

Tialis Essential IT PLC

Annual report and financial statements
Registered number SC368538
Year ended 31 December 2025

Contents

Directors and Advisers	3
Company Profile and Business Summary	4
Chairman's Statement	5
Strategic Report	11
Directors' Report	16
Remuneration Committee Report	20
Corporate Governance Statement	22
Statement of Directors' Responsibilities	31
Report of the Audit Committee	32
Independent Auditor's Report	34
Consolidated Statement of Comprehensive Income	40
Statements of Financial Position	41
Statements of Changes in Equity	42
Statements of Cash Flows	44
Notes to the Consolidated Financial Statements	46

Directors and Advisers

Directors

Peter Hallett (Interim Non-Executive Chairman)
David (Niall) O'Regan (Chief Executive Officer)
Nicola Chown (Chief Financial Officer)
Rachel Horsefield (Non-Executive Director)

Company Secretary

Delgany Corporate Services Limited

Registered Office

24 Dublin Street
Edinburgh EH1 3PP

Company Number SC368538

Nominated Adviser and Broker

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London EC1A 7BL

Solicitors

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25 Walbrook
London EC4N 8AF

Auditor

Barnes Roffe Audit Limited
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Principal Banker

Santander UK plc
Level 2
Triton Square
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NW1 3AN

Company Profile

The principal activities of Tialis Essential IT PLC ('Company' and 'Group') are the provision of end-to-end IT solutions, concentrating on end-user device management and on-site support solutions and AI consulting services.

The country of incorporation is Scotland; the Company's registered number is SC368538 and the Company is limited by shares. The main country of operation is the United Kingdom.

Further information on the Company can be found at www.tialis.com.

Business summary

- Tialis Essential IT PLC ('Tialis') is a UK based managed services provider delivering outsourced IT services as a strategic technology partner primarily on behalf of system integrators.
- Within its portfolio of services, Tialis specialises in activities including the storage, build, configuration, and shipping of all end-user devices as well as the provision of on-site support engineers, tech bars, server maintenance and fully managed project deployments.
- Its support services have been developed to support clients with all IT requirements, to either complement an existing in-house IT team or act as a fully dedicated IT team on its customers' behalf.
- Revenues were 15% lower in 2025 at £17.7 million (2024: £20.8 million), gross margins remain constant at 29% (2024: 29%). Adjusted EBITDA¹ remained steady at £1.8 million (2024: £2.0 million).

¹ Adjustments are as followed; Interest, tax, depreciation, amortisation, impairment charge, non-underlying items, fair value (loss) / profit and share-based payments.

Chairman's Statement

I am pleased to present the Chairman's Statement for the year ended 31 December 2025. This has been a year of continued operational progress, tighter strategic focus and improving financial stability for Tialis Essential IT PLC ("Tialis" or "the Group"), while navigating a challenging macro-economic backdrop and periods of slower customer decision-making across parts of the IT services marketplace. The Group has remained focused on supporting customers, strengthening its core Managed Services business, deepening customer and partner relationships, diversifying its revenue base, and pursuing structured growth opportunities that the Board believes can support long-term value creation. During the period, there were also a number of changes to the Board which are set out below.

Highlights

Group revenues were £17.7 million (2024: £20.8 million) reflecting the impact of contract insourcing by two customers, alongside a temporary softening in project activity and delayed customer orders in the context of a challenging market environment. The Board believes these conditions are cyclical and that underlying demand for the Group's services remains robust.

Adjusted EBITDA remained stable at £1.8 million (2024: £2.0 million), underlining the resilience of the Group's operating model and the benefits of our previous cost efficiency initiatives.

Importantly, the business also remained strongly cash generative during the year at an operating activated level, enabling the Group both to invest in selected strategic opportunities and to accelerate debt reduction.

During the year, the Group renewed and extended a number of significant contracts, closing the year with a strong and well-diversified new-business pipeline of approximately £8 million of annual contract value ("ACV"), supporting greater revenue visibility.

We were particularly pleased to see momentum return in the second half of the year, including the addition of a large global systems integrator to our partner network. Tialis secured two strategically important multi-year awards:

- A £50 million, 5-year follow-on framework agreement with a long-standing enterprise customer, covering Lifecycle Services, Tech Bars, End User Support and Field Engineering across their operations.
- A £15 million, 5-year contract with a major UK Government Department, which commenced in September 2025, further strengthening our position as a trusted provider across the UK public sector.

Together, these awards materially enhance forward revenue visibility and demonstrate the continued confidence placed in Tialis by its customers across both enterprise and public sector markets.

The Group has continued to execute against its strategy to create a simplified, well-scaled, profitable managed services organisation centred around the Tialis Essential IT Manage Limited platform. Our strategy retains three core pillars:

- Organic growth through expansion of our partner ecosystem and market share;
- Development of high-margin Lifecycle Services as a differentiator in the end-user device market;
- Targeted inorganic growth where acquisition opportunities provide synergistic value and recurring returns for shareholders.

In 2025, the Group took meaningful steps in expanding its investment portfolio:

AI Auxesis Limited

Tialis launched AI Auxesis, a 50%-owned subsidiary dedicated to AI-driven customer experience analytics. AI Auxesis has made a strategic investment in QPC 2020 Limited ("QPC"). Since the investment, QPC has secured a global partnership agreement with Genesys, established multiple strategic alliances, and delivered early enterprise wins, signalling an encouraging early growth trajectory.

Digital Petcare UK Limited

Tialis acquired a £1.485 million loan, which it subsequently restructured into equity and a new interest-bearing facility. This transaction enabled Tialis to secure a 14.14% shareholding in Digital Petcare while continuing to generate a 12% interest return on the new facility of £0.7 million.

Chairman's Statement *(continued)***CloudCoCo Group plc**

The Group acquired 10.6% of CloudCoCo Group plc, further diversifying its investment holdings within the UK technology sector.

MXLG Acquisitions Limited

The Group acquired 50% of MXLG Acquisitions Limited ("MXLGA"), a joint venture with Liberty Global Europe 2 Limited. The Board believes this investment is aligned with Tialis' stated strategy of disciplined capital allocation into opportunities that can enhance long-term shareholder value, broaden the Group's exposure to attractive end markets and create additional routes to future cash generation.

MXLGA provides Tialis with exposure to a complementary platform operating in the SME technology services market in the UK, with scope for operational development and longer-term strategic upside. Since acquisition on 7 October 2025, the joint venture achieved revenues of £5.7 million, adjusted EBITDA of £0.5 million and a loss after taxation of £0.4 million.

The Board believes the investment has the potential to generate attractive returns over time and further supports the Group's strategy of combining a resilient core operating business with selective higher-growth and higher-return opportunities.

Board Changes

During 2025 and early 2026, the Board undertook a number of important changes.

Peter Hallett and Rachel Horsefield joined the Board as Non-Executive Directors in September 2025. Following the Board changes announced on 30 January 2026, Peter Hallett has since assumed the role of Interim Non-Executive Chairman to support an orderly transition and maintain effective independent oversight while the Board progresses the appointment of a permanent Chair.

Matthew Riley stepped down in October 2025. David (Niall) O'Regan was appointed Chief Executive Officer in January 2026, reflecting the Board's confidence in his leadership of the Group's operational activities. Andrew Ian Smith stepped down from the Board in January 2026.

The Board is focused on maintaining continuity, effective governance and disciplined execution of the Group's strategy during this period of transition. As Interim Chairman, I am confident in the depth, commitment and capability of the leadership team, and the Board expects to appoint a permanent Chair in due course.

People

Our colleagues remain central to the Group's success. During 2025, the Group reduced average headcount as part of organisational simplification initiatives designed to better align the cost base with business needs. The Board is deeply appreciative of the professionalism, commitment and continued customer focus shown by employees during a period of change.

We remain committed to fostering a culture anchored in collaboration, accountability, and inclusivity. Mandatory training programmes continue to support our priorities in equality, diversity, health & safety and data security.

Strategy

We intend to continue with our organic initiatives which are already demonstrating positive momentum, including the expansion of our partner network and we are also exploring expansion into Europe. The Board will continue to assess selective inorganic opportunities where these are strategically coherent, financially disciplined and supportive of long-term shareholder value.

We are also exploring additional complementary solutions that can be added to our current services portfolio, which would increase our offering to customers in the end user device market. In addition to this, we are also looking at marketing strategies to increase our brand awareness to the direct market, which can deliver quicker turnaround on Request For Proposal (RFP) wins and therefore faster in year revenue recognition. The transformation of traditional on-site support maintenance solutions, to our Lifecycle services is also key, as it improves our margins, reduces costs for our customers and has less risk of margin erosion than traditional people-based services.

Chairman's Statement *(continued)*

We also recognise the importance placed on sustainability and plan to continue to improve on our ESG targets and our offering of carbon neutral solutions to our customers. Please find more details in the Strategic Report under the Environmental Policies.

Capital restructuring proposed

The Directors are proposing a special resolution that will be put to shareholders at the upcoming 2026 AGM to approve a capital reduction. The capital reduction being requested is: (i) to cancel the share premium reserve (which currently stands at approximately £63.7 million); and (ii) to cancel and extinguish the 496,702,800 deferred shares of 2.49 pence each in issue (which have no rights or economic value) and release the amounts created by such reduction of capital to distributable reserves.

This would provide the Company with additional flexibility in the future, including in relation to share buy-backs and dividends, should the Board consider it appropriate to do so.

Global economic and geopolitical environment

The global economic and geopolitical environment remained uncertain during the year and continues to evolve. Persistent inflationary pressures, elevated interest rates, labour cost increases and wider supply chain and supplier cost inflation continued to affect the UK operating environment.

These conditions affected the Group principally through externally driven increases in employment costs, insurance premiums, software and licence charges, business rates and certain third-party service costs. The Board has responded through active cost management, operational simplification and continued focus on margin discipline.

The Board continues to monitor developments closely and believes that the Group's diversified customer base, strong public-sector exposure and proactive cost management provide resilience against these external challenges. While uncertainty remains, the Board is confident that Tialis is well positioned to navigate the current environment and to capitalise on opportunities as market conditions stabilise.

Current trading and outlook

Trading in the current financial year remains in line with Board expectations. Our in-year pipeline for 2026 stands at £8 million annual value with a broad range of customers and continues to grow, giving us strong visibility over future growth.

Our expectation for the year is that approximately 77% of revenue will be generated from existing contracts with the remainder derived from new business wins. This, together with a buoyant pipeline, underpins confidence in a year of strong growth for the Group.

The key priority for 2026 is to further increase the focus and utilisation of our lifecycle facility which delivers greater efficiency for our end-user customers, improved levels of customer satisfaction and stronger margins. Initiatives are currently underway with our most significant partner to support an increase in activity in this area.

Joint venture performance and outlook

The Group has also seen a strong start to 2026 with regard to its joint venture investment in MXLG Acquisitions Limited. The joint venture commenced the year positively, securing and delivering significant one-off revenues in January 2026. As a result, performance for the first quarter of 2026 is ahead of budget. The Board is encouraged by this early momentum and believes it provides a positive indication of the joint venture's potential contribution in the year ahead.

Chairman's Statement *(continued)***Financial Review****Results**

Revenue for the full year was £17.7 million (2024: £20.8 million). Gross profit margin remained constant at 29%, although resulting gross profit has decreased year-on-year to £5.0 million (2024: £6.0 million). Adjusted EBITDA¹ remained at £1.8 million (2024: Adjusted EBITDA of £2.0 million). The net loss after tax for the year was £1.6 million (2024: loss £3.2 million), after £1.3 million amortisation and impairment expense and fair value loss on deferred and contingent consideration (2024: £2.2 million amortisation and impairment expense and fair value profit on deferred and contingent consideration).

The increase in certain operating costs during the year reflects the wider macro-economic environment outlined above. Inflationary pressures and externally driven cost increases fed through to the Group's cost base, including higher employment-related costs, insurance premiums, business rates, software and licence charges and certain supplier pricing increases.

¹ Adjustments are as follows; Interest, tax, depreciation, amortisation, impairment charge, non-underlying items, fair value (loss) / profit and share-based payments.

Non-underlying items

Non-underlying items relating to on-going restructuring and reorganisation amount to £0.4 million in the year (2024: £0.7 million).

Finance costs

After incurring net finance charges of £0.4 million relating to interest and arrangement fees for loan notes, leases and bank debt (2024: £0.4 million), the loss before tax is £1.7 million (2024: loss of £3.3 million).

Taxation

The utilisation of tax losses and the benefit of the increase in the rate of corporation tax on the deferred tax asset has resulted in a tax credit for the year of £0.2 million (2024: tax credit £0.1 million).

Loss on operations

Whilst the underlying trading performance of our Manage business shows significant positive EBITDA, the aggregate impact of group costs, finance costs and amortisation charges result in a loss after tax for the year of £1.5 million (2024: £3.2 million), which equates to a basic loss per share of 5.55 pence (2024: loss per share of 13.11 pence).

Statement of Financial Position**Non-current assets**

The Group has property, plant and equipment of £0.5 million (2024: £0.7 million) all of which are subject to depreciation as per the policies set out in the accompanying financial statements. During the year there were additions of £0.2 million (2024: £0.2 million additions).

Further, intangible assets of customer contracts and related relationships are £3.6 million (2024: £4.8 million) and are subject to amortisation as per the policies set out in the accompanying financial statements.

Chairman's Statement *(continued)***Trade and other receivables**

Trade and other receivables have decreased to £4.2 million from £4.4 million.

Trade and other payables

Trade and other payables amounted to £2.6 million (2024: £4.1 million), including trade payables of £1.3 million (2024: £1.3 million), taxation and social security of £0.7 million (2024: £1.2 million) and accruals of £0.6 million (2024: £0.6 million).

The deferred and contingent consideration of £nil million (2024: £1.05 million) is included in other payables.

Contract liabilities arise from customers being invoiced in advance of services delivered, in accordance with individual contractual terms, at the balance sheet date this amounted to £0.3 million (2024: £0.8 million).

Cashflow and net debt

Net cash generated from operating activities during the year was £1.4 million (2024: £1.9 million), demonstrating the continued cash-generative nature of the Group's core Manage business despite a lower revenue base. Cash generation remained robust, supported by disciplined working capital management and the strength of the Group's relationships with key strategic partners.

During the year, the Group continued to invest selectively in attractive strategic opportunities while also accelerating debt repayment. In particular, £1.0 million of bank borrowings was repaid during the year, reflecting the Board's focus on balance sheet discipline and financial flexibility.

After investment in growth opportunities, modest capital expenditure and the repayment of debt and lease liabilities, the Group ended the year with bank borrowings of £3.0 million and a cash balance of £0.7 million (2024: bank borrowings of £4.0 million and cash of £0.9 million). The Board believes this demonstrates both the resilience of the Group's cash generation and its ability to fund investment while strengthening the balance sheet.

Borrowings

As at 31 December 2025, the bank borrowings liability in the balance sheet was £3.0 million (2024: £4.0 million).

Donations to charities

There were donations to charities of £nil in the year (2024: £1,982).

Going concern

The Directors have produced detailed trading and cashflow forecasts. In reaching their conclusion on the going concern basis of accounting, the Directors note and rely on the improved trading performance, the positive cash generation that the business is now experiencing and the current signed order book. A reverse stress test of the model has been run to determine at what level of shortfall in revenues the Group would run out of cash. Given the committed orders already obtained and the visibility of future revenues, the directors do not consider it likely that revenues could drop to such an extent that the Group would run out of cash. They have also considered the impact of any delayed customer payments and have developed plans to mitigate any such delays to ensure that the group can continue to settle its liabilities as they fall due and operate as a going concern.

