

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Tan Delta Systems plc

('Tan Delta', or the 'Company')

Interim results for the six months ended 30 June 2026

Tan Delta (AIM:TAND), a leading provider of intelligent monitoring and maintenance systems for commercial and industrial equipment, announces its financial results for the six months ended 30 June 2026 ("H1 2026" or the "Period").

Financial highlights:

- Revenue increased by 45% to £0.76 million (H1 2025: £0.53 million)
- 60% gross profit margin (H1 2025: 61%)
- Cash of £0.85 million at 30 June 2026; debt free (H1 2025: cash of £2.0 million).
- 30 active customer trials and evaluations underway, representing approximately £34 million of potential revenue opportunity if successfully converted to wider deployment over a number of years.

Outlook:

- The Board expects FY26 revenue to show year-on-year growth, with the extent of that growth dependent on the timing and pace of customer evaluations progressing into wider commercial rollouts.

Chris Greenwood, CEO of Tan Delta, comments:

"Whilst I had hoped for customer trials to have transitioned more quickly into rollout, revenues increased by 45% during the first half of the year with gross profit margin maintained at 60%. Tan Delta is in a strategic market position with a compelling offer that has gained significant interest with multiple trials progressing steadily. Our immediate focus and challenge is to use our limited resources intelligently to support and accelerate these trials through to successful conclusion and rollout, and then use that success as a spring board to future sustained growth.

Our primary market focus is currently large commercial and industrial applications where equipment reliability is critical. Despite pausing all marketing in order to focus our full attention on closing existing opportunities, today we have approximately 30 active customer trials evaluating the rollout of Tan Delta systems to improve reliability and reduce maintenance costs. I estimate the revenue potential of these specific opportunities to be approximately £34m plus the future opportunities that these rollouts will likely open due to being important references for others in the same market segments with the same problems to solve.

These trials range from the one of the world's largest online retailer through to large engine and gearbox manufacturers, global shipping companies and oil and gas companies. The common denominator being that they have mission critical equipment whose reliability relies on the lubrication provided by oil. And its because of this fact that Tan Delta's real time oil condition monitoring sensors and systems have generated substantial interest.

Given the critical importance of equipment reliability and monitoring systems to asset operators, the pre-rollout evaluation is typically lengthy and follows a step by step process of technical, operational and finally rollout logistical planning before commencing long term rollout programmes across fleets of assets. A good example of this process in action during the first half is an ongoing trial with a major global online retailer which started with a first phase trial of 10 sensors on gearboxes at one site in 2025, progressing into a wider 100 sensor paid for trial across multiple sites during H1, along with closer engagement with the customer to understand the benefits that Tan Delta delivers and how this might be rolled out across their business and integrated into existing equipment monitoring and maintenance systems. As with a number of others, this trial is progressing well, and could lead to significant and sustained revenues in the future upon commencement of rollout.

We see very substantial opportunities worldwide for our technology and products and believe that the completion and conversion of these ongoing trials will not only generate increased revenues, but open up many more new opportunities within the same market segments. However, the conversion of these opportunities into rollout and sustained recurring revenues is taking longer than we had anticipated and with limited cash and human resources available to us, we are carefully focusing on priority opportunities, whilst also keeping the scale of our resources under constant review to ensure they are sufficient to support the execution of our business plan.

As of the date of this report we are confident that revenues will start to show growth in the current financial year and that FY26 revenues will be higher than FY25, however, the scale of that growth will be the product of the conversion timing from trial to rollout and the scale and pace of the rollouts. Whilst we see this improving in the months ahead, as of now this remains difficult to forecast.

I look forward optimistically to the future with a plethora of opportunities available to us with significant revenue prospects, but equally recognising the immediate challenge of sustaining these trials through to rollout.”

