



Tan Delta Systems plc.

Annual Report & Financial Statements

for the year ended 31 December 2025



Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

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DIRECTORS, REGISTERED OFFICE AND ADVISERS

Directors
C J Greenwood (Chief Executive Officer)
J Higginbottom (Chief Financial and Operations Officer)
S R Tucker (Non-Independent Non-Executive Chairman)
T J Croston (Independent Non-Executive Director)
J Alvarez (Independent Non-Executive Director)

Company secretary **J Higginbottom**

Registration number 06362470

Registered office
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Dinnington
Sheffield
S25 2RG
United Kingdom

Website www.tandeltasystems.com

Nominated 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
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EC4R 1AG

ABOUT TAN DELTA SYSTEMS plc.

Tan Delta Systems plc provides intelligent equipment health analysis and monitoring systems that enable operators of all types of commercial and industrial equipment that use lubrication 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 analyse oil at a molecular level and provide real time equipment health insight, thereby enabling maintenance schedule optimisation that reduces operating costs whilst also improving reliability.

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.

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CHIEF EXECUTIVE OFFICER'S STATEMENT

This year has seen continued solid progress towards largescale rollouts and widescale market adoption. Multiple customers are progressing paid-for evaluations of our real time oil analysis solutions with a view to future fleet rollouts and long term adoption. We currently have visibility of future prospects potentially worth more than £75 million.

Revenue for 2025 was £1.22 million (2024: £1.22 million) with a gross profit margin of 60% (2024: 62%), resulting in an adjusted loss for the period of £1.55 million (2024: £1.14 million). The increased loss reflects increased overheads to support expanding customer trial support activities. As at 31 December 2025, the Company has no bank debt and cash balances were £1.49 million.

Industrial and commercial equipment operators are understandably cautious when adopting technologies that may become embedded within their maintenance and operational practices for many years. As a result, the path to full deployment typically involves a structured process of evaluation, technology validation, operational testing, and rollout planning. While this creates longer sales cycles, it also establishes a robust foundation for long-term customer relationships and large-scale adoption.

Against this backdrop, I am pleased to report that Tan Delta Systems plc has continued to make significant progress. Market awareness of our technology is increasing, the number of active customer evaluations continues to grow, and we have a healthy pipeline of prospects at various stages of the assessment and deployment process. This momentum is reflected in the value of visible rollout opportunities, where customers are engaged in paid evaluation programmes, which increased from approximately £35 million in 2024 to more than £75 million in 2025.

Supporting these opportunities has required increased operational focus and customer engagement. Our teams have dedicated considerable effort to ensuring customers receive the technical and commercial support necessary to successfully evaluate our technology and build confidence for wider deployment. This increased activity is reflected in our overhead costs during the year.

Several notable milestones were achieved during the period. These included a major global e-commerce operator progressing to a second phase of evaluation across multiple sites, the commencement of a programme with one of the world's leading baggage handling companies to monitor gear motors used in conveyor systems, and the signing of a strategic agreement with Shell Marine. Together, these initiatives demonstrate the broad applicability of our technology across multiple industrial sectors and asset types.

As customer engagement has expanded, our principal operational challenge has been ensuring that we have sufficient resources to support the growing number of evaluations and prepare for anticipated future rollouts. Accordingly, we have prioritised investment in customer support, deployment readiness, and operational capability, while moderating expenditure on new product development activities during the period.

The long-term fundamentals underpinning our business remain highly attractive. Equipment operators across industries continue to face increasing pressure to reduce operating costs, improve reliability, extend asset life, and meet sustainability objectives. Our strategy remains focused on supporting customers through evaluation, validation, and deployment, while building a growing base of reference customers that can accelerate wider market adoption. As real-time oil condition monitoring becomes increasingly recognised as a critical component of predictive maintenance programmes, we expect customer references and successful deployments to contribute to shorter sales cycles and broader commercial adoption over time.

While the timing of customer deployment decisions remains difficult to predict with precision, we expect a number of ongoing evaluations to progress towards commercial rollout decisions during late 2026, with adoption expected to build thereafter.

Finally, I would like to express my sincere gratitude to our employees, shareholders, customers, suppliers, and fellow Board members. Their continued support, commitment, and belief in our vision have been instrumental in the progress achieved to date. Together, we remain focused on building a sustainable, scalable business that delivers long-term value for all stakeholders.

CHIEF EXECUTIVE OFFICER'S STATEMENT continued



Chris Greenwood
Chief Executive Officer
2 June 2026

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STRATEGIC REPORT

The directors present their strategic report for the year ended 31 December 2025.

