Securities or sale of treasury shares from time to time under paragraph 10.2 above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the Company's next annual general meeting after the passing of this resolution or, if earlier, at the close of business on the date which is 15 months from the date of passing the resolution, save that the Company may, before such expiry make offers or agreements which would or might require Equity Securities to be allotted (or treasury shares to be sold) after the authority expires and the directors may allot Equity Securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

11. THAT, subject to the passing of resolution 9, the directors be authorised in addition to any authority granted under resolution 10, to allot Equity Securities for cash under the authority conferred by resolution 9 and/or to sell Ordinary Shares held by the Company as treasury shares as if section 561 of CA 2006 did not apply to any such allotment or sale, provided that such authority shall be:

11.1. limited to the allotment of Equity Securities or sale of treasury shares up to an aggregate nominal amount of £7,322.38 such authority to be used only for the purpose of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice; and

11.2. limited to the allotment of Equity Securities or sale of treasury shares (otherwise than under paragraph 11.1 above) up to a nominal amount equal to 20% of any allotment of Equity Securities or sale of treasury shares from time to time under paragraph 11.1 above, such authority to be used only for the purposes of making a follow-on offer which the Board of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the conclusion of the Company's next annual general meeting (or, if earlier, at the close of business on the date which is 15 months from the date of passing the resolution but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require Equity Securities to be allotted (and treasury shares to be sold) after the authority expires and the Board may allot Equity Securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

BY ORDER OF THE BOARD

J Higginbottom

John Higginbottom

Company Secretary

9 May 2025

NOTES TO THE NOTICE OF AGM

Entitlement to Attend and Vote at the AGM

1. The Company specifies that only those members registered on the Company's register of members at 1pm (London time) on 18 June 2025 or if this general meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) prior to the adjourned meeting shall be entitled to attend and vote at the General Meeting.

Proxy Voting – General

2. If you are a Shareholder of the Company at the time set out in Note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting. You can only appoint a proxy using the procedures set out in these notes. You can appoint the Chair of the meeting as your proxy or another person of your choice. Your proxy does not need to be a member of the Company but must attend the meeting to represent you.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
5. Appointment of a proxy does not preclude you from attending the general meeting and voting in person. If you do vote in person at the meeting, that vote will override any votes previously submitted in respect of those shares.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution. If you do not select a voting option, your proxy may vote or abstain from voting at their discretion.

Proxy Voting – Procedures

7. To be valid proxy votes must be received by 1:00 p.m. on 18 June 2024, or if the meeting is adjourned, 48 hours (excluding any part of a day that is not a working day) before the adjourned meeting (**Proxy Vote Closing Time**).
8. The Company's Registrar is Share Registrars Limited. Their contact details are:
    - Tel: +44 (0) 1252 821390. Lines are open from 9:00 am to 5:00 pm (UK time) Monday to Friday (excluding public holidays in England and Wales).
    - Address: 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX.
    - Email: enquiries@shareregistrars.uk.com
9. You may lodge your proxy vote in one of the following ways:
    - To vote by post, please follow the instructions in Notes 10 and 11.
    - To vote electronically, please follow the instructions in Note 12.
    - CREST members may vote using the CREST system. Please follow the instructions in Notes 13 to 16.
10. Hard copy proxies must be completed in accordance with the instructions printed on them and returned to the Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX (together with any necessary authority documentation) to be received no later than the Proxy Vote Closing Time. The power of attorney or other written authority, if any, under which it is signed or an office or notarially certified copy or a copy certified in accordance with the Powers of Attorney Act 1971 of such power and written authority, must be delivered with the completed proxy form.

11. If you need a replacement hard proxy copy form, you may request this directly from the Company's Registrar. Please see the Registrar's contact details in Note 8.

12. As an alternative to submitting a hard copy proxy form, you may submit your proxy electronically by logging on to **www.shareregistrars.uk.com**, clicking on the "Proxy Vote" button and then following the on-screen instructions. For an electronic proxy appointment to be valid, your appointment must be received no later than the Proxy Vote Closing Time.

13. CREST members may vote by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

14. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from **www.euroclear.com**). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a 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.

15. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (**CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent Share Registrars (whose CREST ID is [7RA36) by the Proxy Vote Closing Time. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application 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.

16. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular message. 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 his 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 connection, CREST members and, where applicable, their CREST sponsors or voting system providers 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.

Proxy Voting – Changes and Revocations

17. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars using the contact details in Note 8 above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

18. In order to revoke a proxy instruction you will need to inform the Company. You must telephone the Registrar using the contact details in Note 8 above. In the case of a member which is a Company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company's Registrar no later than the Proxy Vote Closing Time. If you attempt to revoke your

proxy appointment but the revocation is received after the time specified then, subject to Note 5 above, your proxy appointment will remain valid.