For further enquiries:

Tan Delta Systems plc

Chris Greenwood, CEO

John Higginbottom, CFO & COO

Tel: +44 (0) 845 094 8710

Zeus (Nominated Adviser & Broker)

James Hornigold, David Foreman, Ed Beddows (Investment Banking)

Tel: +44 (0) 203 829 5000

Nick Searle (ECM)

Chairman's Statement

Revenue for the six months ended 30 June 2026 increased by 45% to £0.76 million (H1 2025: £0.53 million), generating gross profit of £0.46 million (H1 2025: £0.32 million). Gross margin remained consistent at 60% (H1 2025: 61%). Loss before tax reduced to £0.75 million (H1 2025: £0.78 million), despite the continued investment required to support customer evaluation activity. Net cash used in operating activities reduced to £0.64 million (H1 2025: £1.08 million). At 30 June 2026, the Company had cash of £0.85 million and is debt free.

The improvement in revenue reflects additional sales arising primarily from the expansion of ongoing validation trials and customers' willingness to pay for those trials. The process by which customers evaluate our real time oil condition monitoring (RT-OCM) technology and progress towards larger-scale adoption is typically lengthy and multi-phase, involving technical validation, operational evaluation and planning for integration across existing equipment and maintenance programmes. We are therefore focusing our resources on existing customers and opportunities to support them through these stages and towards wider deployment. As these programmes convert and revenues grow, we expect to be able to deploy additional resources into the wider market, supported by stronger industry references.

Operational resources during the Period continued to be focused principally on supporting ongoing customer evaluations. We have maintained a disciplined approach to expenditure while ensuring that customers receive the technical and operational support required as they assess the application of RT-OCM within their equipment estates.

In the context of limited resources and the significant number of existing customer evaluations underway, we have paused new marketing and business development activity to maintain focus on progressing these opportunities towards conversion. One example is the second-phase evaluation of RT-OCM by a major global online retailer, which resulted in an order for 100 QGSx-G2 sensor systems.

This focused approach is intended to maximise the prospect of existing evaluations progressing to wider deployment before we increase investment in new business development activity.

Alongside these evaluation activities, we continue to engage with major global OEMs and industrial operators. Our priority is to convert this engagement and the customer programmes already underway into repeatable and sustained revenues, while continuing to demonstrate the operational benefits of real time oil condition monitoring.

Outlook

The scale of the business opportunity for Tan Delta is global and significant. Our challenge remains the extended time and resources required to provide effective support of these trials prior to large scale rollouts. We are therefore focusing resources on existing priority opportunities where we are well progressed with active trials towards sustained revenue generation.

The Company has entered the second half of the year with a portfolio of customer evaluation programmes in progress. The timing of conversion from evaluation programmes into larger-scale sustained rollouts remains difficult to predict, although we expect visibility to improve as programmes progress. Based on our current visibility, the Board expects FY26 revenue to show growth over FY25. The extent of that growth will depend on the timing of conversion and the scale and pace of customer rollouts, and the Company will provide further guidance as opportunities develop. In parallel, we are considering how best to support the wider opportunity and scale Tan Delta over time, including through strategic partnerships and the expansion of our engineering resources. At 30 June 2026, the Company had cash of £0.85 million, with net cash used in operating activities of £0.64 million during the Period. The Board continues to maintain a close focus on the Company's cash resources and working capital requirements. The timing of conversion of customer evaluations and the scale and pace of subsequent rollouts remain difficult to predict and will be important factors in determining the Company's future resource and funding requirements. The Board continues to keep these requirements under regular review.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2026

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Revenue	763,458	526,005	1,222,256
Cost of sales	(305,052)	(206,079)	(485,007)
Gross profit	458,406	319,926	737,249
Other operating income	-	-	-
Distribution costs	-	-	-
Administrative expenses	(1,217,773)	(1,152,744)	(2,403,908)
(Loss) Profit from operations			
Adjusting items	-	-	(41,007)
Excluding adjusting items	(759,367)	(832,818)	(1,625,652)
(Loss) / Profit from operations	(759,367)	(832,818)	(1,666,659)
Interest expense	(569)	(995)	(1,778)
Interest Income	14,320	48,872	76,125
(Loss) / Profit before tax			
Adjusting items	-	-	(41,007)
Excluding adjusting items	(745,616)	(784,941)	(1,551,305)
(Loss) / Profit before tax	(745,616)	(784,941)	(1,592,312)
Taxation	-	-	12,961
(Loss) / Profit for the period attributable to equity holders of the Company	(745,616)	(784,941)	(1,579,351)
Other comprehensive income			
Total other comprehensive income	-	-	-
Total comprehensive (loss) / profit for the period attributable to equity holders of the Company	(745,616)	(784,941)	(1,579,351)