BUSINESS REVIEW

The principal activity of Tan Delta Systems plc is the development and supply of oil condition monitoring equipment into a diverse range of global markets, 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

Industrial operators are increasingly adopting predictive maintenance and real-time condition monitoring technologies to improve reliability, reduce maintenance costs and support operational efficiency objectives.

Across industrial sectors there is a growing focus on reducing downtime, extending equipment life and improving sustainability outcomes through better use of operational data and real-time monitoring solutions.

The Company continues to focus on sectors where the operational and commercial benefits of condition monitoring are most compelling, including power generation, mining, industrial equipment, marine and transportation.

Tan Delta Systems plc 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 Systems plc's strategy regarding stakeholder engagement and our Section 172 Statement can be found on page 13.

FINANCIAL REVIEW

Whilst revenue was consistent (2025: £1.22 million, 2024: £1.22 million), the Company saw a significant improvement in convertible pipeline opportunities. Although conversion in 2025 was lower than anticipated, the opportunities still exist and we remain focused on order acquisition in 2026.

Revenue

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. Annual revenue for Europe and Rest of the World increased by 6% on average in 2025.

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STRATEGIC REPORT continued

FINANCIAL REVIEW continued

Gross profit

Gross profit margin decreased from 62% in 2024 to 60% in 2025, whilst ensuring that our product offering has an attractive return for our customers. Inflation on supply was reduced compared to previous years and any future cost pressure is expected to be passed on through pricing and mitigated by good supply chain management. Since year end, there has been a comprehensive review of all price lists which will help maintain margins at historical levels.

Operating expenses

Operating expenses grew (2025: £2.40 million, 2024: £2.09 million) due to the full year effect of additional costs incurred during 2024 as the business established the right structure to support growth plans.

Reported loss/profit before tax

The reported loss before tax was £1.59 million in 2025 (2024: £1.17 million). During the year, operating expenses increased because of investments in sales, marketing, and product development. Interest income was £0.09 million lower than 2024.

Finance income and expenses

Cash reserves were invested in interest earning bank accounts generating interest income of £0.08 million (2024: £0.17 million).

Interest expense was accounted for on the right of use asset in accordance with IFRS 16.

Cash

The year-end cash balance for 2025 was £1.49 million (2024: £3.08 million).

Accounting policies

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

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STRATEGIC REPORT continued

FINANCIAL REVIEW continued

Use Of Non-GAAP Financial Performance Measures

This Annual Report and Financial Statements include certain alternative performance measures that are not defined by UK-adopted International Financial Reporting Standards ('IFRS'). The directors consider that these measures, when presented alongside the most directly comparable IFRS measures, provide useful additional information to shareholders and enhance an understanding of the Group's financial performance. Management uses these measures, together with the related IFRS measures, to monitor and assess the Group's operational performance. Alternative performance measures should not be considered in isolation or as a substitute for information presented in accordance with IFRS.

The following table provides a reconciliation of the alternative performance measures to the most directly comparable IFRS measures.

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
<i>Adjusted operating loss before tax</i>		
Reported operating loss	(1,666,659)	(1,337,051)
Non-underlying items:		
Share Option Costs	(41,007)	(36,905)
Adjusted operating loss	(1,625,652)	(1,300,146)
<i>Adjusted loss before tax</i>		
Reported loss	(1,592,312)	(1,173,402)
Non-underlying items:		
Share Option Costs	(41,007)	(36,905)
Adjusted loss	(1,551,305)	(1,136,497)

J Higginbottom

John Higginbottom
Chief Financial and Operations Officer
2 June 2026

STRATEGIC REPORT continued

STAKEHOLDERS

In accordance with Section 172 Statement, 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 13) 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 follows:

- Meetings with major institutional investors.
- One-to-one meetings 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 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.

STRATEGIC REPORT continued



Chris Greenwood
Chief Executive Officer

2 June 2026

PRINCIPAL RISKS AND UNCERTAINTIES

Tan Delta Systems plc, 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 is 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 is acknowledged that no risk management plan can guarantee complete protection against losses.

The Board regularly reviews the principal risks facing the business and monitors the effectiveness of mitigation activities.

The executive directors hold 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.

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

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 invests 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 reviews the 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. The Board have also reviewed pricing and made an overall increase to the price lists.
Liquidity	Ensuring the business remains a going concern with static revenues.	2026 revenue forecasts have been based on a viable pipeline. A number of scenarios are taken into plan with action plans in place if needed.
Conflict In Middle East	Impact of conflict in Middle East on revenues.	There are a number of interesting opportunities in the Middle East to expand and grow revenue. Existing revenue base and significant proportion of pipeline is not focussed on that area.
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-EXECUTIVE 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 £24 million to over £100 million.