Corporate Representatives

19. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises power over the same share.
20. Corporate representatives must produce a signed corporate representative letter from the shareholder in suitable form at the AGM together with photographic identification to verify they are the representative referred to in the letter.

Share Capital

21. As at the close of business on the day immediately before the date of this notice of AGM, the Company's issued share capital comprised 73,223,800 ordinary shares of nominal value £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at close of business, on the day immediately before the date of this notice of AGM is 73,223,800.

EXPLANATORY NOTES

Resolutions 1 to 9 are ordinary resolutions and require a simple majority to pass. Resolutions 10 and 11 are special resolutions and require a majority of at least 75% to be passed.

1. Resolution 1 – Report and Accounts (Ordinary Resolution)

Section 437 of CA 2006 requires the directors to lay copies of the Company's annual accounts and reports for the financial year ended 31 December 2023 before the Company in a general meeting before the end of the period for filing them with Companies House. This resolution addresses that requirement.

2. Resolutions 2 to 6 – directors (Ordinary Resolutions)

As this is the Company's first AGM, all the directors are seeking election by shareholders. Biographical details of all directors can be found in the Annual Report and on the Company's website at **www.tandeltasystems.com/corporate-governance/aim-26/**.

3. Resolutions 7 and 8 – Auditors (Ordinary Resolutions)

On the recommendation of the Audit Committee, the Board proposes as Resolution 7 that Haysmac LLP be re-appointed as auditor of the Company. Resolution 8 proposes that the Board be authorised to determine the level of the auditor's remuneration. Please refer to the Audit Committee Report in the Annual Report for further information.

4. Resolution 9 – Authority to Allot (Ordinary Resolution)

This resolution deals with the directors' authority to allot securities in accordance with section 551 of the Companies Act 2006 and complies with the Investment Association Share Capital Management Guidelines issued in February 2023.

If passed, the resolution will authorise the directors to allot:

(i) Equity Securities up to a maximum nominal amount of £48,815.87 which represents approximately two-thirds of the Company's issued ordinary shares (excluding treasury shares) as at 22 April 2024(being the latest practicable date prior to publication of this document) (**ISC**) in relation to a pre-emptive offer, with authority for the directors to deal pragmatically with legal, regulatory and logistical issues arising from a fully pre-emptive offer (e.g. fractions of shares and overseas securities laws). This maximum is reduced by the nominal amount of any Equity Securities allotted under the authority set out in paragraph 9.2 of the resolution; and

(ii) Equity Securities up to a maximum nominal amount of £24,407.93 otherwise which represents approximately one-third of the Company's ISC. This amount will be reduced to the extent that Equity Securities allotted pursuant to paragraph 9.1 exceed £24,407.93.

The maximum nominal amount of securities which may be allotted under this resolution is therefore £48,815.87.

The authority granted by this resolution will expire on the earlier of the conclusion of next year's annual general meeting and the date which is 15 months after the resolution is passed.

The directors have no present intention to exercise the authority conferred by this resolution.

5. *Resolutions 10 and 11 – Disapplication of Statutory Pre-Emption Rights (Special Resolutions)*

Under CA 2006, the directors require shareholder authority to issue Equity Securities for cash without first offering them to the whole shareholder base pro rata to their existing holdings in accordance with the statutory requirements of section 561 CA 2006. Resolutions 10 and 11 will, if passed, give the directors this authority within the specified limitations. Resolution 10 provides a general authority and resolution 11 is in respect of allotments to finance acquisitions and capital investments.

These resolutions are in line with the Pre-Emption Group's Statement of Principles 2022, the template resolutions published by the Pre-Emption Group in 2022 and the Share Capital Management Guidelines published by the Investment Association (as updated in February 2023) (**Investor Guidelines**). The Company notes the increase in the acceptable levels of authority set out in the Pre-Emption Group's Statement of Principles 2022 and the directors consider it appropriate for the Company to seek those enhanced approvals to maximise its ability to act swiftly in the interests of shareholders should a need or opportunity arise.

Put simply, the directors will, if the resolutions are passed, have authority to freely allot up to 10% of the ISC for cash, with additional allotments for cash permitted only for:

- offers which are essentially pre-emptive but enable the directors to make pragmatic decisions to deal with logistical and regulatory issues in connection with the offer (up to two-thirds of the ISC in total);
- financing specified investments and acquisitions in line with the Investor Guidelines (up to 10% ISC); and
- specified follow-on offers in line with the Investor Guidelines (up to 20% of the nominal value of shares allotted under the original offer process (maximum 2% of the ISC)).

The directors have no present intention to exercise the authority conferred by these Resolutions.

The authorities set out in these Resolutions will expire on the conclusion of next year's annual general meeting or, if earlier, on the date which is 15 months after the date the resolution is passed.