Basic and diluted earnings per share (£)	(0.01)	(0.01)	(0.02)
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2026

	As at 30-Jun-26	As at 30-Jun-25	As at 31-Dec-25
	£	£	£
Non-current assets			
Intangible assets	35,032	84,777	57,626
Right of use asset	26,769	53,537	40,153
Property, plant and equipment	54,827	69,120	64,745
	116,628	207,434	162,524
Current assets			
Inventories	525,398	693,726	554,264
Trade and other receivables	338,126	297,694	381,817
Cash and cash equivalents	845,747	2,035,777	1,490,049
	1,709,271	3,027,197	2,426,130
Total assets	1,825,899	3,234,631	2,588,654
Current liabilities			
Trade and other payables	288,367	169,433	291,075
Short term lease liability	29,518	28,647	29,080
	317,885	198,080	320,155
Non-current liabilities			
Long term lease liability	-	29,518	14,869
	-	29,518	14,869
Total liabilities	317,885	227,598	335,024
Net assets	1,508,014	3,007,033	2,253,630

Equity attributable to equity holders of the Company			
Ordinary share capital	73,224	73,224	73,224
Share premium account	5,426,204	5,426,204	5,426,204
Other reserves	97,001	55,994	97,001
Retained earnings	(4,088,415)	(2,548,389)	(3,342,799)
Total equity	1,508,014	3,007,033	2,253,630

STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Share capital	Share premium account	Restated Other reserves	Retained earnings / losses	Total equity
	£	£	£	£	£
Restated Balance at 1 January 2025	73,224	5,426,204	55,994	(1,763,448)	3,791,974
Ordinary share capital	-	-	-	-	-
<u>Comprehensive income:</u>					
Loss for the period	-	-	-	(784,941)	(784,941)
Share option costs	-	-	-	-	-
Balance at 30 June 2025	73,224	5,426,204	55,994	(2,548,389)	3,007,033

	Share capital	Share premium account	Other reserves	Retained earnings / losses	Total equity
	£	£	£	£	£
Balance at 1 July 2025	73,224	5,426,204	55,994	(2,548,389)	3,007,033
Ordinary share capital	-	-	-	-	-
<u>Comprehensive income:</u>					
Loss for the period	-	-	-	(794,410)	(794,410)
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

	Share capital	Share premium account	Other reserves	Retained earnings / losses	Total equity
	£	£	£	£	£
Balance at 1 January 2026	73,224	5,426,204	97,001	(3,342,799)	2,253,630
Ordinary share capital	-	-	-	-	-

Comprehensive income:

			-		
Loss for the period	-	-	-	(745,616)	(745,616)
Share option costs	-	-	-	-	-
Balance at 30 June 2026	73,224	5,426,204	97,001	(4,088,415)	1,508,014

STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Note	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
		£	£	£
Cash flows from operating activities				
Loss / Profit before Tax		(745,616)	(784,941)	(1,592,312)
<i>Adjustments for non-cash/non-operating items:</i>				
Depreciation		10,609	10,997	22,153
Amortisation of intangible assets		22,595	27,151	54,302
Amortisation of right of use assets		13,384	13,384	26,769
Taxation		-	-	12,961
Share Options Costs		-	-	41,007
Interest income		(14,320)	(48,872)	(76,125)
Interest expense		569	995	1,778
Operating cash flows before movements in working capital		(712,779)	(781,286)	(1,509,467)
(Increase) / decrease in inventories		28,866	39,411	178,872
(Increase) / decrease in trade and other receivables		43,691	11,926	(72,198)
Increase / (decrease) in trade and other payables		(2,708)	(345,503)	(223,861)
Net cash (used in) / generated from operating activities		(642,930)	(1,075,452)	(1,626,654)
Cash flows from investing activities				
Investments in Property & Equipment		(693)	(6,195)	(12,974)
Investments in Intangible assets		-	-	-
Proceeds from investments in Bank		14,320	48,872	76,125
Net cash from / (used in) investing activities		13,627	42,677	63,151
Cash flows from financing activities				
Issuance /(repayment) of debt		-	-	-
Issuance /(repayment) of lease		(15,000)	(15,000)	(30,000)
Issuance / (repayment) of equity		-	-	-
Net cash from / (used in) financing activities		(15,000)	(15,000)	(30,000)
Net increase / (decrease) in cash and cash equivalents		(644,302)	(1,047,775)	(1,593,503)
Cash and cash equivalents at the beginning of the period		1,490,049	3,083,552	3,083,552