The directors therefore have an expectation that the Group and Company have adequate resources available to them to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Group and Company continue to adopt the going concern basis in preparing these consolidated financial statements.

Chairman's Statement *(continued)*

Financing and dividend

The Directors do not propose a dividend in respect of the current financial year (2024: £nil).

A handwritten signature in black ink, appearing to read 'P. Hallett', is written over a light grey rectangular background.

Peter Hallett
Interim Non-Executive Chairman
11 May 2026

Strategic Report

Review of the Business

A detailed review of the business is set out in the Chairman's Statement and the Financial Review. The year under review represented a period of consolidation and strategic progress for the Group with both continuing revenues and gross margin remaining consistent year-on-year and adjusted EBITDA¹ remaining positive, despite the impact of non-cash charges, finance costs and restructuring activity on reported post-tax results. Future developments and current trading and prospects are set out in the Executive Director's Statement and the Financial Review. These reports together with the Corporate Governance Statement are incorporated into this Strategic Report by reference and should be read as part of this report. The Group's strategy is focused on maximising value for stakeholders by increasing revenues and profits by upselling to our current customer base as well as by bringing new customers on board.

At 31 December 2025, the Board comprised four Directors (2024: three) two of whom are male and two are female. At 31 December 2025 the Group had 212 employees including Directors (2024: 268) of which 169 were male (2024: 245) and 43 were female (2024: 44).

¹ Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charges, non-underlying items, loss on disposal of fixed assets and share-based payments.

Key performance Indicators

The Board uses a range of financial and non-financial key performance indicators ("KPIs") to assess operational performance, financial resilience and progress against the Group's strategic objectives. These KPIs are reviewed regularly by the Board and are consistent with those used internally to manage the business.

KPI	2025	2024	Commentary
Revenue	£17.7m	£20.8m	Decrease reflects contract insourcing by two customers and delayed project activity
Gross margin	29%	29%	Margin stability demonstrates continued operational discipline
Adjusted EBITDA ¹	£1.8m	£2.0m	Largely resilient despite lower revenue, reflecting cost actions taken
Net cash from operations	£1.4m	£1.9m	Ongoing cash generation from the core Manage business
Average headcount	243	283	Reduction aligned with organisational simplification and cost base resizing
Customer concentration (largest partner)	60%	81%	Reduced concentration lowers commercial risk

Revenue and Adjusted EBITDA are the primary measures used by the Board to assess the scale and underlying profitability of the Group. While revenue declined year-on-year, gross margins remained stable and Adjusted EBITDA performance reflects the benefits of cost efficiency and simplification initiatives.

Cash generation remains a key focus, supporting liquidity, debt servicing and ongoing investment. The Group continued to generate positive operating cashflows in 2025.

Headcount is monitored as a key operational KPI, reflecting the alignment of the Group's cost base with activity levels. The reduction during the year was driven by organisational simplification initiatives.

Customer concentration is a key commercial risk indicator. The reduction in reliance on the largest partner during the year represents progress against the Group's strategy to diversify revenues.

Strategic Report *(continued)***Principal Risks and Uncertainties**

Identifying, evaluating, and managing the principal risks and uncertainties facing the Group is an integral part of the way the Group does business. There are policies and procedures in place throughout the operations, embedded within our management structure and as part of our normal operating processes.

The Board reviews the principal risks on a bi-annual basis. The impact, measures in place and tactics to mitigate risks are assessed on a regular basis. The risk categories, set out below, have been identified by the Board as those currently considered to potentially have the most material impact on the Group's future performance. In addition to these risks, note 25 contains details of financial risks.

Customer concentration

The Group has a significant revenue concentration with a single Partner (60%) (2024: 81%) which represents a further reduction in concentration year-on-year. This is mitigated as there are a number of end customers, all with different agreements and contract end dates. The Group has traded with the Partner for over 20 years and has long standing relationships. The Group is also focused on reducing this concentration and is working on several opportunities to achieve this.

Market and Economic Conditions

Market and economic conditions are recognised as one of the principal risks in the current trading environment; however, the Board believes the Group's exposure is mitigated by the high proportion of public sector and mission-critical end-customers. Risk is mitigated by the monitoring of trading conditions and changes in government legislation, the development of action plans to address specific legislative changes and the constant search for ways to achieve new efficiencies in the business without impacting service levels.

The Board does not believe the current macro-economic outlook has changed the Group's prospects given the large proportion of the end-customers being in the public sector. The Group has also undertaken stress testing of the detailed trading forecasts and cashflows taking into account inflation and interest rate increases. The Board does not consider that these will change the outlook at present. In relation to interest rates increases, the Group's debt is at a fixed rate.

Reliance on Key Personnel and Management

The success of the Group is dependent on the services of key management and operating personnel. The Directors believe that the Group's future success will be largely dependent on its ability to retain and attract highly skilled and qualified personnel and to train and manage its employee base. During the year, the restructuring programme continued which resulted in more members of staff being made redundant and other members of staff moving into new roles. For those who remain there are several employee benefits and active communication is encouraged within the business to mitigate the risk of losing skilled and qualified individuals. Furthermore, there is an apprenticeship scheme which the Group believes will assist in training and retaining younger individuals going forward.

Competition

The Group operates in a highly competitive marketplace and while the Directors believe the Group enjoys certain strengths and advantages in competing for business, some competitors are much larger with considerable scale. The Group monitors competitors' activity and constantly reviews its own services and prices to ensure a competitive position in the market is maintained.

Technology

The market for our services is in a state of constant innovation and change. We devote significant resource to the development of new service lines, ensuring new technologies can be incorporated and integrated with the Group's core services. The nature of the Group's services means that they are exposed to a range of technological risks, such as viruses, hacking and an ever-changing spectrum of security risk. We maintain constant pro-active vigilance against such risks and the Group maintains membership of some of the highest levels of security accreditation as part of the service it offers its customers.

Strategic Report *(continued)***s.172(1) Companies Act 2006: Statement of Directors' Duties to Stakeholders****Promoting the success of the Company**

The Directors are aware of their duty under section 172(1) of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Board recognises that the long-term success of the Company requires positive interaction with its stakeholders. Positive engagement with stakeholders will enable our stakeholders to better understand the activities, needs and challenges of the business and enable the Board to better understand and address relevant stakeholder views which will assist the Board in its decision making and to discharge its duties under Section 172 of the Companies Act 2006.

Our Commitment

The Company is committed to operating with an inclusive, transparent, and respectful culture and places particular emphasis on operating to the highest ethical and environmental standards.

The Directors take personal ownership of the policies and maintenance of the necessary exacting standards of business conduct throughout the organisation and for delivering these corporate and social responsibilities.

Stakeholder Engagement

Recruitment and employee management are undertaken in line with the Company Employment Policy which has committed to a working environment with equal opportunities for all, without discrimination and regardless of sex, sexual orientation, age, race, ethnicity, nationality, religion, or disability.

We are committed to being an equal opportunities employer and oppose all forms of unlawful discrimination. We believe that staff members should be treated on their merits and that employment-related decisions should be based on objective job-related criteria such as aptitude and skills. For these reasons, all staff members, and particularly managers with responsibility for employment-related decisions, must comply with the practices described below:

- recruitment;
- pay and benefits;
- promotion and training;
- disciplinary, performance improvement and redundancy procedures.

As part of the induction of all employees and on a recurring annual basis, all employees have to complete a mandatory set of training courses, one of which is on equality, diversity and inclusion in both the workplace and local communities.

We conduct a gender pay analysis annually and the report is published on the Company's website.

Tialis seeks to attract and retain staff by acting as a responsible employer. The health, safety and well-being of employees is important to the Company. All employees have access and are encouraged to use the Employee Assistance Program with a 24-hour helpline.

Strategic Report *(continued)***Stakeholder Engagement** *(continued)*

Furthermore, the Company has committed to continuous development schemes and will support employees to attain the best for themselves and the Company through personal assessment, training and mentoring.

Externally, Tialis has established long-term partnerships that complement its in-house expertise and has built a network of specialised partners within the industry and beyond.

The Directors have committed to promoting a company culture that treats everyone fairly and with respect and this commitment extends to all principal stakeholders including shareholders, employees, consultants, suppliers, customers, and the communities where it is active.

All Directors are encouraged to act in a way they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its shareholders. In doing so, they each have regard to a range of matters when making decisions for the long-term success of the Company.

Health and Safety

Tialis Group cares profoundly about the health and safety of our employees, customers and the communities who could be affected by our activities and aims to protect them from any foreseeable hazard or danger arising from our activities. To this end in 2025 the Company completed a series of safety related studies and reviews, including electrical and gas, quantified risk assessments and layer of protection analysis using external experts to review the product risk and the application on our Dartford site. In all instances the findings of the safety risk assessments have demonstrated that the risk arising from the Tialis Group's activities is well within acceptable tolerable risk levels. In 2026 the Company will revisit these assessments to identify any changes that have been introduced which may represent new or variants of risk.

We have a Health and safety policy and as mentioned above all employees have to complete a mandatory set of training courses, which include several health and safety courses, including manual handling, mental health awareness, stress awareness, bullying and harassment, display screen set-up and a general health and safety course.

The Directors recognise that the key to successful health and safety management requires an effective policy, organisation, and arrangements which reflect the commitment of senior management. The executive management team implement the Company's health and safety policy and ensure that the Company Health and Safety (HSE) management system and safety standards are all maintained, monitored, and improved where necessary.

The Company's activities at its Dartford site were delivered HSE incident free in 2025.

s.172 Companies Act 2006: Statement of Directors' Duties to Stakeholders**Environment Policies**

The Company's Environmental Policy recognises the importance of our technology from a global challenge perspective. The Company will regularly evaluate the environmental impact of its activities, products, and services, taking all actions necessary to continually improve the Company's and its products' environmental performance.

The Company is proud to have been awarded ISO 14001.

Tialis Group has a Carbon Reduction Strategy which is published on the company website. We at Tialis Group are committed to reducing our impact on the environment in order to help safeguard our planet for future generations. We have committed to a well-below 2 degrees Celsius trajectory and to maintaining our scope 1 and scope 2 greenhouse gas emissions at a level 30% lower than in our base year of 2018. We have invested in an environmental management system certified to ISO 14001 to ensure that we can monitor and manage our activities to meet our targets.

Strategic Report *(continued)***Environment Policies** *(continued)*

In addition to committing to maintaining our scope 1 and 2 emissions at 30% less than they were in 2018, we will also work to reduce our overall greenhouse gas emissions (scopes 1, 2 and 3) by 2.5% every year from a 2021 baseline. We have engaged with Science Based Targets (SBTi) to validate our 30% reduction target. SBTi has confirmed that our target of a 30% reduction from 2018 has been accepted and will be published on their website. They have undertaken due diligence on the 2018 information we provided and verified its accuracy. As the work we have done in the last few years has helped us achieve the 30% target already, we will now ensure that we maintain this lower level.

As mentioned above all employees have to complete a mandatory set of training courses, which include an environmental awareness course.

Strategy

The Group's purpose is to build value for the investors and shareholders through the development of innovative service offerings designed to reduce business IT costs and increase efficiencies for our partners and customers.

We intend to continue with our organic initiatives that continue to demonstrate positive growth, including the expansion of our partner network and we are also exploring expansion into Europe. The Group is considering growth through acquisition and would consider synergistic targets that would expand and deepen our service offerings.

We are also exploring additional complementary solutions that can be added to our current services portfolio, which would increase our offering to customers in the end user device market. In addition to this, we are also looking at marketing strategies to increase our brand awareness to the direct market, which can deliver quicker turnaround on RFP wins and therefore faster in year revenue recognition. The transformation of traditional on-site support maintenance solutions, to our Lifecycle services is also key, as it improves our margins, reduces costs for our customers and has less risk of margin erosion than traditional people-based services.

We also recognise the importance placed on sustainability and plan to continue to improve on our ESG targets and our offering of carbon neutral solutions to our customers.

On behalf of the Board

Peter Hallett
Interim Non-Executive Chairman
11 May 2026

24 Dublin Street Edinburgh EH1 3PP

Directors' Report

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2025 for Tialis Essential IT PLC ("Tialis" or the "Company") and its subsidiaries (together, the "Group").

Principal Activity

The principal activity of the Group during the year was the provision of end-to-end IT solutions, concentrating on end-user device management and on-site support solutions and AI consulting services. The Company is a holding company.

Review of the Year

The review of the year and the Directors' strategy are set out in the Chairman's Statement and in the separate Strategic Report in this Annual Report.

Dividends

The Company did not pay a dividend during the year ended 31 December 2025 (2024: £nil). The Directors do not recommend the payment of a dividend at 31 December 2025 (2024: £nil).

Directors

The Directors who held office during the period and up to the date of the Annual Report are as follows:

Andrew Ian Smith	(resigned 30 January 2026)
Matthew Riley	(resigned 8 October 2025)
Nicola Chown	
Peter Hallett	(appointed 8 September 2025)
Rachel Horsefield	(appointed 8 September 2025)
David (Niall) O'Regan	(appointed 30 January 2026)

Company Secretary

Delgany Corporate Services Limited

A brief biography of the current Directors can be found below:

David (Niall) O'Regan – Chief Executive Officer

David (Niall) O'Regan was appointed as a Chief Executive Officer on 30 January 2026. As Chief Operating Officer since September 2024, Niall has been responsible for the Group's operational activities and has worked closely with the former Executive Director and Chief Financial Officer to support the delivery of the Group's strategy and operational performance. Niall joined Tialis on the acquisition of certain profitable contracts from Allvotec in 2023 where he held several senior leadership roles, including Managing Director. He has over 25 years' experience in senior commercial, sales and operational roles across the technology, managed services, retail, hospitality, and leisure sectors.

Nicola Chown – Chief Financial Officer

Nicola, a qualified chartered accountant, is a highly experienced finance professional who has over twenty years' experience in finance and business development leadership roles and was appointed to the Board on 16 September 2024. Nicola has been the Chief Financial Officer of Tialis since 2021 and oversees the financial operations of the Group as well as the HR, property and legal teams. She has introduced financial and operational processes and has been central in the integration of new systems and in implementing strategic and cost cutting measures.

Nicola is a member of the Remuneration Committee.

Directors' Report (*continued*)

Peter Hallett – Interim Non-Executive Chairman

Peter Hallett was appointed as a Non-Executive Director on 8 September 2025. Peter, a qualified chartered accountant, is a highly experienced plc non-executive director and chief financial officer with multi-sector expertise including technology, FMCG manufacturing and retail in national and multi-national corporates. He is the senior independent non-executive director of Altitude Group plc, an AIM listed technology company mainly US based. Peter is the co-founder, investor and strategic consultant to Merchr Limited, a private start-up technology business providing a comprehensive end to end cloud based platform providing a total outsource solution for personalised merchandise to major global brands.

On 30 January 2026 Peter stepped up to be the interim non-executive chairman of Tialis.

Peter is a member of the Remuneration Committee and chair of the Audit Committee.

Rachel Horsefield - Non-Executive Director

Rachel Horsefield was appointed as a Non-Executive Director on 8 September 2025. Rachel was the Chief Executive Officer of THG Beauty Limited, a global retailer and brand owner operating through two leading predominantly online consumer businesses, LookFantastic and Cult Beauty. During her ten years with THG Beauty, Rachel worked with over 800 of the world's most popular brands and has a wealth of digital and beauty experience. Prior to joining THG Rachel was with Boots where she held a number of roles within ecommerce. Rachel has advised numerous listed and private companies in board positions across the digital and retail sectors.