TIMOTHY CROSTON – INDEPENDENT NON-EXECUTIVE 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-EXECUTIVE 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

The Board is committed to maintaining appropriate standards of corporate governance, aligned with the QCA Corporate Governance Code and proportionate to the size and stage of development of the Company. The Board's role is to provide clear strategic direction, ensure effective oversight of operations and maintain a robust framework of internal control and risk management.

The directors recognise that strong governance supports long-term value creation and underpins the confidence of shareholders and stakeholders. 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. The current board make up is two executive directors and three non-executive directors.

Board Meetings

During the year ended 31 December 2025, 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, the 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 Systems plc '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 Systems plc 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 Systems plc 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 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

2 June 2026

REMUNERATION COMMITTEE REPORT

On behalf of the Board, I present the Remuneration Report for the financial year ended 31 December 2025. This report outlines the Company's remuneration policy and provides details of the amounts earned by directors during the year.

In the context of the Company's performance in 2025, the Committee took a considered and disciplined approach to executive remuneration. Base salaries and overall executive compensation were broadly in line with prior year levels, reflecting the broadly flat financial performance of the business. This approach reinforces the alignment between executive remuneration and Company performance, while ensuring continued focus on long-term value creation for shareholders.

Role and Composition of Committee

The Remuneration Committee consists of Joy Alvarez (Chairman) and Tim Croston. 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.

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REMUNERATION COMMITTEE REPORT continued

	Salary and fees	Benefits	Bonuses	Pension	Total remuneration
	£	£	£	£	£
2025					
Executive directors					
Chris Greenwood	130,000	-	-	6,500	136,500
John Higginbottom	150,000	-	-	7,500	157,500
Total	280,000	-	-	14,000	294,000
Non-executive directors					
Simon Tucker	30,000	-	-	-	30,000
Tim Croston	30,000	-	-	1,500	31,500
Joy Alvarez	30,000	-	-	-	30,000
Total	90,000	-	-	1,500	91,500
2024					
Executive directors					
Chris Greenwood	130,000	-	-	6,500	136,500
John Higginbottom (appointed 5 July 2024)	33,654	-	-	1,683	35,337
Steve Johnson (resigned 5 July 2024)	54,038	-	-	2,702	56,740
Total	217,692	-	-	10,885	228,577
Non-executive directors					
Simon Tucker	30,000	-	-	-	30,000
Tim Croston	30,000	-	-	1,500	31,500
Joy Alvarez (appointed 9 April 2024)	21,846	-	-	-	21,846
Total	81,846	-	-	1,500	83,346

Annualised remuneration

	Salary and fees	Benefits	Bonuses	Pension	Total remuneration
	£	£	£	£	£
2024					
Executive directors - annualised remuneration					
Steve Johnson (resigned 5 July 2024)	100,000	-	-	5,000	105,000
John Higginbottom (appointed 5 July 2024)	150,000	-	-	7,500	157,500
Total	250,000	-	-	12,500	262,500
Non-executive directors - annualised remuneration					
Joy Alvarez (appointed 9 April 2024)	30,000	-	-	-	30,000
	30,000	-	-	-	30,000

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REMUNERATION COMMITTEE REPORT continued

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.

	Opening number of shares granted	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 the end	Expiry date
2025						
Executive directors						
Chris Greenwood	1,002,996	-	-	-	1,002,996	31/12/2028
Total	1,002,996	-	-	-	1,002,996	
2024						
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
 2 June 2026

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 FY25 the committee discussed and agreed the following:

- Review of the external auditors report for FY24
- Review and approve audit plan for FY25;
- External auditors fees
- Review of risk register and risk mitigation process; and
- Review of control systems.

The Committee meets not less than two 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.



Tim Croston
Chairman of the Audit committee
2 June 2026

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STATUTORY DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2025.

GENERAL INFORMATION AND PRINCIPAL ACTIVITY

Tan Delta Systems plc is a public limited Company which is admitted to 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 £1.58 million (2024: loss of £1.17 million). The directors have not recommended the payment of a dividend in 2025 (2024: £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 Company'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 2025 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. The projections run to 12 months from signing date.

Several scenarios were simulated and analysed to establish a spectrum of potential outcomes, with the adjusted assumptions rigorously scrutinised. These scenarios were based on similar levels of revenue to the last two years, moderate growth and significant growth. 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 30 June 2027. The worst case of scenarios would see some rationalising of operational costs that would generate savings of around £0.3million within the forecast period. No assumption was made for any funds raised, but the Board is aware that is an option which could be explored.