Cash and cash equivalents at the end of the period	10	845,747	2,035,777	1,490,049
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Notes to the condensed interim financial statements

1. General information

The interim financial statements were approved by the Board of Directors on the 29th of September 2026.

2. Basis of preparation

The interim financial statements of the Company are for the six months ended 30 June 2026.

The financial statements were prepared under International Financial Reporting Standards ('IFRS'). The six months comparative figures were unaudited and prepared in accordance to International Financial Reporting Standards ('IFRS') and the provisions of the Companies Act 2006.

The condensed interim financial statements for H1 2026 do not include all the information and disclosures required in the annual financial statements and have not been audited or reviewed by an auditor pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Company's financial position and performance in the period.

The condensed interim financial statements for H1 2026 have been prepared based on the accounting policies expected to be adopted for the year ending 31 December 2026. These accounting policies are drawn up in accordance with adopted International Accounting Standards ('IAS') and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and adopted by the EU.

AIM-listed companies are not required to comply with IAS 34 'Interim Financial Reporting' and accordingly the Company has taken advantage of this exemption.

3. Revenue from contract customers

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
United Kingdom	243,305	111,096	346,151
Europe	269,696	165,649	428,773
Rest of the World	250,458	249,260	447,332
	763,458	526,005	1,222,256

4. Adjusting items

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Share Option Costs	-	-	(41,007)
	-	-	(41,007)

5. Interest expense

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Interest on finance leases	(569)	(995)	(1,778)
	(569)	(995)	(1,778)

6. Interest income

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Interest Income	14,320	48,872	76,125

7. Income tax expense

£0 was received in H1 2026 in relation to R&D tax credits available from HMRC through the SME R&D relief scheme.

8. Earnings per share

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£ per share	£ per share	£ per share

Earnings per share are as follows:

Basic and diluted earnings per share	(0.01)	(0.01)	(0.02)
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The calculations of basic and diluted earnings per share are based upon:

(Loss) / Profit for the period attributable to the owners	(745,616)	(784,941)	(1,579,351)
	Number	Number	
Weighted average number of ordinary shares	73,223,800	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 in issue. 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.

9. Trade and other receivables

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Amounts falling due within one year:			
Trade receivables	231,207	214,587	266,062
Other receivables	34,389	24,763	22,372
Tax recoverable	12,961	5,682	12,961
Prepayments	59,569	52,662	80,422
	338,126	297,694	381,817

10. Cash and cash equivalents

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Cash at banks	845,747	2,035,777	1,490,049

11. Trade and other payables

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Trade payables	154,184	65,652	147,157
Other payables	-	30,476	23,207
Other Taxation and social security	40,007	37,600	39,544
Accruals	94,176	30,003	72,544
Deferred Income	-	5,701	8,623
	288,367	169,433	291,075

12. Borrowings and lease liabilities

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Current:			
Lease liability	29,518	28,647	29,080
	29,518	28,647	29,080
Non-current:			
Lease liability	-	29,518	14,869
	-	29,518	14,869

13. Share Capital

	6 months ended 30-Jun-26	6 months ended 30-Jun-25	12 months ended 31-Dec-25
	£	£	£
Allotted, called up and fully paid			
Opening share capital	73,224	73,224	73,224
Total	73,224	73,224	73,224

Called up share capital

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.

14. Reserves

Share premium account.

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

Other reserves.

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.

Retained earnings.

This represents cumulative net gains and losses less distributions made.

15. Post balance sheet events

No adjusting events have occurred between reporting date and the date of authorisation of the condensed interim report.

16. Availability

Further copies of this interim announcement are available on the Tan Delta Systems plc website, www.tandeltasystems.com.