Rachel is chair of the Remuneration Committee and a member of the Audit Committee.

Directors' Indemnity Insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained Directors' and Officers' liability insurance throughout the financial year in respect of itself and its Directors.

Re-election of Directors

All directors will be put forward for re-election at the forthcoming AGM in accordance with the 2023 QCA Corporate Governance Code.

Directors' Service Contracts

Details of the Directors' service contracts and their respective notice terms are detailed in the Remuneration Committee report.

Directors' Report (continued)

Directors' Interests

Apart from the exiting director, Andrew Ian Smith, the directors of Tialis do not hold any shares in the Company (see table below).

Significant Shareholders

At 31 December 2025 and at 11 May 2026, being the latest practicable date before the publication of the Annual Report, the Company is aware of the following significant interests in its ordinary, voting share capital:

Shareholder name	31 December 2025	31 December 2025	11 May 2026	11 May 2026
	Number	%	Number	%
MXC Capital Limited ¹	26,806,630	67.2%	-	-%
Guernsey Investment Fund PCC Limited – GIF Technology and Innovation Cell	4,682,927	11.7%	4,682,927	11.7%
Jet Holdco Limited (formerly Daisy Intermediate Holdings Limited) ²	4,629,178	11.6%	4,629,178	11.6%
Andrew Ian Smith	n/a	n/a	5,198,083	13.0%
Anthony Charles Weaver	n/a	n/a	5,086,476	12.7%
Nigel Wray	n/a	n/a	3,866,655	9.7%
Martin Bolland	n/a	n/a	1,985,081	4.9%
Titan Private Wealth	n/a	n/a	1,810,876	4.5%

1. MXC Capital Limited was a related party; Andrew Ian Smith, former Executive Director, was Chief Executive Officer and a substantial shareholder of MXC Capital Limited.
2. Daisy Intermediate Holdings Limited was a related party; Matthew Riley, former Non-Executive Director, is a director and major shareholder of Jet Holdco Limited (formerly Daisy Intermediate Holdings Limited).

Auditor

A resolution is to be proposed at the forthcoming AGM for the re-appointment of Barnes Roffe Audit Limited as auditor to the Company, at a rate of remuneration to be determined by the Audit Committee.

Financial Risk Management Objectives and Policy

The Company's financial risk management objectives and policies are described in note 25 to the financial statements.

Capital structure

The Company has two classes of share capital which is divided into Ordinary shares of 1p each and Deferred shares of 2.49p. Details of the Company's issued share capital can be found in note 27 to the financial statements.

Employee involvement

The flow of information to staff has been maintained by our staff email bulletins and staff meetings. Members of the management team regularly discuss matters of current interest and concern to the business with members of staff; in particular in regard to providing information on performance indicators, encouraging employee participation and engendering a common awareness of financial and economic factors which affect the Group's performance.

The Group continues to focus on building channels that ensure the Company is effectively listening and responding to employees. In doing so, we can identify opportunities to better meet employee needs and interests, reflecting these where possible in the principal decisions taken by the Company.

Directors' Report *(continued)*

Disabled persons

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to training, career development and promotion of disabled employees with a view to encouraging them to play an active role in our development.

Disclosure of Information to the Auditor

Each of the Directors who was in office on the date of approval of these financial statements, having made enquiries of their fellow Directors, confirms that:

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditor is unaware; and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditor is aware of that information.

Future Developments

Future developments and current trading and prospects are set out in the Executive Director's Statement and the Financial Review.

On behalf of the Board



Peter Hallett
Interim Non-Executive Chairman

11 May 2026

Remuneration Committee Report

Remuneration Committee

Non-executive director Rachel Horsefield and interim non-executive chair Peter Hallett were appointed to the Remuneration Committee on 24 September 2025. Following the resignation from the board of Matthew Riley on 8 October 2025, Rachel Horsefield was appointed chair of the Remuneration Committee on 29 October 2025. Andrew Ian Smith resigned from the board on 30 January 2026, so the Remuneration Committee now comprises Rachel Horsefield, Peter Hallett and Nicola Chown.

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Executive Directors and other designated senior executives and, within agreed terms of reference, determining the total individual remuneration packages of such persons, including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors is a matter for the Executive Directors. No director is involved in any decision as to his or her own remuneration or benefits.

There were no meetings of the Remuneration Committee in 2025 but there was a meeting in February 2026 in which the appointments of Niall O'Regan as CEO and Peter Hallett as interim non-executive chairman were discussed before a recommendation was made to the Board.

For further details of the Remuneration Committee, please refer to the Corporate Governance report in these financial statements.

Remuneration Policy

The Remuneration Committee is aware that the remuneration package should be sufficiently competitive to attract, retain and motivate individuals capable of achieving the Group's objectives and thereby enhancing shareholder value.

Basic Salary and Benefits

Basic salaries for the Executive Directors are reviewed in January each year. The benefits provided to the Executive Directors may include contributions to a Group defined contribution pension scheme, private medical insurance for themselves, their spouse and their children, life assurance cover of 4 times salary, critical illness and income protection cover, a company car allowance and annual leave of 25 days.

Performance Related Bonus

The Remuneration Committee determines the criteria for the award of performance bonuses for the Executive Directors in advance of each year. The bonuses are pensionable. Non-Executive Directors do not receive a bonus.

Fees

The Board, within the limits stipulated by the Articles of Association and following recommendations by the Executive Directors, determines Non-Executive Directors' fees. The annual fees are £60,000 (2024: £40,000) for a Non-Executive Director. The annual fees were £156,250 in 2024 for an Executive Chairman. The fee for a new permanent Non-Executive Chairman will be determined by the board and Remuneration Committee.

Remuneration Committee Report (continued)

Directors' emoluments

For Directors who held office during the year, emoluments are shown in full for the year ended 31 December 2025, even when the director was appointed during the year, and are as follows:

	Salary/fees £	Bonus £	Benefits £	Pension £	2025 total £	2024 total £
Executive						
Andrew Ian Smith ¹	103,250	-	-	-	103,250	221,000
Andy Parker ²	-	-	-	-	-	151,250
Nicola Chown ³	129,657	-	3,057	37,771	170,485	172,649
Non-Executive						
Nicolas Bedford ⁴	-	-	-	-	-	36,667
Matthew Riley ⁵	30,923	-	-	-	30,923	40,000
Peter Hallett ⁶	18,923	-	-	-	18,923	-
Rachel Horsefield ⁷	18,923	-	-	-	18,923	-
Total	301,676	-	3,057	37,771	342,504	621,566

1. Director's emoluments in respect of Andrew Ian Smith were paid to MXC Advisory Limited, a subsidiary of MXC Capital Limited and to JWI Partners Limited. Andrew Ian Smith resigned from the board on 30 January 2026.
2. Andy Parker resigned from the Board on 10 September 2024.
3. Nicola Chown was appointed to the Board on 16 September 2024.
4. Nicolas Bedford resigned from the Board on 1 December 2024.
5. Matthew Riley resigned from the Board on 8 October 2025.
6. Peter Hallett was appointed to the Board on 8 September 2025.
7. Rachel Horsefield was appointed to the Board on 8 September 2025.

The Executive Directors' salaries are paid by subsidiary companies within the Group. The Non-Executive Director fees and the fee to MXC Advisory Limited and JWI Partners Limited for Andrew Ian Smith's services are paid by the Company.



Rachel Horsefield
Chair, Remuneration Committee
On behalf of the Board

11 May 2026

Corporate Governance Statement

Introduction

The Directors attach great importance to maintaining high standards of corporate governance to help achieve the Company's goals. In 2024, the Company was an early adopter of the QCA Corporate Governance Code 2023 (the 'QCA Code') published by the Quoted Companies Alliance, which comprises 10 Principles which was revised in 2023.

The QCA Code explains that companies need to aspire to deliver growth in long-term shareholder value, having regard to the interests of other stakeholders. This requires an efficient, effective and dynamic governance framework and should be accompanied by good communication in order to promote and retain confidence and trust. This aligns with the approach adopted by the Board of Tialis which is responsible for corporate governance.

In usual circumstances, the Chairman is responsible for corporate governance and the overall leadership of the Board and ensuring its effectiveness. This was not the case throughout 2025 as the Company was without a chairman until 30 January 2026 when I was appointed interim non-executive Chairman. The members of the board collectively assumed the role of implementing good corporate governance between them up to that point.

We have considered how we apply each principle to the extent that the Board judges these to be appropriate for our circumstances, and below we provide an explanation of the approach taken in relation to each.

We have identified a number of areas where we are not in full compliance with the guidelines of the QCA Code and these are Principle 6 and 7, (both until September 2025), and 8. We explain in detail under the relevant principle why we have departed from the guidelines in these areas.

Our objective is to secure the long-term success of the Group by establishing a sustainable and profitable operating model with an appropriate underlying cost base. The Board believes that applying sensible corporate governance practices can only help achieve our goals.

We operate in the way the Board believes is most suited to the Group at its current stage of development. The Group is led by an experienced Board, supported by a strong leadership team to enable it to focus on growing the business to secure its long-term sustainable success whilst creating long-term value for shareholders and stakeholders alike.

Good corporate governance is about ensuring that the board is set up to make robust decisions and manage risk. To do so requires having the necessary breadth of expertise and perspectives around the board table and for each voice to be appropriately heard. It is increasingly about ensuring that a healthy culture is in place which combines a strong focus on performance and a shared sense of purpose. With the appointment of two new non-executive directors to the Board in September 2025 and a Chief Executive Officer in January 2026, the Group believes it has in place a strong leadership team and an appropriate cost base to enable it to focus on growing the business to secure its long-term sustainable success whilst creating long-term value for shareholders and stakeholders alike.

We trust that the result of our efforts to date provide stakeholders with access to the information they need and the confidence that the Board holds corporate governance compliance in the highest regard.

We set out our compliance with these Principles below. This information can also be found on our website here:
<https://www.tialis.com/investors/financial-reports/>

Principle 1 – Establish a purpose, strategy and business model which promote long-term value for shareholders.

The Group's purpose is to build value for the investors and shareholders through the development of innovative service offerings designed to reduce business IT costs and increase efficiencies for our partners and customers.

The Group's principal activity is the provision of end-to-end solutions to enterprise scale end customers, both public and private, concentrating on end-user device management and on-site solutions. The Board's objective is to secure long-term success by establishing a sustainable and profitable operating model with an appropriate underlying cost base in order to create long-term value for shareholders and stakeholders. 2026 will see a focus on positive cash generation and building the sales pipeline with a more diverse range of partners and long term contracts. The strategy involves growing the Company with acquisitions and organic initiatives, as well as expanding the partner network.

Corporate Governance Statement *(continued)*

The Board has set out its purpose, business model and strategy in the Strategic Report of the Annual Report and Financial Statements, giving further information in the Chairman's Statement and the Financial Review about how we performed against our stated strategy. The Strategic Report includes information on the principal risks and uncertainties faced by the Group and how we have acted to reduce our exposure to risk.

The Strategic Report describes how Tialis' flexible and technically skilled workforce enable the Group to deliver and support critical services and solutions in a highly secure environment and how it seeks to differentiate itself through innovation, reliability and value. This, together with the focus on diversifying the client and partner base, underpins the Board's approach to mitigating risk and securing the Company's long-term future.

The Board will continue to monitor its progress against its stated strategy.

Principle 2 – Promote a corporate culture that is based on ethical values and behaviours.

The Board firmly believes that delivery of the strategy and sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders fairly and with respect.

Accordingly, in dealing with each of the Company's principal stakeholders, we encourage our staff to operate in an honest and respectful manner. The Board believes that achieving a common awareness across all employees plays a major role in maintaining good employee relations. The Group's culture of honesty and respect is reflected in the continued support and dedication shown by employees to deliver value to our customers.

The Company is committed to promoting a culture based on ethical values and behaviours across the business. Policies are in place covering key matters such as bribery, protection of intellectual property and sensitive information, conflicts of interest, whistleblowing and anti-slavery. These are vigorously enforced and monitored.

In 2025, we made significant strides in strengthening our Corporate and Social Responsibility, including engaging external auditors and enhancing several key sustainability and decarbonisation functions within the business.

To reinforce these commitments, we require staff to complete several mandatory online training courses on either an annual or 18-month basis. These cover both compliance and culturally driven values. Current completion rates include:

- Anti-Bribery – 84% of staff up to date
- Bullying and Harassment – 91% up to date
- GDPR (Advanced and Refresher) – 82% up to date
- Equality, Diversity and Inclusion – 78% up to date

Our HR team provides regular reports to managers with course completion data to ensure accountability and continued progress.

Central to the Company's culture and values are Collaboration, Excellence, Ethical, Agile, Honest and Ownership. Information on how the Company's beliefs are applied to the business is set out on the website here.

<https://www.tialis.com/careers-at-tialis/>

Certifications

The Company is proud to have been awarded ISO/IEC 20000-1, ISO 9001, ISO 27001 and ISO 14001.

The Company is proud to have been awarded Cyber Essentials and Cyber Essentials Plus.

Corporate Governance Statement *(continued)*

Principle 3 – Seek to understand and meet shareholder needs and expectations.

Tialis Group is committed to open communication with all its shareholders. In 2025, the largest shareholder owned over 75 per cent of the Company's voting rights until it was liquidated in January 2026 and its shares in Tialis distributed to its own shareholders. The Board was and remains conscious of the need to protect minority shareholders and act in the best interest of all shareholders. The Company's nominated adviser is consulted before any corporate action is undertaken as a further check on meeting the needs of all shareholders.

Copies of the Annual Report and Financial Statements are issued to all shareholders who have requested them and copies are available on the Group's investor website www.tialis.com. The Group's interim results are also made available on the website. The Group makes full use of its investor website to provide information to shareholders and other interested parties.

The Board reviews proxy voting reports and any significant dissent is discussed with relevant shareholders and, if necessary, action is taken to resolve any issues. In compliance with best practice, the level of proxy votes (for, against and vote withheld) lodged on each resolution is declared at all general meetings and announced.

The Company values the views of its shareholders and recognises their interest in its strategy and performance. The Board believes it is important to explain business developments and financial results to its shareholders and to understand their concerns. Shareholders are given the opportunity to raise questions at the Annual General Meeting ("AGM") and the Directors are available both before and after the meeting for further discussion with shareholders.

Until December 2024, the Non-Executive Chairman was primarily responsible for communicating with investors. Since the Chairman's resignation from the Company, this responsibility for communication was assumed by Andrew Ian Smith, Executive Director, in 2025. Since his departure from the Board the role has been undertaken by the interim Chairman and the Chief Financial Officer. The role will revert to a new permanent Chairman when appointed.

Meetings via the Company's broker are offered to major institutional shareholders to discuss strategy, financial performance, governance matters and investment activity immediately after the full year and interim results announcements. The Directors are available to meet with major shareholders if such meetings are requested. Feedback from such meetings with shareholders is provided to the Board to ensure the Directors have a balanced understanding of the issues and concerns of major shareholders.

The Board receives share register analysis reports to monitor the Company's shareholder base and help identify the types of investors on the register.

Principle 4 – Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success.

The Group recognises its employees, customers, suppliers, advisors, banks and shareholders as forming part of the wider stakeholder group. Management identifies key relationships within the business and effort is directed to ensuring these relationships are managed appropriately. Regular reviews are undertaken to ensure any issues are addressed promptly.

The Board reviews its top clients and suppliers in its Board meetings and these are identified in packs provided to the Board.