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STATUTORY DIRECTORS' REPORT continued

GOING CONCERN continued

Having reviewed financial forecasts, available resources, and the absence of impairment indicators, the directors have a reasonable expectation that Tan Delta Systems plc has adequate resources to continue in operational existence for at least 12 months from the date of signing. Accordingly, the financial statements have been prepared on a going concern basis.

SHARE CAPITAL AND VOTING

As at 31 December 2025 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 2025, 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 HOLDING
Mr Simon Richard Tucker	9,425,589	13%
Amati Global Investors	7,212,000	10%
Gresham House	7,212,000	10%
Mr Richard Booth	6,519,996	9%
Mr Christopher John Greenwood	4,777,440	7%
Octopus Investments	2,906,000	4%

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 be held on 29 June 2026.

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

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STATUTORY DIRECTORS' REPORT continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES continued

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

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
John Higginbottom

Non-Executive

Simon Tucker
Tim Croston
Joy Alvarez

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
Mr Simon Richard Tucker	9,425,589	
Mr Christopher John Greenwood	4,777,440	1,002,996



Simon Tucker
Non-Executive Chairman
2 June 2026

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

Opinion

We have audited the financial statements of Tan Delta Systems Plc (the ‘company’) for the year ended 31 December 2025 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 2025 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.

Key Audit Matter	How the scope of our audit responded to the key audit matter
<p>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</p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the order to cash process and performing walkthrough procedures to confirm our understanding of the process from initiation to recording;

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

<p>transactions occurring close to the year end, as transactions could be recorded in the incorrect financial year (cut-off). The relevant assertions are completeness, occurrence and measurement.</p>	<ul style="list-style-type: none"> • 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 confirmed items were recorded in the correct period; and • Reviewed all bank receipts and invoices received in the last month of the year above a certain threshold to ensure these items were correctly included as revenue in the year; 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.
<p>Inventory existence and valuation</p> <p>There is a risk that as stock levels continue to remain high each year, whilst revenue is not increasing to the anticipated levels, that the finished goods and goods for resale may have an impaired physical condition. 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.</p>	<p>Our work in this area included but was not limited to:</p> <ul style="list-style-type: none"> • 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 reviewed the stock listings provided by management for any slow-moving inventory items in the year and for a sample of items validated that the stock items are not obsolete and are still being actively sold by the company, but sales have just been slower than usual this year. This included testing the IPE of the listing to validate that slow moving items were accurately recorded • 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

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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 £24,400, determined by reference to 2% of revenue, which we considered was within a suitable range for calculating materiality using revenue as the benchmark. We concluded that revenue is the appropriate metric to use as it is the key driver of the business and important metric for measuring the performance of the entity.

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 70% of materiality at £17,100, which was based upon our knowledge of the entity, and any changes in the nature and complexity of the business and its operations.

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 £1,220. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Conclusions 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.

In addition to the key audit matters highlighted above in our report, going concern was also considered to be a key audit matter within our audit. Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- We obtained and reviewed management forecasts and critically examined the estimates and judgements used in their preparation.
- This included a consideration of the historic accuracy of the budgeting process as well as sensitivity analysis on key assumptions built into the forecasts.
- We sought corroborating evidence for any significant assertions made by management and challenged management with any contradictory evidence that existed.
- We specifically reviewed and tested the assumptions used by management in their worst-case scenario and if these performance levels will be met based on historical performance and performance so far post year-end.
- Management's potential cost reduction savings used in this worst-case scenario were reviewed and validated to supporting evidence to ensure they could reasonably be implemented without significantly impacting the company's performance.
- Further plans noted by management to be implemented if the company does not reach the revenue levels post year end were reviewed and challenged to ensure appropriate plans are in place for the going concern period, to ensure the company has sufficient cash reserves to meet upcoming liabilities over this period.

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.

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

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.

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 26], 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:

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

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 standard employment and other tax 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.

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.