The Company has a good relationship with its Nomad, broker and other advisers. Feedback from investors is provided by the broker as well as through direct engagement with investors by the Board.

The Company meets frequently with customers and communicates regularly with suppliers. There is a feedback system in place and issues raised can be addressed.

The Company's internal stakeholders are its employees. The Group is committed to employment policies which follow best practice, based on equal opportunities for all employees, irrespective of ethnic origin, religion, political opinion, gender, marital status, disability, age, sex or sexual orientation. The executive directors have regular meetings with senior management and their teams to discuss and monitor new initiatives and training is available.

The Group is committed to delivering solutions and services that create long-term value for all stakeholders, including clients, employees, investors, and wider society. Our approach integrates environmental sustainability, social impact, and ethical business practices into our decision making.

Corporate Governance Statement *(continued)*

Sustainability & Environmental Responsibility

The Tialis team are experts in delivering high-quality, cost-effective and sustainably focused managed IT solutions for businesses in a range of sectors. The team appreciates the financial and technical limits of organisations and considers the impact of our work on the environment and society. Tialis actively seeks to minimise its own operational footprint, with initiatives focused on reducing energy use, material waste, and carbon emissions.

At Tialis, we are committed to reducing our environmental impact and we are proud of the progress we have made.

In 2023, we achieved ISO 14001 accreditation, a key milestone that reflects our dedication to sustainable practices. Our company car fleet is already made up of hybrid vehicles, and we are aiming for a fully hybrid or electric fleet by 2030.

Our people are at the heart of this commitment. Environmental awareness is part of our culture, with mandatory annual training for all staff. So far, 90% of our team is fully up to date.

The Company's environmental policy is available to view on the website:
<https://www.tialis.com/wp-content/uploads/2023/06/Environmental-Policy.pdf>

The Company's carbon reduction plan is available to view on the website:
<https://www.tialis.com/wp-content/uploads/2024/11/Tialis-Carbon-Reduction-Plan-2023-v1.1.pdf>

The Company's waste management policy is available to view on the website:
<https://www.tialis.com/wp-content/uploads/2024/09/Tialis-Waste-Management-2023.pdf>

Social Responsibility

Tialis is proud to support its local community and the important work of charitable organisations.

During the year, the Company donated prizes with a value of £4,960 to an auction held in support of The King's Trust.

We value the opportunity to contribute to initiatives that make a positive difference and look forward to continuing our support of the community in the years ahead.

Staff policies

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices in the United Kingdom. The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees on the financial and economic factors affecting the Group, plays a major role in maintaining its relationship with its staff.

The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled, the Group continues employment, either in the same or an alternative position, with appropriate retraining being given, if necessary.

The Board believes that its investment in the wider stakeholder network is expected to assist the Company's management in achieving its long-term goals creating an environment of trust and communication which will have positive implications for the long-term success of the Company.

Corporate Governance Statement *(continued)*

Principle 5 – Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation.

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Group's internal control system. The business and management of the Company and its subsidiaries are the collective responsibility of the Board. At each meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

The Board regularly identifies the most critical current and emerging risks and challenges facing the business and to take the necessary steps to mitigate these risks by strengthening its control systems. The revised and refined system of risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and is explained in the Strategic Report under the heading Principal Risks and Uncertainties. The Board has established a risk register which is bespoke to the Group's business. At least twice a year the risk register is reviewed and the Board considers the appropriateness of the risks identified and the mitigating action taken by management on a risk by risk basis with a particular focus on those deemed most critical. Where required, action is taken to ensure that controls in place are sufficiently robust to manage the identified risks.

The Group's Chief Financial Officer has continued to strengthen the Group's approach to risk management, internal controls and assurance activities. Nicola Chown introduced new financial and operational processes and has been central in the integration of new systems and in implementing strategic and cost cutting measures. Niall O'Regan was the Group's Chief Operating Officer in 2025, and he further strengthened the Group's strategies for managing and mitigating risk. He continues to do this since his appointment as Chief Executive Officer in January 2026.

Diversifying the client base and reducing reliance on a single partner has significantly reduced the Group's commercial risk along with developing the LifeCycle offering.

Tialis follow best security practices and employ cyber security professionals, all access to 365 data is locked down to region and security groups are used to gain access to data using least privilege access. We are 27001 as well as Cyber Essentials Plus certified and have a cyber secure score of 100%.

All access is constantly monitored and reviewed, we implement single sign on and authentication requires a multi factor authentication across all platforms. Data is controlled via labels and we implement Data loss prevention, logs are centrally stored and cyber anomalies are monitored using Microsoft Sentinel.

We promote cyber awareness via mandatory training, all hands communications, email communications and Phishing campaigns.

Our secure facility is alarmed and monitored 24/7, using technologies such as pressure sensors, each area within the facility requires key fobs with controlled access to secure areas. The facility is protected by an uninterrupted power supply and our data communication lines in to the facility are built resilient of failure.

In a meeting of the audit committee in January 2026 in which planning for the audit of the 2025 financial statements was discussed, it was agreed that the appointed auditors met the criteria for auditor independence and no ethical issues were identified. It was noted that the auditor performs the annual audit and review of interim results but does no other work for Tialis. Tialis has a separate independent tax adviser.

Corporate Governance Statement *(continued)*

Principle 6 – Establish and maintain the board as a well-functioning, balanced team led by the Chair.

Following changes to the board in 2024 including the resignation of its non-executive chairman in December 2024, the Group did not have a chairman in 2025. The Group's former Executive Director assumed the usual role of a chairman and was responsible for corporate governance and the overall leadership of the Board until he resigned in January 2026. During 2025 the Board collectively had responsibility for ensuring that the day-to-day activities and decisions of senior management were focused and aligned with the Group's medium and long-term strategy. In January 2026 Peter Hallett, an independent non-executive director who joined Tialis in September 2025 was appointed interim non-executive chairman. The Company intends to appoint a permanent non-executive chairman at the appropriate time.

Peter Hallett was appointed as independent interim non-executive Chairman in January 2026, having joined Tialis as a non-executive director in September 2025. A highly experienced non-executive director and chief financial officer, Peter brings to the board multi-sector expertise including technology, FMCG manufacturing and retail in national and multi-national corporates as well as AIM company experience. He is a chartered accountant and is chair of the Audit Committee and a member of the Remuneration Committee.

David Niall O'Regan ("Niall") was promoted to Chief Executive Officer in January 2026, having been the Chief Operating Officer since September 2024 where he managed the Group's operational activities. Niall is responsible for the delivery of the Group's strategy and operational performance. Prior to this, Niall was Commercial Director of Tialis following the acquisition of certain profitable contracts from Allvotec. He held several senior leadership roles at Allvotec, including Managing Director, and has over 25 years' experience in senior commercial, sales and operational roles across the technology, managed services, retail, hospitality, and leisure sectors.

Nicola Chown, a chartered accountant, has been the Chief Financial Officer of Tialis since 2021 and was appointed to the board in September 2024. She oversees the financial operations of the Group as well as the HR, property and legal teams. Nicola is a highly experienced finance professional with over twenty years' experience in finance and business development leadership roles. She has introduced financial and operational processes and has been central in the integration of new systems and in implementing strategic and cost cutting measures. Nicola is a member of the Remuneration Committee.

Rachel Horsefield is an independent non-executive director who joined the Board of Tialis in September 2025. Rachel was the Chief Executive Officer of THG Beauty Limited, a global retailer and brand owner operating through two leading predominantly online consumer businesses, LookFantastic and Cult Beauty. During her ten years with THG Beauty, Rachel worked with over 800 of the world's most popular brands and has a wealth of digital and beauty experience. Prior to joining THG Rachel was with Boots where she held a number of roles within ecommerce. Rachel has advised numerous listed and private companies in board positions across the digital and retail sectors. Rachel is the chair of the Remuneration Committee and a member of the Audit Committee.

In 2025 Andrew Ian Smith was an Executive Director and he led the Group's strategic and operational review in 2018, a major turning point in the Group's direction. Ian was also the Chief Executive Officer and a substantial shareholder of MXC Capital which was a substantial shareholder of the Company until January 2026 and as such he was not considered to be an independent director. Ian remains a director of AI Auxesis Limited, the Group's subsidiary which provides consulting services to AI companies.

Matthew Riley was a Non-Executive Director of Tialis from February 2023 following the purchase of profitable partner contracts from Allvotec, a division of Daisy group until his resignation in October 2025. Matthew was the founder and chairman of Daisy Group and he led Daisy Communications Ltd and Daisy Group through rapid growth to become one of the UK's leading end-to-end business technology and communications service providers. Matthew was an independent director and a chair of the Remuneration Committee and the Audit Committee until he left Tialis.

The Board currently comprises two independent Non-Executive Directors (including the interim non-executive chairman) and two Executive Directors, supported by senior managers, and it oversees and implements the Company's corporate governance programme.

Each board member commits sufficient time to fulfil their duties and obligations to the Board and the Company. They attend regular board meetings and join ad hoc board calls and offer availability for consultation when needed. The contractual arrangements between the Directors and the Company specify the minimum time commitments which are considered sufficient for the proper discharge of their duties. However, in exceptional circumstances all board members understand the need to commit additional time.

Corporate Governance Statement *(continued)*

Detailed board packs include information on the business units and financial performance and are circulated ahead of board meetings. The format of the board pack has evolved with new metrics added to assist the board in evaluating several performance measures. Key issues are highlighted and explained, providing board members with sufficient information to enable a relevant discussion in the board meeting.

With the adoption of the 2023 QCA Code, all Directors are required to retire by rotation and seek re-election annually.

Departures from the Code

Throughout 2025 there was no chairman and there was only one independent director on the Board (who resigned in October 2025) until the appointment of two independent non-executive directors in September 2025. This meant there was only one independent director in both the Audit Committee and the Remuneration Committee for the first eight months of 2025 and this was a departure from the Code. The situation was rectified with the appointment of the two independent non-executive directors in September 2025 who are both members of the Audit Committee and Remuneration Committee.

Board and committee meetings

The Board is supported by its Audit Committee and its Remuneration Committee.

Attendances of Directors at Board and committee meetings convened in 2025, and which they were eligible to attend, are set out below:

Director	Board Meetings Attended	Remuneration Committee Attended ¹	Audit Committee Attended
Number of meetings in year	7	0	3
Peter Hallett	3/3	N/A	N/A
David (Niall) O'Regan	N/A	N/A	N/A
Nicola Chown	7/7	N/A	3/3
Rachel Horsefield	3/3	N/A	N/A
Andrew Ian Smith	7/7	N/A	3/3
Matthew Riley	3/5	N/A	2/3

1. Remuneration committee discussed in detail on page 26

Principle 7 – Maintain appropriate governance structures and processes and ensure that individually and collectively the directors have the necessary up-to-date experience, skills and capabilities.

The principal governance structures and processes of the Company and its subsidiaries are the collective responsibility of the Board and its Committees. At each Board meeting, the Board considers and reviews the trading performance of the Group. The Board has a formal written schedule of matters reserved for its review and approval. These include the approval of the annual budget, major capital expenditure, investment proposals, the interim and annual results and a review of the overall system of internal control and risk management.

Audit Committee

The duties of the Audit Committee include reviewing, in draft form, the Company's annual and half-yearly report and accounts and providing advice to the Board. Members of the Audit Committee are also responsible for reviewing and supervising the financial reporting process and internal control systems of Tialis Group. The Audit Committee is currently comprised of two Non-Executive Directors and one Executive Director. Both Non-Executive Directors have extensive listed company transaction experience.

Corporate Governance Statement *(continued)*

Remuneration Committee

The Remuneration Committee is responsible for determining the policy for Directors' remuneration and setting remuneration for the Company's chair, executive Directors and senior management including share option schemes and any bonus arrangements. No director plays any role in determining his or her own remuneration. The Remuneration Committee is currently comprised of two Non-Executive Directors and one Executive Director. The Remuneration Committee did not meet in 2025 as matters were handled by the board. However, the Remuneration Committee met in January 2026 to discuss the appointment of the Chief Executive Officer and the Interim Non-executive Chair. The Remuneration Committee made its recommendation to the Board.

The members of the Board and their experience and skills etc are set out in the Directors' Report and Financial Statements identifies the members of the Board at the time of publication and describes the relevant experience, skills and qualities they bring.

The Board believes it has a suitable mix of skills and competencies in order to drive the Group's strategy and is best placed to secure the future of the Company and create long-term value for all stakeholders although it acknowledges a new Chairman is required. The directors possess a range of skills with commercial, financial, public markets and technology sector expertise. The directors believe that their combined capabilities enable them to inform and oversee the implementation of the Company's strategy for the benefit of its shareholders.

Board members are encouraged to take on external roles that do not conflict with their directorship. Several directors hold external positions that contribute to their professional development and the company's strategic insights. If required, the Directors are entitled to take independent legal advice.

The nature of the Company's business requires the Directors to keep their skillset up to date. Periodic updates to the Board on regulatory matters are given by Company's professional advisers. The Company retains the services of its financial adviser and Nomad, accountants, tax adviser and lawyers who are consulted on any significant matters where the Board believes external expertise is required. The instances where external advice was sought in 2025 were in relation to compliance with the AIM Rules and various legal matters such as the restructuring of several subsidiary companies.

External advisers attend board meetings as invited by the Chairman to report and/or discuss specific matters relevant to the Company and the markets in which they operate.

The qualified Company Secretary advises the Board on corporate governance and regulatory matters, attends the Board meetings and reports directly to the Chairman on governance matters. In keeping with best practice as set out in the QCA guidelines the Company has split the role of Chief Financial Officer and Company Secretary.

Departures from the Code

Following the resignation of the independent Non-Executive Chairman in December 2024, there was only one independent director for the first 8 months of 2025. The Board recognised that this was a departure from the Code and the situation was rectified with the appointment of two independent non-executive directors in September 2025, one of whom was appointed interim Non-Executive Chair in January 2026.

Principle 8 – Evaluate board performance based on clear and relevant objectives, seeking continuous improvement.

The Board regularly reviews the effectiveness of its performance as that of its committees and individual Directors, a process that is normally overseen by the Chairman. Board members are encouraged to participate in board meetings by asking questions, discussing issues, challenging others and providing input. The Directors' Report in the Annual Report and Financial Statements identifies the members of the Board at the time of its publication and describes the relevant experience, skills and qualities they bring.

The Remuneration Committee meets when necessary to consider the appointment of new directors and makes recommendations to the Board which has overall responsibility for appointments and succession planning. Board appointments are made after consultation with advisers in all cases and with major shareholders in some cases. The Nomad undertakes due diligence on all new potential board candidates. Board members all have appropriate notice periods so that if a board member indicates his/her intention to step down, there is sufficient time to appoint a replacement, whether internal or external.

Corporate Governance Statement *(continued)*

Departures from the Code

The Board has not undertaken an externally facilitated review for some years. This is a matter to be considered when a new chair is appointed. The Board accepts it needs to strengthen its succession planning and intends to do so.

Principle 9 – Establish a remuneration policy which is supportive of long-term value creation and the company's purpose, strategy and culture

The Board firmly believes that sustained success will best be achieved by adhering to our corporate culture of treating all our stakeholders fairly and with respect. To this end, the Board believes it has established a remuneration policy to reflect the Company's purpose, strategy and culture and therefore supports the aim of long-term value creation. The policy is designed to motivate and reward management

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Executive Directors and other designated senior executives and, within agreed terms of reference, determining the total individual remuneration packages of such persons, including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-Executive Directors is a matter for the Executive Directors. No director is involved in any decision as to his or her own remuneration or benefits.

Remuneration Policy

The Remuneration Committee is aware that the remuneration package should be sufficiently competitive to attract, retain and motivate individuals capable of achieving the Group's objectives and thereby enhancing shareholder value.

Principle 10 – Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders.

The Company reports formally to its shareholders and the market generally twice each year with the release of its annual and interim results. The full year results are audited by an external firm of auditors.

The Annual Report and Financial Statements set out how the corporate governance of the Company has been applied in the period under review. Also included are reviews of the Company's sustainability activities and employee gender analysis.

These reports contain full details of all the principal events of the relevant period together with an assessment of current trading and future prospects and the reports are made available via the Company's website to anyone who wishes to review them.

The Group maintains a regular dialogue with its key stakeholders including shareholders to enable interested parties to make informed decisions about the Company and its performance with all members of the Board actively involved in this. The Board believes that transparency in its dealings offers a level of comfort to stakeholders and an understanding that their views will be listened to. The Board intends to continue its policy of communication for the mutual benefit of the Company and its stakeholders.

The Board discloses the result of general meetings by way of announcement and discloses the proxy voting numbers to those attending the meetings. In the event that a significant portion of voters vote against a resolution, an explanation of what actions the Board intends to take to understand the reasons behind the vote will be included.



Peter Hallett
Interim Non-Executive Chairman
11 May 2026

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted international Accounting Standards and have elected under company law to prepare the company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The group and company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with UK-adopted International Accounting Standards.
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Tialis Essential IT PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



David (Niall) O'Regan
Chief Executive Officer
On behalf of the Board
11 May 2026

Report of the Audit Committee

I am pleased to present the Audit Committee's report for the year ended 31 December 2025. The following pages provide an insight into how the Audit Committee discharged its responsibilities during the year and the key topics that it considered in doing so.

Composition

Peter, a qualified chartered accountant, is a highly experienced plc non-executive director and chief financial officer with multi-sector expertise including technology, FMCG manufacturing and retail in national and multi-national corporates. He is the senior independent non-executive director of Altitude Group plc, an AIM listed technology company mainly US based. Peter is the co-founder, investor and strategic consultant to Merchr Limited, a private start-up technology business providing a comprehensive end to end cloud based platform providing a total outsource solution for personalised merchandise to major global brands.

Peter Hallett assumed the role of chair of the Audit Committee in October 2025, having joined the Committee in September 2025. Peter, as a chartered accountant, was considered by the Board to have recent and relevant financial experience. The other members of the Audit Committee have competence and experience relevant to the Company's sector of operation. Non-executive director, Rachel Horsefield is the other member of the Audit Committee who joined at the same time as Peter Hallett in September 2025. Andrew Ian Smith was a member of the audit committee throughout 2025 until he resigned from the Board on 30 January 2026. Other members of senior management may also be invited to attend the meetings as guests, including the chief financial officer, Nicola Chown.

Role and Responsibilities

The Audit Committee determines and examines any matters relating to the financial affairs of the Group including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. The Audit Committee meets at least twice in each financial year, with three meetings taking place in 2025.

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Group's internal control and risk management systems. In addition, it considers the financial performance, position and prospects of the Group and the Company and ensures they are properly monitored and reported on. It oversees the relationship with the Auditor (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The Board and the Audit Committee do not consider it appropriate for the current size of the Group to establish an internal audit function.

Principal activities during the year

The Committee held three dedicated meetings during the year under review and considered the following:

- An overview of the planned work by the external auditors on the 2024 audit including the scope and regulatory requirements of the audit and audit findings;
- A discussion with the auditors of their progress and their findings; and
- The audit completion report for the financial statements for the year ended 31 December 2024.

The Committee has held two meetings so far in 2026 to discuss the planned work and scope by the external auditors for the audit of these financial results and is planning the following activities during 2026:

- Review the Company's procedures, systems and controls for the prevention of bribery or fraud;
- Review the adequacy and security of the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee believe that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- Review the Committee's internal audit role, in the absence of an external provider of an internal audit service.
- A meeting was held in May 2026 to discuss the audit completion report for these financial statements for the year ended 31 December 2025.

External Auditor

Barnes Roffe Audit Limited are appointed as the external Auditors of the Group. The continued appointment of Barnes Roffe Audit Limited is to be reviewed by the Committee each year, taking into account relevant legislation, guidance and best practice appropriate for a Company of Tialis' size and nature.

Report of the Audit Committee *(continued)*

The Committee will consider a number of areas when reviewing the external Auditor appointment, namely its performance in discharging the audit, the scope of the audit and terms of engagement, its independence and objectivity, and its reappointment and remuneration.

The fees paid to Barnes Roffe Audit Limited during the financial year are set out in note 5 to the Group's consolidated financial statements.

Attendance at Audit Committee Meetings

Please see the report in the Corporate Governance Report in this document for attendance by the members of the Audit Committee.



Peter Hallett
Chairman of the Audit Committee
11 May 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIALIS ESSENTIAL IT PLC

Opinion

We have audited the financial statements of Tialis Essential IT PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the consolidated statement of comprehensive income, statements of financial position for the group and parent company, statements of changes in equity for the group and parent company, statements of cash flows for the group and parent company and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- the financial statements 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 group and parent 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.

Summary of our audit approach

Key audit matters	Group <ul style="list-style-type: none"> • Impairment of customer contracts and software licences • Valuation of Investments
Materiality	Group <ul style="list-style-type: none"> • Overall materiality: £176,600 (2024: £200,000) • Performance materiality: £132,450 (2024: £150,000) Parent Company <ul style="list-style-type: none"> • Overall materiality: £170,000 (2024: £195,000) • Performance materiality: £127,500 (2024: £146,000)
Scope	Our audit procedures covered 100% of revenue, 100% of total assets and 100% of loss before tax.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIALIS ESSENTIAL IT PLC *(continued)*

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements for 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 group 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 addressed the key audit matter
<p>Impairment of customer contracts – group only</p> <p>As detailed in note 13 to the financial statements the group has customer contracts and related relationships arising from business combinations which management test for impairment on an annual basis in line with accounting standards.</p> <p>There is a risk that the uncertainty surrounding the trade of the subsidiary could result in a material error in respect of the recoverability of this balance.</p>	<p>We have considered the validity of the forecast provided for the trading entity and verified the assumptions used on the customer contract calculations.</p> <p>We have considered the assumptions used in the preparation of discounted cash flows for the group forming the basis of managements impairment review, and have reviewed management's sensitivity analysis and reverse stress test in respect of key assumptions.</p> <p>We have also assessed the disclosures made and the application of the standard in line with UK Adopted International Accounting Standards.</p>
<p>Impairment and recognition of investments</p> <p>There is a risk that the uncertainty surrounding the trade of the group could result in a material error in respect of the recoverability of the investments in the parent company.</p> <p>The group has invested in new entities in the year leading to a number of judgements over the disclosure of each investment.</p>	<p>We confirmed that the value of investments reported in the financial statements is consistent with the original cost of investment, less any impairments provided to date.</p> <p>We have considered the validity of forecasts provided for the investments and verified the assumptions used in the calculations.</p> <p>We have identified the key assumptions that form part of the valuation and performed a sensitivity analysis on these assumptions and confirmed to management's own sensitivity analysis. These assumptions have then been followed through the discounted cash flow that formed the basis of managements impairment review.</p> <p>We challenged the assumptions with the following assumptions deemed as being the highest risk:</p> <ul style="list-style-type: none"> • WACC • Growth Rates • Length of Forecast • Future EBITDA <p>We reviewed the joint venture accounting under the equity method, verifying that this was the correct accounting treatment due to control not being established. We recalculated the share of loss for the year from the joint venture.</p> <p>Furthermore, we evaluated the related disclosures and the application of the standard to ensure they are in accordance with UK-adopted International Accounting Standards.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIALIS ESSENTIAL IT PLC *(continued)*

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£176,600 (2024: £200,000)	£170,000 (2024: £195,000)
Basis for determining overall materiality	1% of Revenue	1% of gross assets
Rationale for benchmark applied	Revenue has been used as the benchmark as it reflects the scale of the entity's operations and is a key indicator of activity level and growth, particularly relevant for stakeholders during a growth phase.	Gross assets are considered to be the appropriate measure as the company's activity is to hold investments in group companies.
Performance materiality	£132,450 (2024: £150,000)	£127,500 (2024: £146,000)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £8,800 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £8,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The group consists of the parent company, two trading companies (Tialis Essential IT Manage Limited and AI Auxesis Limited) and 3 other entities which are non-trading (Tialis Essential IT Debt Limited, Tialis Essential IT Financing Limited and Tialis Essential IT Investments Limited). All entities are based in the UK. Our audit approach was designed to focus on areas of significant risk and materiality across the group. We determined the scope of our work based on our assessment of risks of material misstatement and the financial significance of each component. As a result, we performed:

	Number of components	Revenue	Total assets	Profit/Loss before tax
Full scope audit	2	98.46%	77.36%	96.60%
Specific audit procedures*	4	1.54%	22.64%	3.40%
Total	6	100%	100%	100%

* Specific audit procedures were performed to obtain sufficient appropriate audit evidence in respect of risks identified at the component level

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIALIS ESSENTIAL IT PLC *(continued)*

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of management's going concern evaluation and reviewing cashflow forecasts;
- evaluating management's ability to accurately forecast performance through comparison of historic performance against forecast;
- performing sensitivity analysis to understand the impact of reasonably possible outcomes, or changes to assumptions; and
- testing the integrity and mechanical accuracy of the forecast model.

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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 group and the parent company and their 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIALIS ESSENTIAL IT PLC *(continued)*

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 31, 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 group's and the parent 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 group or the parent 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TIALIS ESSENTIAL IT PLC *(continued)*

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team included:
UK-adopted IAS and Companies Act 2006, including IFRS. AIM Rule 19	Review of the financial statement disclosures and testing to supporting documentation; Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Review of advice received from external tax advisors.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue cut-off	For a sample of contract assets and liabilities, recalculating the revenue recognised (and the associated accrual/deferral), based upon the terms of the underlying contracts and invoices; and For samples of monthly and quarterly billed revenue transactions, in the identified cut-off periods, verifying that revenue has been recognised in the correct period.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Assessing whether journal entries made were done so by appropriate staff members; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.



JAMIE HALL (Senior Statutory Auditor)

For and on behalf of Barnes Roffe Audit Limited, Statutory Auditor

Chartered Accountants

Charles Lake House

Claire Causeway

Crossways Business Park

Dartford

DA2 6QA

Date: 11 May 2026

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2025

		Year ended 31 December 2025 £000	Year ended 31 December 2024 £000
Continuing operations			
Revenue	3	17,663	20,842
Cost of sales	4	<u>(12,623)</u>	<u>(14,830)</u>
Gross profit		5,040	6,012
Administrative expenses	4	<u>(6,244)</u>	<u>(8,911)</u>
Adjusted EBITDA*		1,752	2,006
Non underlying items	6	(429)	(688)
Depreciation	12	(397)	(388)
Amortisation and impairment	13	(1,262)	(2,280)
Fair value (loss) / profit on investments in financial assets	16	(86)	-
Fair value (loss) / profit on deferred and contingent consideration	4,13	(582)	(971)
Charges for share-based payments	28	(200)	(578)
Operating (loss) / profit		(1,204)	(2,899)
Finance income	7	67	27
Finance costs	8	(411)	(466)
Share of post-tax losses of equity accounted joint ventures	15	(180)	-
Loss on ordinary activities before taxation		<u>(1,728)</u>	<u>(3,338)</u>
Income tax	10	185	144
Loss for the year		<u>(1,543)</u>	<u>(3,194)</u>
Loss for the year attributable to:			
Non-controlling interest		51	-
Owner of the parent		<u>(1,594)</u>	<u>(3,194)</u>
		<u>(1,543)</u>	<u>(3,194)</u>
Total basic and diluted loss per share	11	(5.55) p	(13.11) p

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charge, non-underlying items, fair value (loss) / profit and share-based payments

The notes on pages 46 to 87 are an integral part of these financial statements.

Statements of Financial Position

As at 31 December 2025

	Note	Group		Company	
		2025	2024	2025	2024
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	12	477	718	-	-
Intangible assets	13	3,555	4,817	-	-
Investments in subsidiaries	14	-	-	17,336	18,211
Investments in equity-accounted joint ventures	15	7,006	-	-	-
Investments in financial assets	16	913	-	-	-
Deferred tax asset	10	3,698	3,479	-	-
Trade and other receivables	17	800	100	8,665	704
		<u>16,449</u>	<u>9,114</u>	<u>26,001</u>	<u>18,915</u>
Current assets					
Trade and other receivables	17	3,425	4,317	386	144
Cash and cash equivalents	18	664	854	235	13
		<u>4,089</u>	<u>5,171</u>	<u>621</u>	<u>157</u>
Total assets		<u>20,538</u>	<u>14,285</u>	<u>26,622</u>	<u>19,072</u>
Current liabilities					
Trade and other payables	19	2,573	4,092	330	1,533
Contract liabilities	20	319	770	-	-
Borrowings	22	349	325	-	-
		<u>3,241</u>	<u>5,187</u>	<u>330</u>	<u>1,533</u>
Non-current liabilities					
Borrowings	22	3,116	4,686	3,016	4,335
Convertible loan notes	23	-	-	-	-
Provisions	21	394	352	-	-
		<u>3,510</u>	<u>5,038</u>	<u>3,016</u>	<u>4,335</u>
Total liabilities		<u>6,751</u>	<u>10,225</u>	<u>3,346</u>	<u>5,868</u>
Net assets		<u>13,787</u>	<u>4,060</u>	<u>23,276</u>	<u>13,204</u>
Equity attributable to equity holders of the parent					
Share capital	27	12,767	12,611	12,767	12,611
Share premium		63,746	52,957	63,746	52,957
Equity reserve		58	58	58	58
Share based payment reserve		780	583	780	583
Retained earnings		(63,740)	(62,149)	(54,075)	(53,005)
		<u>13,611</u>	<u>4,060</u>	<u>23,276</u>	<u>13,204</u>
Non-controlling interest	33	176	-	-	-
Total equity		<u>13,787</u>	<u>4,060</u>	<u>23,276</u>	<u>13,204</u>

The notes on pages 46 to 87 are an integral part of these financial statements. The Company made a loss of £1.8 million in the year ended 31 December 2025 (2024: Loss £2.1 million) and in accordance with s408 of the Companies Act 2006 has not presented a company statement of comprehensive income. These financial statements were approved by the Board of Directors on 11 May 2026 and were signed on its behalf by:



Peter Hallett
Interim Non-Executive Chairman

Company registered number: SC368538

Statements of Changes in Equity
for the year ended 31 December 2025

	Share Capital (a)	Share Premium (b)	Equity reserve (c)	Share based payments reserve (d)	Retained Earnings (e)	Non-controlling interest (f)	Total equity
	£000	£000	£000	£000	£000	£000	£000
Group							
Balance at 1 January 2024	12,610	52,865	58	11	(58,961)	-	6,583
Loss for the financial year and total comprehensive expense	-	-	-	-	(3,194)	-	(3,194)
Shares issued for the acquisition of Allvotec and in lieu of a bonus to an employee (note 27)	1	92	-	-	-	-	93
Transactions with owners recorded directly in equity							
Share based payments charge for leavers	-	-	-	(6)	6	-	-
Share based payments charge (note 28)	-	-	-	578	-	-	578
At 31 December 2024	12,611	52,957	58	583	(62,149)	-	4,060
Balance at 1 January 2025	12,611	52,957	58	583	(62,149)	-	4,060
Loss for the financial year and total comprehensive expense	-	-	-	-	(1,594)	51	(1,543)
Shares issued for cash	2	123	-	-	-	-	125
Shares issued to acquire investment assets	95	7,250	-	-	-	-	7,345
Shares issued to acquire loan assets	26	1,462	-	-	-	-	1,488
Shares issued to settle deferred consideration	24	1,615	-	-	-	-	1,639
Shares issued to convert loan notes	9	339	-	-	-	-	348
Non-controlling interest acquired on acquisition	-	-	-	-	-	125	125
Transactions with owners recorded directly in equity							
Share based payments charge for leavers	-	-	-	(3)	3	-	-
Share based payments charge (note 28)	-	-	-	200	-	-	200
At 31 December 2025	12,767	63,746	58	780	(63,740)	176	13,787