Gareth Ogden

Gareth Ogden (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
2 June 2026

10 Queen Street Place
London
EC4R 1AG

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	12 months ended 31-Dec-25	12 months ended 31-Dec-24
		£	£
Revenue	4	1,222,256	1,215,328
Cost of sales		(485,007)	(460,990)
Gross profit		737,249	754,338
Administrative expenses	5	(2,403,908)	(2,091,389)
Loss from operations			
Adjusting items (included in administrative expenses)	6	(41,007)	(36,905)
Loss from operations excluding adjusting items		(1,625,652)	(1,300,146)
Total loss from operations		(1,666,659)	(1,337,051)
Interest expense	7	(1,778)	(2,612)
Interest income	8	76,125	166,261
Loss before tax			
Adjusting items (included in administrative expenses)		(41,007)	(36,905)
Loss before tax excluding adjusting items		(1,551,305)	(1,136,497)
Loss before tax		(1,592,312)	(1,173,402)
Taxation	9	12,961	5,682
Loss for the period attributable to equity holders of the Company		(1,579,351)	(1,167,720)
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive loss for the period attributable to equity holders of the Company		(1,579,351)	(1,167,720)
Basic and diluted earnings per share (pence)	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

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	As at 31-Dec-25 £	As at 31-Dec-24 £
Non-current assets			
Intangible assets	11	57,626	111,928
Right of use asset	12	40,153	66,922
Property, plant and equipment	13	64,745	73,923
		162,524	252,773
Current assets			
Inventories	14	554,264	733,136
Trade and other receivables	15	381,817	309,619
Cash and cash equivalents	16	1,490,049	3,083,552
		2,426,130	4,126,307
Total assets		2,588,654	4,379,080
Current liabilities			
Trade and other payables	17	291,075	514,936
Short term lease liability	18	29,080	28,221
		320,155	543,157
Non-current liabilities			
Long term lease liability	18	14,869	43,949
		14,869	43,949
Total liabilities		335,024	587,106
Net assets		2,253,630	3,791,974
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	97,001	55,994
Retained earnings	20	(3,342,799)	(1,763,448)
Total equity		2,253,630	3,791,974

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

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025



Chris Greenwood
Chief Executive Officer
2 June 2026

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

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	-	-	-	-	-
<i>Comprehensive income:</i>					
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
Balance at 1 January 2025	73,224	5,426,204	55,994	(1,763,448)	3,791,974
Ordinary share capital	-	-	-	-	-
<i>Comprehensive income:</i>					
Loss for the period	-	-	-	(1,579,351)	(1,579,351)
Share option costs	-	-	41,007	-	41,007
Balance at 31 December 2025	73,224	5,426,204	97,001	(3,342,799)	2,253,630

Tan Delta Systems plc. Annual Report & Financial Statements for the year ended 31 December 2025

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	12 months ended 31-Dec-25	12 months ended 31-Dec-24
		£	£
Cash flows from operating activities			
Loss / Profit before Tax		(1,592,312)	(1,173,402)
<i>Adjustments for non-cash/non-operating items:</i>			
Depreciation		22,153	25,231
Amortisation of intangible assets		54,302	51,911
Amortisation of right of use assets		26,769	26,768
Taxation		12,961	5,682
Share Options Costs		41,007	36,905
Interest income		(76,125)	(166,261)
Interest expense		1,778	2,612
Operating cash flows before movements in working capital		(1,509,467)	(1,190,554)
Decrease / (increase) in inventories		178,872	(367,803)
Increase in trade and other receivables		(72,198)	(34,974)
(Decrease) / increase in trade and other payables		(223,861)	49,096
Net cash used in from operating activities		(1,626,654)	(1,544,235)
Cash flows from investing activities			
Investment in property, plant and equipment		(12,974)	(43,474)
Investments in intangible assets		-	(20,003)
Proceeds from investments in Bank		76,125	166,261
Net cash from / (used in) investing activities		63,151	102,784
Cash flows from financing activities			
Repayment of lease liabilities		(30,000)	(30,000)
Net cash from / (used in) financing activities		(30,000)	(30,000)
Net increase / (decrease) in cash and cash equivalents		(1,593,503)	(1,471,451)
Cash and cash equivalents at the beginning of the period		3,083,552	4,555,003
Cash and cash equivalents at the end of the period	16	1,490,049	3,083,552

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 2025

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 2025 were adopted. No new standards or amendments that became effective in the financial year had material impact in preparing these financial statements. Below is a list of all the amendments issued;

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

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 2026;

Title	Document Type	Effective Date	Standards
Classification and measurement of financial instruments	Amendment	01-Jan-26	IFRS 9, IFRS 7

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 2025 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. The projections run to 12 months from signing date.

Several scenarios were simulated and analysed to establish a spectrum of potential outcomes, with the adjusted assumptions rigorously scrutinised. These scenarios were based on similar levels of revenue to the last two years, moderate growth and significant growth. 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 30 June 2027. The worst case of scenarios would see some rationalising of operational costs that would generate savings of around £0.3million within the forecast period. No assumption was made for any funds raised, but the board is aware that is an option which could be explored.