(a) Share capital represents the nominal value of equity shares and deferred shares

(b) Share premium represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue

(c) The equity reserve consists of the equity component of convertible loan notes that were issued as part of the fundraising in August 2018 less the equity component of instruments converted or settled

The fair value of the equity component of convertible loan notes issued is the residual value after deduction of the fair value of the debt component of the instrument from the face value of the loan note

(d) Share based payments reserve represents the accumulated cost of the share options in issue

(e) Retained earnings represents retained profits and accumulated losses

(f) Non-controlling interests represent retained profits and accumulated losses attributable to the non-controlling interest

Statements of Changes in Equity (continued)
for the year ended 31 December 2025

Company	Share Capital (a)	Share Premium (b)	Equity reserve (c)	Share based payments reserve (d)	Retained Earnings (e)	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2024	12,610	52,865	58	11	(50,937)	14,607
<i>Total comprehensive loss for the year</i>						
Loss for the year	-	-	-	-	(2,074)	(2,074)
Shares issued in lieu of a bonus to an employee (note 27)	1	92	-	-	-	93
Share based payment charge for leavers	-	-	-	(6)	6	-
Share based payment charge	-	-	-	578	-	578
Balance at 31 December 2024	12,611	52,957	58	583	(53,005)	13,204
<i>Total comprehensive loss for the year</i>						
Loss for the year	-	-	-	-	(1,073)	(1,073)
Shares issued for cash	2	123	-	-	-	125
Shares issued to acquire investment assets	95	7,250	-	-	-	7,345
Shares issued to acquire loan notes	26	1,462	-	-	-	1,488
Shares issued to acquire deferred consideration	24	1,615	-	-	-	1,639
Shares issued to convert loan notes	9	339	-	-	-	348
Share based payment charge for leavers	-	-	-	(3)	3	-
Share based payment charge	-	-	-	200	-	200
Balance at 31 December 2025	12,767	63,746	58	780	(54,075)	23,276

(a) Share capital represents the nominal value of equity shares and deferred shares

(b) Share premium represents the excess over nominal value of the fair value of consideration received for equity shares net of expenses of the share issue

(c) The equity reserve consists of the equity component of convertible loan notes that were issued as part of the fundraising in August 2018 less the equity component of instruments converted or settled
The fair value of the equity component of convertible loan notes issued is the residual value after deduction of the fair value of the debt component of the instrument from the face value of the loan note

(d) Share based payments reserve represents the accumulated cost of the share options in issue.

(e) Retained earnings represents retained profits and accumulated losses

Statements of Cash Flows
for the year ended 31 December 2025

Group	Note	2025 £000	2024 £000
Cash flows from operating activities			
Total loss before tax		(1,728)	(3,338)
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	12	397	388
Amortisation of intangible assets	13	1,262	2,280
Fair value (loss) / profit on investments in financial assets	16	86	-
Net finance expenses	7, 8	344	439
Share based payments	28	200	578
Share of post-tax losses of equity accounted joint ventures	15	180	-
Decrease in trade and other receivables		1,177	702
(Decrease) / increase in trade and other payables and contract liabilities		(365)	789
Increase in provisions		42	51
Net cash generated from operating activities		1,548	1,889
Cash flows from investing activities			
Acquisition of investments	16	(337)	-
Acquisition of subsidiary company	32	125	-
Acquisition of property, plant and equipment	12	(35)	(28)
Net cash used in investing activities		(247)	(28)
Cash flows from financing activities			
Interest received	7	67	22
Interest paid	8	(382)	(2,133)
New share issue		125	-
Supplier finance repaid		-	(900)
Repayment of loan notes, net of expenses	22	-	(2,257)
New loan note received		-	300
Bank borrowings received		-	4,000
Bank borrowings paid	22	(1,000)	-
Repayment of lease liabilities	22	(348)	(313)
Net cash absorbed by financing activities		(1,538)	(1,281)
Net (decrease) / increase in cash and cash equivalents		(190)	580
Cash and cash equivalents at 1 January		854	274
Cash and cash equivalents at 31 December		664	854
Cash and cash equivalents comprise			
Cash at bank	18	664	854

Statements of Cash Flows *(continued)*
for the year ended 31 December 2025

Company	Note	2025 £000	2024 £000
Cash flows from operating activities			
Loss before tax for the year		(1,073)	(2,074)
<i>Adjustments for:</i>			
Net financial expenses		198	389
Impairment of investments in subsidiaries		1,000	-
Share based payments	28	<u>200</u>	<u>578</u>
		325	(1,107)
Increase in trade and other receivables		(99)	(104)
Increase in trade and other payables		<u>475</u>	<u>1,300</u>
Net cash generated by operating activities		<u><u>701</u></u>	<u><u>89</u></u>
Cash flows from investing activities			
Amounts repaid / (lent) by subsidiaries		<u>690</u>	<u>(63)</u>
Net cash generated / (utilised) from investing activities		<u><u>690</u></u>	<u><u>(63)</u></u>
Cash flows from financing activities			
Purchase of investment	14	<u>(125)</u>	<u>-</u>
Net cash used in investing activities		<u><u>(125)</u></u>	<u><u>-</u></u>
Cash flows from financing activities			
New loan note received		-	300
Bank borrowings received		-	4,000
Interest received		150	-
Interest paid		(319)	(2,062)
New share issue		125	-
Bank borrowings paid		(1,000)	-
Repayment of loan notes, net of expenses		<u>-</u>	<u>(2,257)</u>
Net cash absorbed from financing activities		<u><u>(1,044)</u></u>	<u><u>(19)</u></u>
Net increase in cash and cash equivalents		222	7
Cash and cash equivalents at 1 January		<u>13</u>	<u>6</u>
Cash and cash equivalents at 31 December	18	<u><u>235</u></u>	<u><u>13</u></u>

Notes to the Consolidated Financial Statements

1 Accounting policies

Tialis Essential IT PLC ("Tialis Group") is a company incorporated in Scotland, domiciled in the United Kingdom and limited by shares which are publicly traded on AIM, the market of that name operated by the London Stock Exchange. The registered office is 24 Dublin Street, Edinburgh EH1 3PP and the principal place of business is in the United Kingdom.

The principal activity of the Group is the provision of end-to-end IT solutions, concentrating on end-user device management and on-site support solutions and AI consulting services.

The principal accounting policies, which have been applied consistently in the preparation of these consolidated and parent company financial statements throughout the year and by all subsidiary companies are set out below.

1.1 Basis of preparation

The consolidated and parent company financial statements of Tialis Group have been prepared on the going concern basis and in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the historical cost convention. The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the parent Company's Income Statement.

The accounting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1.26 in the accounting policies. The financial statements are prepared in GBP (being the functional currency of the Group) and rounded to the nearest £1,000.

Going concern

The Directors have produced detailed trading and cashflow forecasts. In reaching their conclusion on the going concern basis of accounting, the Directors note and rely on the improved trading performance, the positive cash generation that the business is now experiencing and the current signed order book. A reverse stress test of the model has been run to determine at what level of shortfall in revenues the Group would run out of cash. Given the committed orders already obtained and the visibility of future revenues, the directors do not consider it likely that revenues could drop to such an extent that the Group would run out of cash. They have also considered the impact of any delayed customer payments and have developed plans to mitigate any such delays to ensure that the group can continue to settle its liabilities as they fall due and operate as a going concern. The directors therefore have an expectation that the Group and Company have adequate resources available to them to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, the Group and Company continue to adopt the going concern basis in preparing these consolidated financial statements.

1.2 Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the total of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

Notes to the Consolidated Financial Statements *(continued)*

1.3 Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses. A formal assessment of the recoverability of the investment values is undertaken on an annual basis by the Directors. Where indicators of impairment are identified, fixed asset investments are impaired accordingly.

1.4 Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the group's share of losses of an associate or a joint venture exceeds the group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the group's net investment in the associate or joint venture), the group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When a group entity transacts with an associate or a joint venture of the group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the group.

A formal assessment of the recoverability of the investment values is undertaken on an annual basis by the Directors. Where indicators of impairment are identified, investments in joint ventures are impaired accordingly.

1.5 Intangible assets

Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of any non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement as a bargain purchase.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to a cash generating unit.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements *(continued)*

Other intangible assets arising from business combinations

Intangible assets that meet the criteria to be separately recognised as part of a business combination are carried at cost (which is equal to their fair value at the date of acquisition) less accumulated amortisation and impairment losses. An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets acquired in this manner include trademarks and customer contracts. They are amortised over their estimated useful lives on a straight-line basis as follows:

- Customer contracts and related relationships 2-13 years
- Trademarks 5 years

Impairment and amortisation charges are included within the administrative expenses line in the income statement.

Technology development

Expenditure on internally developed technology is capitalised if it can be demonstrated that:

- it is technically feasible to develop the technology for it to be used or sold
- adequate resources are available to complete the development
- there is an intention to complete and for the Group to use or sell the technology
- use or sale of the asset will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from using or selling the assets developed. The amortisation expense is included within the administrative expenses line in the income statement. Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

Software and licensing

Separately acquired software and licenses are shown at historical cost less accumulated amortisation and impairment losses. They are amortised over their estimated useful lives on a straight-line basis as follows:

- Software and licensing 8 years

Notes to the Consolidated Financial Statements *(continued)*

1.6 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost includes the original price of the asset and the cost attributable to bringing the asset to its current working condition for its intended use.

Depreciation, down to residual value, is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed on an annual basis, as follows:

- | | |
|------------------------------------|---------------------------|
| • Leasehold property | Over remaining lease term |
| • Network infrastructure | 3 - 10 years |
| • Equipment, fixtures and fittings | 3 - 5 years |

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

1.7 Impairment of assets

Goodwill is not subject to amortisation and is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the carrying value may be impaired. As at the acquisition date, any goodwill acquired is allocated to each of the cash generating units expected to benefit from the business combination's synergies. Impairment is determined by assessing the recoverable amount of each cash generating unit to which the goodwill relates. When the recoverable amount of the cash generating unit is less than the carrying amount, including goodwill, an impairment loss is recognised.

Other intangible assets and property, plant and equipment are subject to amortisation and depreciation and are reviewed for impairment whenever events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of intangible assets and property, plant and equipment is the greater of the 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 values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the cash generating unit to which the asset belongs. Fair value less costs to sell is, where known, based on actual sales price net of costs incurred in completing the disposal. Non-financial assets, other than goodwill, that were impaired in previous periods are reviewed annually to assess whether the impairment is still relevant.

1.8 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds.

Notes to the Consolidated Financial Statements *(continued)*

1.9 Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

1.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a risk-free rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.11 Current and deferred income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided for on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction neither affects accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences carried forward tax credits or tax losses can be utilised.

1.12 Trade and other receivables

Trade receivables, which principally represent amounts due from customers, are recognised at amortised cost as they meet the IFRS 9 classification test of being held to collect, and the cash flow characteristics represent solely payments of principal and interest.

The Group has applied the Simplified Approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and current and forecast trading conditions.

Trade receivables are written-off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. The Group's trade and other receivables are non-interest bearing.

Notes to the Consolidated Financial Statements *(continued)*

1.13 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

1.14 Foreign currencies

The presentational currency of the Group is Pound Sterling (£) and the Group conducts the majority of its business in Sterling. Transactions in foreign currencies are initially recorded in the presentational currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the presentational currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

1.15 Pensions

The Group operates a defined contribution scheme. Pension costs are charged directly to the income statement in the period to which they relate on an accruals basis. The Group has no further payment obligations once contributions have been made.

The Group also operates two individual defined benefit plans, as a result of two employees who were TUPE'd into the Group. These are closed to any other employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability is recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date. If the defined benefit plan is in surplus an asset is only recognised if this is deemed recoverable.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with IFRS 13 Fair Value Measurement and the Company's accounting policies for similar assets. Fair value is determined using appropriate valuation techniques, maximising the use of observable inputs and minimising the use of unobservable inputs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed in other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'finance expense/ income'.

The company also contributes to group personal pension policies, such contributions being charged against profits when paid.

1.16 Accrual for employee benefits, including holiday pay

Provision is made for employee benefits, including holiday pay, to the extent of the liability as if all employees of the Group had left the business at its reporting date.

Notes to the Consolidated Financial Statements *(continued)*

1.17 Financial assets and liabilities

The Group's financial assets and liabilities mainly comprise cash, borrowings, trade and other receivables and trade and other payables. These are accounted for in accordance with the relevant accounting policy note.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss at the end of each reporting period.

Trade and other payables are not interest bearing and are stated at their amortised cost.

Financial liabilities are classified as at fair value through the profit and loss when the financial liability is contingent consideration of an acquirer in a business combination.

1.18 Convertible loan notes

The component parts of convertible loans issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. At the date of issue, the fair value of the liability portion of convertible loan notes is determined using a market interest rate for a comparable loan note with no conversion option. This amount is recorded as a liability on an amortised cost basis using the effective interest method until the loan notes are redeemed or converted either during or at the end of the term of the convertible loan notes. The remainder of the carrying amount of the loan notes is allocated to the conversion option and shown within equity and is not subsequently remeasured. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in the income statement upon conversion or expiration of the conversion options.

1.19 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in the finance cost line in the income statement.

1.20 Finance costs

Loans are carried at fair value on initial recognition, net of unamortised issue costs of debt. These costs are amortised over the loan term.

All other borrowing costs are recognised in the income statement on an accruals basis, using the effective rate method.

1.21 Revenue

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Valued Added Tax, returns, rebates and discounts and after the elimination of sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Recurring revenue

The largest portion of the Group's revenues relates to a number of network, cloud and IT managed services, which the Group offers to its customers. All of the revenue in this category is contracted and includes a full range of support, maintenance, subscription and service agreements. Revenue for these types of services is recognised as the services are provided on the basis that the customer simultaneously receives and consumes the benefits provided by the Group's performance of the services over the contract term. In terms of performance obligations, the customer can benefit from each service on its own and the Group's promise to transfer the service to the customer is separately identifiable from other promises in the contract. The transaction price for each service is allocated to each performance obligation. The costs incurred for these revenue streams typically match the revenue pattern. A contract liability is recognised when billing occurs ahead of revenue recognition. A contract asset is recognised when the revenue recognition criteria were met but in accordance with the underlying contract, the sales invoice has not been issued yet.

Notes to the Consolidated Financial Statements *(continued)*

Project revenue

These project services include mainly installation and consultancy services. Performance obligations are met once the hours or days have been worked. Revenue is therefore recognised over time based on the hours or days worked at the agreed price per hour or day. The costs incurred for this revenue stream generally match the revenue pattern, as a significant portion of consultancy costs relate to staff costs, which are recognised as incurred. Consultancy services are generally provided on a time and material basis.