Having reviewed financial forecasts, available resources, and the absence of impairment indicators, the directors have a reasonable expectation that Tan Delta Systems plc has adequate resources to continue in operational existence for at least 12 months from the date of signing. Accordingly, the financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

3. Summary of significant accounting policies continued

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 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; and
- 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

3. Summary of significant accounting policies continued

Property, plant and equipment continued

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. 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 meets 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.

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 its 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.

Current tax

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 operates and generate taxable income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

3. Summary of significant accounting policies continued

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and 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 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 Tan Delta Systems plc, 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

3. Summary of significant accounting policies continued

Financial instruments

General

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. 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 plc 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

3. Summary of significant accounting policies continued

Other financial liabilities continued

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or expired.

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 by 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

3. Summary of significant accounting policies continued

Critical accounting judgements and key sources of estimation and uncertainty continued

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 30 June 2027.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

3. Summary of significant accounting policies continued

Critical accounting judgements and key sources of estimation and uncertainty continued

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.

4. Revenue from contract customers

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
United Kingdom	346,151	385,068
Europe	428,773	391,350
Rest of the World	447,332	438,910
	1,222,256	1,215,328

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, being the manufacture and sale of oil sensors.

5. Administrative expenses by nature

Included in Administrative expenses is auditors' fees of £67,850 (2024:£59,631). There are no non audit fees in either year. Employee benefits and expenses (including directors) were £1,592,593 in 2025 (2024: £1,261,265). During the year ended 31 December 2025, the Company capitalised staff costs of £nil (2024: £20,003). This amount has been included within intangibles in the statement of financial position. Research and development expenditure recognised as an expense in 2025 is £53,405 (2024: £25,757).

Directors' remuneration

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Directors' emoluments		
Salaries and benefits	370,000	299,538
Pension contributions	15,500	12,385
	385,500	311,923

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

5. Administrative expenses by nature continued

Directors' remuneration continued

In 2025 the highest paid director received £157,500 (2024: £136,500). There was no compensation for loss of office for the directors that resigned during the year.

In 2023, the Company granted 1,253,745 share options to two Executive directors, in line with the disclosures set out in the Company's Admission Document. The options have an exercise price of 26p. Steve Johnson's options (250,749 shares) were cancelled on 5 July 2024.

	Opening number of shares granted	Awards lapsed /surrendered /cancelled in the year	Number of awards over shares at the end
2025			
Executive directors			
Chris Greenwood	1,002,996	-	1,002,996
Total	1,002,996	-	1,002,996
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-25	12 months ended 31-Dec-24
	£	£
Salaries and benefits	1,396,761	1,143,467
National Insurance	141,352	94,611
Pension contributions	54,480	43,190
Total remuneration	1,592,593	1,281,268
Less: capitalised product development costs	-	20,003
	1,592,593	1,261,265

Average number of employees (including directors)

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
Employees (including directors)	20	15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

6. Adjusting items

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Share Option Costs	41,007	36,905
	41,007	36,905

7. Interest expense

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Interest on finance leases	1,778	2,612
	1,778	2,612

8. Interest income

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Interest Income	76,125	166,261

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

9. Taxation

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
Normal taxation:		
- current year charge	12,961	5,682
- prior year charge	-	-
Charge to the statement of comprehensive income	12,961	5,682
The total charge for the year can be reconciled to the accounting profit as follows:		
Loss / Profit before taxation	(1,592,312)	(1,173,402)
Tax calculated at tax rate of 25% (2024: 25%)	398,078	293,351
Non-deductible expenses & Allowances		
Share option costs	(10,252)	(9,226)
Professional fees	-	(37)
Fixed asset differences	(74)	4,684
R&D expenditure	8,961	6,568
Trading losses	(383,752)	(281,062)
Employer pension	-	(74)
Surrender of tax losses for R&D tax credit refund	-	(8,522)
	12,961	5,682

In 2025 Tan Delta Systems plc used 25% (2024:25%) 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 £3.3 million (31 Dec 2024 : £1.7 million)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

10. Earnings per share

	12 months ended 31-Dec-25 £	12 months ended 31-Dec-24 £
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	(1,579,351)	(1,167,720)
	Number	Number
Weighted average number of ordinary shares	73,223,800	73,223,800

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

11. Intangible assets

	Intangible assets
	£
2025	
Cost	
Opening balance as at 1 January 2025	184,113
Additions	-
Disposals	-
Closing balance as at 31 December 2025	184,113
Accumulated amortisation	
Opening balance as at 1 January 2025	(72,185)
Amortisation	(54,302)
Disposals	-
Closing balance as at 31 December 2025	(126,487)
Carrying amount as at 31 December 2025	57,626