1.22 Non-underlying items

It is the policy of the Group to identify certain costs, which are material either because of their size or nature, separately on the face of the Income Statement in order that the underlying profitability of the business can be clearly understood. These costs are identified as non-underlying items, and comprise;

- a) Professional fees incurred in sourcing and completing acquisitions and disposals including legal expenses
- b) Professional fees incurred in restructuring and refinancing acquisitions
- c) Integration costs which are incurred by the Group when integrating one trading business into another, including rebranding of acquired businesses
- d) Redundancy costs, including employment related costs of staff made redundant up to the date of their leaving as a consequence of integration
- e) Property costs such as lease termination penalties and vacant property provisions and third-party advisor fee

1.23 Segmental reporting

The Chief Operating Decision Maker ("CODM") has been identified as the executive directors of the Company and its subsidiaries, who review the Group's internal reporting in order to assess performance and allocate resources.

The CODM assess profit performance principally through adjusted profit measures consistent with those disclosed in these financial statements. The Board believes that the Group comprises of two reporting segments, being the provision of end-to-end IT solutions, concentrating on end-user device management and on-site support solutions and AI consulting services.

Whilst the CODM reviews the revenue streams and related gross margins of the two categories separately (IT solutions and Consulting services), the operating costs and asset base used to derive these revenue streams are the same for both categories and are presented as such in the Group's internal reporting.

1.24 Non-Controlling Interests

Non-controlling interests represent equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented separately within equity in the Consolidated Statement of Financial Position.

The Group measures non-controlling interests at their proportionate share of the fair value of the subsidiaries' identifiable net assets at the date of acquisition. Profit or loss and total comprehensive income are attributed to the owners of the Company and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions.

1.25 Standards and interpretations not yet applied by the Group

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 January 2025. There was no significant impact of new standards and interpretations adopted in the year.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 January 2026, or later periods, have been adopted early. The new standards and interpretations are not expected to have any significant impact on the financial statements when applied.

Notes to the Consolidated Financial Statements *(continued)*

1.26 Critical accounting estimates and judgements

Estimates

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Recoverability of deferred tax asset – This includes estimates of the level of future profitability, and a judgement as to the likelihood of the group undergoing a restructure of its finances which would result in significant finance cost savings.

A change in the estimate of future profits would result in an equivalent change to the deferred tax asset recognised of 25% of the change in profits. There are no reasonably plausible scenarios which would result in the future profitability not being sufficient to enable full recovery of the tax losses in the assessment period.

Impairment of intercompany balances – The directors use estimates in assessing the level of impairment of intercompany balances at each period end, including the likely methods of recovery of the balances and future profitability of the underlying trade which would enable repayments to be made.

Judgements

In the process of applying the Group's accounting policies, management makes various judgements which can significantly affect the amounts recognised in the financial statements. Critical judgements are considered to be:

Classification of non-underlying items - the Directors have exercised judgement when classifying certain costs arising during integration and strategic reorganisation projects. The Directors believe that these costs are all related to the types of costs described in 1.22 above and are appropriately classified.

Recoverability of deferred tax asset – the Directors have exercised judgement on the recoverability of tax losses attributable to future trading profits generated by the Group, and in doing so this has given rise to a deferred tax asset, details of which are shown in note 10 to the financial statements. The judgement involves assessing the extent to which trading losses can be offset against future profits.

Useful economic lives of tangible and intangible assets - The annual depreciation and amortisation charge for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. The remaining useful economic life of the Allvotec contract lists and assets are considered a source of estimation uncertainty.

Deferred and Contingent Consideration – the Directors have exercised judgement on the costs that will arise for the deferred consideration and the valuation as shown in note 13 to the financial statements. At the year end, the deferred and contingent consideration amounted to £nil (31 December 2024: £1.06m).

Notes to the Consolidated Financial Statements *(continued)*

2 Segment reporting

The Chief Operating Decision Maker (“CODM”) has been identified as the executive directors of the Company and its subsidiaries, who review the Group’s internal reporting in order to assess performance and allocate resources.

The CODM assess profit performance principally through adjusted profit measures consistent with those disclosed in these interim financial statements. The Board believes that the Group comprises of two reporting segments, being the provision of end-to-end IT solutions, concentrating on end-user device management and on-site support solutions and AI consulting services.

Whilst the CODM reviews the revenue streams and related gross margins of the two categories separately (IT solutions and Consulting services), the operating costs and asset base used to derive these revenue streams are the same for both categories and are presented as such in the Group’s internal reporting.

	2025	2024
	£000	£000
Revenue		
IT solutions	17,006	20,842
Consulting services	657	-
Total revenue	17,663	20,842
Gross Profit		
IT solutions	4,720	6,012
Consulting services	320	-
Total revenue	5,040	6,012

Notes to the Consolidated Financial Statements *(continued)*

3 Revenue

Disaggregation of revenue from contracts with customers is as follows:

Year ended 31 December 2025	Managed services	Projects	Total
<i>Geographical regions</i>	£000	£000	£000
United Kingdom	15,590	2,029	17,619
Europe	29	-	29
Rest of the World	13	2	15
Total	15,632	2,031	17,663

Timing of revenue recognition

Goods transferred at a point in time	632	-	632
Services transferred over time	15,000	2,031	17,031
Total	15,632	2,031	17,663

The revenue from the largest customer was £10.5m (2024: £17.0 million) or 60% of total revenue (2024: 81%). No other customers account for more than 15% of revenue.

Year ended 31 December 2024	Managed Services	Projects	Total
<i>Geographical regions</i>	£000	£000	£000
United Kingdom	17,897	2,902	20,799
Europe	23	12	35
Rest of the World	8	-	8
Total	17,928	2,914	20,842

Timing of revenue recognition

Goods transferred at a point in time	821	-	821
Services transferred over time	17,107	2,914	20,021
Total	17,928	2,914	20,842

Contract balances

	2025	2024
	£000	£000
Receivables included within trade and other receivables	2,114	2,972
Contract assets	661	696
	2,775	3,668
Contract liabilities	(319)	(770)
Total	2,456	2,898

Notes to the Consolidated Financial Statements *(continued)*

Revenue (continued)

Contract assets predominantly relate to fulfilled obligations in respect of projects and managed services which are billed monthly and in arrears. At the point where completed work is invoiced, the contract asset is derecognised, and a corresponding receivable recognised. Contract liabilities relate to consideration received from customers in advance of work being completed.

The Group's standard payment terms are 30 days from the date of invoice. Refunds are only due in the exceptional circumstances where the Group does not meet the performance obligations set out in a contract. The majority of revenue for services is invoiced monthly, sometimes quarterly, in advance, and goods are invoiced on delivery.

Unsatisfied performance obligations

All contracts for the provision of services are for periods of one year or less or are billed based on resources utilised. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4 Expenses by nature

	2025	2024
	£000	£000
Direct staff costs	8,743	10,077
Third party cost of sales	3,881	4,753
Employee costs within administrative expenses	2,501	3,197
Amortisation of intangible assets	1,262	2,280
Fair value (loss) / profit on investments in financial assets	86	-
Depreciation	397	388
Share-based payments	200	578
Non-underlying items	429	688
Fair value loss / (profit) on deferred consideration	582	971
Other administrative costs	786	809
Total cost of sales and administrative expenses	<u>18,867</u>	<u>23,741</u>

5 Auditor's remuneration

	2025	2024
	£000	£000
Audit of these financial statements	33	28
Amounts receivable by auditors and their associates in respect of:		
Audit of financial statements of subsidiaries of the Company	61	50
Total	<u>94</u>	<u>78</u>

Notes to the Consolidated Financial Statements *(continued)*

6 Non-underlying items

In accordance with the Group's policy in respect of non-underlying items, the following charges were incurred for the year in relation to continuing operations:

	2025	2024
	£000	£000
Acquisition expense	93	-
Due diligence on potential acquisitions in the year	-	103
Employee share option plan set-up expense	-	2
One-off legal fees	-	55
Loan Note Consultancy Fees	-	79
Restructuring and reorganisation costs	<u>336</u>	<u>449</u>
	<u>429</u>	<u>688</u>

Restructuring and reorganisation costs in the year ended 31 December 2025 and the year ended 31 December 2024 relate to costs incurred on the restructure of the Group, predominantly redundancy costs, of which £0.3 million are staff related as disclosed in note 9 (2024: £0.4 million). The redundancy costs include employment related costs of staff made redundant because of restructuring. The legal expenses were non-recurring expenses incurred during the year.

7 Finance Income

	2025	2024
	£000	£000
Continuing Operations		
Interest received	<u>67</u>	<u>27</u>
	<u>67</u>	<u>27</u>

8 Finance costs

	2025	2024
	£000	£000
Continuing Operations		
Interest expense on lease liabilities	59	77
Other interest	30	8
Interest expense in respect of bank borrowings	288	107
Interest expense in respect of loan notes	<u>34</u>	<u>274</u>
	<u>411</u>	<u>466</u>

Notes to the Consolidated Financial Statements (continued)

9 Employee benefits expense

Staff costs for the year for the Group, including Directors, relating to continuing operations amounted to:

	2025 £000	2024 £000
Wages and salaries	8,925	10,740
Social security costs	1,074	1,119
Other pension costs	909	967
Restructuring costs	336	449
	<u>11,244</u>	<u>13,275</u>

At 31 December 2025, the Group employed 212 staff, including Directors (2024: 283).

The average monthly number of persons employed by the Group during the year, including Directors, analysed by category, and relating to continuing operations, was as follows:

Number of employees

	2025	2024
Operations	218	251
Sales and Marketing	5	8
Administration	16	24
Directors	4	5
Total average monthly headcount	<u>243</u>	<u>288</u>

The Company employed an average of 4 employees during 2025 (2024: 5), which were the Non-Executive Directors Peter Hallett and Rachel Horsefield, the Executive Director Andrew Ian Smith and the Chief Financial Officer Nicola Chown. Their remuneration is as shown below.

For Directors who held office during the year, emoluments for the year ended 31 December 2025 for the Group were as follows:

	Salary/fees 2025 £	Salary/fees 2024 £
Executive		
Andrew Ian Smith ¹	103,250	221,000
Andy Parker ²	-	151,250
Nicola Chown	170,485	172,649
Non-Executive		
Nicolas Bedford ³	-	36,667
Matthew Riley ⁴	30,923	40,000
Peter Hallett ⁵	18,923	-
Rachel Horsefield ⁶	18,923	-
Total	<u>342,504</u>	<u>621,566</u>

1. Directors' emoluments to Andrew Ian Smith were paid to MXC Advisory Limited, a subsidiary of MXC Capital Limited.
2. Andy Parker stepped down from his role as Executive Chairman on 10 September 2024.
3. Nicolas Bedford resigned 1 December 2024.
4. Matthew Riley resigned 8 October 2025.
5. Peter Hallett was appointed 8 September 2025.
6. Rachel Horsefield was appointed 8 September 2025.

Notes to the Consolidated Financial Statements *(continued)*

Employee benefits expense (continued)

Social security costs in respect of Directors' emoluments were £27,125 (2024: £46,792). Pension contributions paid to Directors during the year were £37,771 (2024: £23,560).

None of the Directors made any gains on the exercise of share options in 2025 or 2024.

10 Taxation

	2025	2024
	£000	£000
Current tax		
Current year	<u>34</u>	<u>-</u>
Current tax	<u>34</u>	<u>-</u>
Deferred tax credit	<u>(219)</u>	<u>(144)</u>
Total tax credit	<u>(185)</u>	<u>(144)</u>

(a) Tax on loss on ordinary activities

Reconciliation of the total income tax credit:

	2025	2024
	£000	£000
Loss before taxation from continuing operations	(1,728)	(3,338)
Tax using the United Kingdom corporation tax rate of 25% (2024: 25%)	(432)	(835)
Non-deductible expenses	282	464
Amortisation and impairment of goodwill and intangibles – non qualifying assets	-	241
Tax losses utilised – not previously recognised	(2)	(3)
Adjustment for rate change	-	-
Prior year adjustment	<u>(33)</u>	<u>(11)</u>
Total tax credit	<u>(185)</u>	<u>(144)</u>

Notes to the Consolidated Financial Statements (continued)

Taxation (continued)

(b) Deferred tax (asset)/liability

	2025		2024
	£000		£000
At 1 January	(3,479)		(3,335)
Credit to income statement	(219)		(144)
At 31 December	<u>(3,698)</u>		<u>(3,479)</u>
	(Asset)	Liability	Net (asset)/ liability
	£000	£000	£000
At 1 January 2024	(4,484)	1,149	(3,335)
Timing differences in respect of tangible assets	52	-	52
Timing differences in respect of intangible assets	-	(292)	(292)
Short term timing differences	(51)	-	(51)
Recognition of losses	(177)	324	147
	<u>(176)</u>	<u>32</u>	<u>(144)</u>
At 31 December 2024	<u>(4,660)</u>	<u>1,181</u>	<u>(3,479)</u>
Timing differences in respect of tangible assets	43	-	43
Timing differences in respect of intangible assets	-	(292)	(292)
Short term timing differences	(66)	-	(66)
Recognition of losses	96	-	96
	<u>73</u>	<u>(292)</u>	<u>(219)</u>
At 31 December 2025	<u>(4,587)</u>	<u>889</u>	<u>(3,698)</u>

Deferred tax liabilities arose in respect of the amortisation of intangible assets recognised on acquisitions as follows:

	2025	2024
	£000	£000
Fixed asset timing differences	889	1,181
At 31 December	<u>889</u>	<u>1,181</u>

Deferred tax assets arose in respect of trade losses and fixed asset and other differences, details as follows:

	2025	2024
	£000	£000
Tax losses recognised	4,237	4,321
Other temporary differences	114	59
Depreciation in advance of capital allowances	236	280
At 31 December	<u>4,587</u>	<u>4,660</u>

Deferred tax assets are recognised for tax losses carried forward of £18.3 million (2024: £18.6 million) to the extent that the realisation of the related tax benefit through future taxable profits is probable. In assessing recoverability, management considers that the appropriate period over which profits can be assessed with a reasonable degree of certainty, and therefore used to offset the losses, is the period to 31 December 2030. The future taxable profits are assumed to include the impact of the planned conversion of borrowings to equity.

Notes to the Consolidated Financial Statements *(continued)*

Taxation (continued)

The evidence supporting the recognition of the deferred tax asset for losses is the partial use of losses in the year.

The Group had unrecognised trading losses carried forward at 31 December 2025 of £3.5 million (2024: £3.7 million). The Company has no deferred tax assets or deferred tax liabilities as at 31 December 2025 or 31 December 2024.

The Finance Bill 2023, which was substantively enacted on 24 May 2023, included the announcement that the corporation tax rate for years starting from April 2023 would increase to 25% on profits over £250,000 and that the rate for small profits under £50,000 will remain at 19% and there will be a tapered rate for businesses with profits under £250,000 so that they pay less than the main rate. Deferred tax balances were re-measured at the 2023 reporting date taking into account the new rate of tax of 25%.

11 Earnings per share

Basic earnings per share has been calculated using the loss after tax for the year attributable to the owner of the parent of £1.6 million (2024: Loss £3.2 million) and a weighted average number of ordinary shares of 33,155,084 (2024: 24,303,502). The weighted average number of ordinary shares for the purpose of calculating the basic and diluted measures is the same. This is because the outstanding warrants details of which are given in note 26, would have the effect of reducing the loss from continuing operations per ordinary share and therefore would be anti-dilutive under the terms of IAS 33.