	Intangible assets
	£
2024	
Cost	
Opening balance as at 1 January 2024	164,110
Additions	20,003
Disposals	-
Closing balance as at 31 December 2024	184,113
Accumulated amortisation	
Opening balance as at 1 January 2024	(20,274)
Amortisation	(51,911)
Disposals	-
Closing balance as at 31 December 2024	(72,185)
Carrying amount as at 31 December 2024	111,928

Intangible assets comprise the costs incurred during the development of Tan Delta Systems plc 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. Impairment assessments are performed regularly to identify whether any internal or external indicators of impairment exist. Based on these reviews, the carrying value of assets does not exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

12. Right of use asset

	Right of use asset £
2025	
Cost	
Opening balance as at 1 January 2025	200,764
Additions	-
Disposals	-
Closing balance as at 31 December 2025	200,764
Accumulated amortisation	
Opening balance as at 1 January 2025	(133,842)
Amortisation	(26,769)
Disposals	-
Closing balance as at 31 December 2025	(160,611)
Carrying amount as at 31 December 2025	40,153

	Right of use asset £
2024	
Cost	
Opening balance as at 1 January 2024	200,764
Additions	-
Disposals	-
Closing balance as at 31 December 2024	200,764
Accumulated amortisation	
Opening balance as at 1 January 2024	(107,074)
Amortisation	(26,768)
Disposals	-
Closing balance as at 31 December 2024	(133,842)
Carrying amount as at 31 December 2024	66,922

The Company leases one property for commercial use with a lease term of 10 years (remaining lease term is 1 year and 6 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.

Impairment assessments are performed regularly to identify whether any internal or external indicators of impairment exist. Based on these reviews, the carrying value of assets does not exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

13. Property, plant and equipment

	Plant and machinery	Office equipment	Furniture and fixtures	Tenants Improvements	Total
	£	£	£	£	£
2025					
Cost					
Opening balance as at 1 January 2025	85,239	43,854	8,723	10,966	148,782
Additions	-	12,974	-	-	12,974
Disposals	-	-	-	-	-
Closing balance as at 31 December 2025	85,239	56,828	8,723	10,966	161,756
Accumulated depreciation					
Opening balance as at 1 January 2025	(44,744)	(14,460)	(4,965)	(10,689)	(74,858)
Additions	(9,409)	(11,425)	(1,205)	(114)	(22,153)
Disposals	-	-	-	-	-
Closing balance as at 31 December 2025	(54,153)	(25,885)	(6,170)	(10,803)	(97,011)
Carrying amount as at 31 December 2025	31,086	30,943	2,553	163	64,745
	Plant and machinery	Office equipment	Furniture and fixtures	Tenants Improvements	Total
	£	£	£	£	£
2024					
Cost					
Opening balance as at 1 January 2024	67,847	17,933	8,561	10,966	105,307
Additions	17,392	25,920	162	-	43,474
Disposals	-	-	-	-	-
Closing balance as at 31 December 2024	85,239	43,853	8,723	10,966	148,781
Accumulated depreciation					
Opening balance as at 1 January 2024	(31,762)	(5,577)	(3,792)	(8,496)	(49,627)
Additions	(12,982)	(8,883)	(1,173)	(2,193)	(25,231)
Disposals	-	-	-	-	-
Closing balance as at 31 December 2024	(44,744)	(14,460)	(4,965)	(10,689)	(74,858)
Carrying amount as at 31 December 2024	40,495	29,393	3,758	277	73,923

Impairment assessments are performed regularly to identify whether any internal or external indicators of impairment exist. Based on these reviews, the carrying value of assets does not exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

14. Inventories

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Raw Materials	378,882	369,547
Finished goods	175,382	371,692
Total	554,264	741,239
Less: Provision	-	(8,103)
	554,264	733,136

The cost of inventories recognised as an expense in the year ended 31 December 2025 amounted to £407,598 (2024: £360,554). This is included in cost of sales in the statement of profit or loss and comprehensive income. During the year ended 31 December 2025, the Company wrote off a total stock value of £nil (2024: £nil). Prior year provision of £8k was released through cost of sales in 2025.

15. Trade and other receivables

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Amounts falling due within one year:		
Trade receivables	266,062	187,978
Other receivables	35,333	83,987
Tax recoverable	-	12,897
Prepayments	80,422	24,757
	381,817	309,619

Refer Note 22 to the financial statements for further details on expected credit losses.

16. Cash and cash equivalents

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Cash at banks	1,490,049	3,083,552

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 2025 *continued*

17. Trade and other payables

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Trade payables	147,157	380,324
Other payables	23,207	30,778
Other Taxation and social security	39,544	29,789
Accruals	72,544	64,414
Deferred Income	8,623	9,631
	291,075	514,936

18. Borrowings and liabilities

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Current:		
Bank loans	-	-
Lease liability	29,080	28,221
	29,080	28,221
Non-current:		
Bank loans	-	-
Lease liability	14,869	43,949
	14,869	43,949

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

19. Share capital

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Allotted, called up and fully paid Share capital	73,224	73,224
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.

20. Share Premium

Share premium account

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

21. Share Based Payments

When the Company listed on AIM in August 2023, it instituted an EMI share options scheme. The Company granted 1,253,745 share options in line with the disclosures made in the Company's 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.

	Opening number of shares granted	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 the end	Expiry date
2025						
Executive directors						
Chris Greenwood	1,002,996	-	-	-	1,002,996	31/12/2028
Total	1,002,996	-	-	-	1,002,996	
2024						
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-25	12 months ended 31-Dec-24
Share option charges for share-based payments	£	£
Opening Balance	55,994	19,089
Share option costs	41,007	36,905
Closing balance	97,001	55,994

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *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 2025 and 2024 financial periods;

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 continued

22. Financial instruments and risk management continued

Fair value of financial instruments continued

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Categories of financial instruments		
Financial assets		
Receivables and cash	1,871,866	3,393,171
Financial liabilities		
Payables	335,024	587,106

		Financial liabilities at amortized cost	Financial assets at amortized cost	Total carrying value	Fair value
	Note	£	£	£	£
2025					
Assets					
Trade and other receivables	15	-	381,817	381,817	381,817
Bank balance and cash	16	-	1,490,049	1,490,049	1,490,049
Liabilities		335,024	-	335,024	335,024
Trade and other payables	17	291,075	-	291,075	291,075
Borrowings & leases	18	43,949	-	43,949	43,949
2024					
Assets					
Trade and other receivables	15	-	309,619	309,619	309,619
Bank balance and cash	16	-	3,083,552	3,083,552	3,083,552
Liabilities		587,106	-	587,106	587,106
Trade and other payables	17	514,936	-	514,936	514,936
Borrowings & leases	18	72,170	-	72,170	72,170

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *continued*

22. Financial instruments and risk management continued

Fair value of financial instruments continued

The estimated net fair values as at 31 December 2025 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 2025 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-25	12 months ended 31-Dec-24
	£	£
Variable rate instruments		
Asset		
Bank balance and cash	1,490,049	3,083,552
Liability		
Borrowings & leases	43,949	72,170

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 £
2025		
Asset		
Bank balance and cash	14,900	(14,903)
Liability		
Borrowings & leases	439	(439)
2024		
Asset		
Bank balance and cash	30,836	(30,836)
Liability		
Borrowings & leases	722	(722)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 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-25	12 months ended 31-Dec-24
	£	£
Trade and other receivables	381,817	309,619
Cash and cash equivalents	1,490,049	3,083,552
Total	1,871,866	3,393,171

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.

		Carrying Amount	Contractual cash flows	0-12 months	1-3 years
	Note	£	£	£	£
2025					
Trade and other payables	17	291,075	291,075	291,075	-
Borrowings & leases	18	43,949	45,000	30,000	15,000
Total		335,024	336,075	321,075	15,000
2024					
Trade and other payables	17	514,936	514,936	514,936	-
Borrowings & leases	18	72,170	75,000	30,000	45,000
Total		587,106	589,936	544,936	45,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 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 follows:

	12 months ended 31-Dec-25	12 months ended 31-Dec-24
	£	£
Trade and other receivables	381,817	309,619
Bank balance and cash	1,490,049	3,083,552
Total	1,871,866	3,393,171

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025 *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)
2025	£			£
Cash & Cash equivalents	1,490,049	0%	0%	-
2024	£			£
Cash & Cash equivalents	3,083,552	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 2025 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)
	£			£
2025				
Current	190,278	0%	0%	-
1 - 30 days	29,430	0%	0%	-
31 - 60 days	30,849	0%	0%	-
Over 61 days	15,505	0%	0%	-
Total	266,062			-

	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			-

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 2025 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-25	12 months ended 31-Dec-24
Key management personnel compensation (Directors' remuneration)	£	£
Short-term employee benefits	416,831	329,397
Pension contributions	15,500	12,385
Post-employment benefits	-	-
Termination benefits	-	-
Equity compensation benefits	-	-
Total	432,331	341,782

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

24. Events after reporting period

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