	<u>2025</u>	<u>2024</u>
Total basic and diluted loss per share (pence)	<u>(5.55) p</u>	<u>(13.11) p</u>

Notes to the Consolidated Financial Statements *(continued)*

12 Property, plant and equipment

Group	Leasehold property £000	Car Leases £000	Equipment, fixtures, and fittings £000	Computer software £000	Total £000
Cost					
At 1 January 2025	1,515	250	249	120	2,134
Additions	-	121	35	-	156
Disposals	-	-	-	-	-
At 31 December 2025	1,515	371	284	120	2,290
Accumulated depreciation					
At 1 January 2025	1,063	108	156	89	1,416
Charge for the year	208	105	54	30	397
Disposals	-	-	-	-	-
At 31 December 2025	1,271	213	210	119	1,813
Net carrying amount					
31 December 2025	244	158	74	1	477
31 December 2024	452	142	93	31	718

Notes to the Consolidated Financial Statements *(continued)*

Property, plant and equipment *(continued)*

Group	Leasehold property £000	Car Leases £000	Equipment, fixtures, and fittings £000	Computer software £000	Total £000
Cost					
At 1 January 2024	1,515	116	221	120	1,972
Additions	-	134	28	-	162
Disposals	-	-	-	-	-
At 31 December 2024	1,515	250	249	120	2,134
Accumulated depreciation					
At 1 January 2024	855	23	101	49	1,028
Charge for the year	208	85	55	40	388
Disposals	-	-	-	-	-
At 31 December 2024	1,063	108	156	89	1,416
Net carrying amount					
31 December 2024	452	142	93	31	718
31 December 2023	659	93	120	71	943

Notes to the Consolidated Financial Statements *(continued)*

Property, plant and equipment *(continued)*

Right of use assets

The carrying amounts of property, plant and equipment include right of use assets as detailed below:

	Leasehold	Car leases	Total
Cost	£000	£000	£0000
At 1 January 2024	1,515	116	1,631
Additions	-	134	134
Disposal	-	-	-
At 31 December 2024	<u>1,515</u>	<u>250</u>	<u>1,765</u>
Additions	-	121	121
Disposal	-	-	-
At 31 December 2025	<u>1,515</u>	<u>371</u>	<u>1,886</u>
Accumulated depreciation			
At 1 January 2024	855	23	878
Charge for the year	208	85	293
Disposal	-	-	-
At 31 December 2024	<u>1,063</u>	<u>108</u>	<u>1,171</u>
Charge for the year	208	105	313
Disposal	-	-	-
At 31 December 2025	<u>1,271</u>	<u>213</u>	<u>1,484</u>
Net carrying amount			
31 December 2025	<u>244</u>	<u>158</u>	<u>402</u>
31 December 2024	<u>452</u>	<u>142</u>	<u>595</u>

Additions to the right-of-use assets during the year were £0.1 million (2024: £0.1 million).

The depreciation charge for the year of £0.3 million (2024: £0.3 million) relates to continuing operations and has been charged to administrative expenses.

Company

The Company has no property, plant and equipment at 31 December 2025 or at 31 December 2024.

Notes to the Consolidated Financial Statements *(continued)*

13 Intangible assets

Group	Goodwill £000	Trademarks £000	Customer contracts and related relationships £000	Technology development £000	Software and Licensing £000	Total £000
Cost:						
At 1 January 2024	15,598	1,707	17,418	935	1,833	37,491
Additions	-	-	-	-	-	-
At 31 December 2024	15,598	1,707	17,418	935	1,833	37,491
Additions	-	-	-	-	-	-
At 31 December 2025	15,598	1,707	17,418	935	1,833	37,491
Impairment and amortisation:						
At 1 January 2024	15,598	1,707	10,321	935	1,833	30,394
Amortisation for the year	-	-	2,280	-	-	2,280
Disposal	-	-	-	-	-	-
At 31 December 2024	15,598	1,707	12,601	935	1,833	32,674
Amortisation for the year *	-	-	1,262	-	-	1,262
Disposal	-	-	-	-	-	-
At 31 December 2025	15,598	1,707	13,863	935	1,833	33,936
Net carrying amount:						
At 31 December 2025	-	-	3,555	-	-	3,555
At 31 December 2024	-	-	4,817	-	-	4,817

*£1.3 million of the amortisation charge is included in the loss for the year from continued operations in the Income Statement within administrative expenses.

The remaining unamortised life of the intangible assets at 31 December 2025 of Tialis IT Essential Manage customer contracts and related relationships is 3 years, net carrying value £3.6 million.

Notes to the Consolidated Financial Statements *(continued)*

Intangible assets *(continued)*

Allvotec asset acquisition February 2023

On 1 February 2023, Tialis Essential IT PLC acquired the profitable partner contracts from Allvotec Limited, a division of Daisy Group, for an initial consideration of £2.042 million. On the same date, Tialis Essential IT Manage Limited, a subsidiary of Tialis Essential IT PLC, acquired the same contracts from Tialis Essential IT PLC for the consideration of £2.042 million.

In addition to the partner contracts the Company had provided for the estimated deferred consideration of £0.1 million, onerous contract provision of £0.08 million and subtracted £0.08 million of acquired tangible assets to arrive at the £2.2 million addition in prior years.

During period from acquisition to 31 December 2025, Tialis was able to agree renewals and extensions of the existing contracts and as a consequence, the deferred consideration estimate has increased to £1.638 million, which was paid in shares issued in Tialis Essential IT PLC, at a price of 89.2 pence per ordinary share (see note 27). This increase is shown as a fair value adjustment on the face of the Statement of Comprehensive Income and was £0.58 million (2024: £0.97 million).

Company	2025	2024
	£000	£000
Additions	-	-
Disposals	-	-
At 31 December	<u>-</u>	<u>-</u>

The Company had no intangible assets at 1 January 2025 or 31 December 2025.

Notes to the Consolidated Financial Statements *(continued)*

14 Investments in subsidiaries

Company	2025	2024
	£000	£000
At 1 January 2025	18,211	18,211
Additions	125	-
Impairment of investment in subsidiary companies	<u>(1,000)</u>	<u>-</u>
At 31 December 2025	<u>17,336</u>	<u>18,211</u>

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership 2025	Ownership 2024	Non-controlling interests 2025	Non-controlling interests 2024
Held directly by Tialis Essential IT PLC						
Tialis Essential IT Financing Limited	England ¹	Ordinary	100%	100%	-	-
Tialis Essential IT Debt Limited	England ¹	Ordinary	100%	-	-	-
Tialis Essential IT Investments Limited	England ¹	Ordinary	100%	-	-	-
AI Auxesis Limited	England ¹	Ordinary	50%	-	50%	-
Held indirectly by Tialis Essential IT PLC						
Tialis Essential IT Manage Limited	England ¹	Ordinary	100%	100%		

1 Registered office is located at Unit 2, Quadrant Court, Crossways Business Park, Greenhithe, Dartford, England, DA9 9AY.

Profit allocated to the non-controlling interests for the year amounted to £0.1m (2024: £nil).

At 31 December 2025, the trading subsidiaries of the Company were Tialis Essential IT Manage Limited and AI Auxesis Limited.

At 31 December 2024, the only trading subsidiary of the Company was Tialis Essential IT Manage Limited.

Tialis Essential IT Manage Limited's activity consists of IT Managed services. AI Auxesis Limited's activity consists of AI consulting services.

AI Auxesis Limited is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A and the parent company has guaranteed all their liabilities at the reporting date.

The following subsidiaries are non-trading which are Tialis Essential IT Financing Limited, Tialis Essential IT Debt Limited and Tialis Essential IT Investments Limited.

Tialis Essential IT Financing Limited is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A and the parent company has guaranteed all their liabilities at the reporting date.

Tialis Essential IT Debt Limited is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A and the parent company has guaranteed all their liabilities at the reporting date.

Tialis Essential IT Investments Limited is exempt from the requirements of the Companies Act relating to the audit of individual accounts by virtue of Section 479A and the parent company has guaranteed all their liabilities at the reporting date.

Notes to the Consolidated Financial Statements *(continued)*

15 Investments in equity-accounted joint ventures

	2025 £000	2024 £000
Group		
At 1 January 2025	-	-
Additions	7,186	-
Share of post-tax (losses) of equity accounted joint ventures	<u>(180)</u>	-
At 31 December 2025	<u>7,006</u>	-
	2025 £000	2024 £000
Company		
At 1 January 2025 and 31 December 2025	<u>-</u>	<u>-</u>

The Group has the following investments in joint ventures:

	Principal activity	Country of Incorporation	Ownership 2025	2024
Held indirectly by Tialis Essential IT PLC				
MXLG Acquisitions Limited	Provision of IT services and solutions ¹	England ²	50%	-
1	Provision of IT services and solutions to customers in the SME ("Small and Medium Enterprises") sector in the United Kingdom.			
2	Registered office is located at The Walbrook, 25 Walbrook, London, EC4N 8AF.			

The contractual arrangement provides the group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with MXLG Acquisitions Limited. Under IFRS 11 this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

Summarised consolidated financial information in relation to the joint venture is presented below:

	2025 £000	2024 £000
As at 31 December		
Current assets	16,327	-
Non-current assets	6,678	-
Current liabilities	(26,477)	-
Non-current liabilities	(806)	-
<i>Included in the above amounts are:</i>		
Cash and cash equivalents	2,350	-
Current financial liabilities (excluding trade payables)	(16,435)	-
Non-current financial liabilities	(806)	-
Net liabilities (100%)	<u>(4,278)</u>	-
Group share of net liabilities (50%)	<u>(2,139)</u>	-

Notes to the Consolidated Financial Statements *(continued)*

Investments in equity-accounted joint ventures *(continued)*

	2025	2024
	£000	£000
Since acquisition to 31 December		
Revenues	5,697	-
Total comprehensive loss (100%)	(360)	-
Group share of total comprehensive loss (50%)	(180)	-
<i>Included in the above amounts are:</i>		
Depreciation and amortisation	(663)	-
Interest expense	(215)	-
Income tax income	179	-

The bank loan of £10 million (2024: £10 million) accrues interest at a rate of 7.75% (2024: 8.5%), with interest payable monthly and is due for repayment on 16 October 2026. The security of the bank loan is limited to fixed charges over the company's investments in its subsidiaries (MXLG Intermediate Holdings Limited and Koris365 UK Limited). There is also a guarantee between the above subsidiaries in respect of the bank loan.

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2025	2024
	£000	£000
MXLG Acquisitions Limited		
Net liabilities of the joint venture	(4,278)	-
Proportion of the group's ownership interest in the joint venture	(2,139)	-
Goodwill	9,145	-
Carrying value of the group's interest in the joint venture	<u>7,006</u>	<u>-</u>

Notes to the Consolidated Financial Statements (continued)

16 Investments in financial assets

Group	2025	2025	2025	2024	2024	2024
	£000	£000	£000	£000	£000	£000
	Fair value through Profit and loss	Amortised Cost	Total	Fair value through Profit and loss	Amortised Cost	Total
At 1 January 2025	-	-	-	-	-	-
Additions	199	800	999	-	-	-
Revaluation of investments	(86)	-	(86)	-	-	-
At 31 December 2025	<u>113</u>	<u>800</u>	<u>913</u>	<u>-</u>	<u>-</u>	<u>-</u>

Company	2025 £000	2024 £000
At 1 January and 31 December 2025	<u>-</u>	<u>-</u>

The Group has the following investments:

	Classification	Country of Incorporation	Class of shares held	Ownership 2025	Ownership 2024
Held indirectly by Tialis Essential IT PLC					
CloudCoco Group PLC	Fair value through profit and loss	England	Ordinary	10.6%	-
Digital PetCare UK Limited	Amortised cost	England	Ordinary	14.14%	-
QPC 2020 Limited	Amortised cost	England	Ordinary	2%	-

CloudCoco Group PLC is listed on the AIM market. The share price as of 31 December 2025 was 0.15p per share and the Group holds 75,066,275 shares.

The Digital PetCare UK Limited investment was acquired through the conversion of a £500,000 loan note into 738,120 ordinary voting shares of nominal value 0.01p per share.

QPC 2020 Limited investment consists of 45,624 ordinary voting shares of nominal value 0.01p per share and was acquired for cash consideration of £0.3 million.

Notes to the Consolidated Financial Statements (continued)

17 Trade and other receivables

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Current				
Trade receivables	2,114	2,972	138	-
Contract assets	661	696	-	-
Prepayments and other receivables	650	649	65	104
Amounts due from subsidiary undertakings	-	-	183	-
Taxation and social security	-	-	-	40
	3,425	4,317	386	144
	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Non-current				
Other receivables	100	100	-	-
Loan note receivable	700	-	-	-
Amounts due from subsidiary undertakings	-	-	8,665	704
	800	100	8,665	704

Loan note receivable is a term loan agreement for £0.7 million with Digital PetCare UK Limited, which is secured through debentures issued from Digital PetCare UK Limited, Vethelpdirect.com and Digital Practice Limited. The loan note bears interest at 12% per annum.

In accordance with IFRS 9, the Group reviews the amount of credit loss associated with its trade receivables, and contract assets.

Customer credit risk is managed according to strict credit control policies. The majority of the Group's revenues are derived from national or multi-national organisations with no prior history of default with the Group. There is low incidence of default in the top 50 customers. In respect of these customers credit risk is deemed lower on customers that contribute higher revenue due to an increased dependency on the group's services for business continuity, and because they are larger more secure businesses.

The Group has applied the Simplified Approach applying a provision matrix based on categorisation of the customer based on total revenue received by the group per annum to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and current and forecast trading conditions and the days past due. The historical loss rates will be adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables.

At period end, customers were categorised into three categories based on spend in the last 12 months:

1. Top 20
2. Top 50
3. Other

Impairment was calculated based on the category the customer falls in to:

Category	Impairment Rate		Carrying amount		credit loss allowance (net of VAT)	
	2025	2024	2025	2024	2025	2024
	%	%	£000	£000	£000	£000
Top 20	0	0	2,114	2,972	-	-
Top 50	2	2	-	-	-	-
Other	5	5	-	-	-	-
Specific	100	100	-	-	-	-
			2,114	2,972	-	-

Notes to the Consolidated Financial Statements *(continued)*

Trade and other receivables *(continued)*

The group is exposed to credit concentration risk with its largest customer comprising 60% (2024: 81%) of outstanding trade receivables.

Specific provisions are also made based on known issues or changes in the lifetime expected credit loss. As at 31 December 2025, trade receivables of £nil (2024: £nil) were impaired and fully provided for.

The creation and release of a provision for impaired receivables has been in the main included in “administrative expenses” in the Income Statement, with an amount being set against contract assets, £nil (2024: £nil). The other asset classes within the Group’s trade and other receivables do not contain impaired assets.

Amounts due from subsidiary undertakings

The Company has funded the trading activities of its principal subsidiaries by way of inter-company loans. The amounts advanced do not have any specific terms relating to their repayment, are unsecured and are interest free. As all loans to trading subsidiaries are to be treated as due on demand, they fall within the scope of IFRS 9.

The Company has funded the non-trading subsidiaries namely Tialis Essential IT Debt Limited and Tialis Essential IT Investments Limited. The amounts advanced are interest bearing at a rate of 12%. They are unsecured and repayable on demand.

In accordance with IFRS 9, the Company is required to make an assessment of expected credit losses. Having considered the quantum and probability of credit losses expected to arise, management concluded that no additional impairment charge was required for expected credit loss. There is no movement in the provision.

The calculation of the allowance for lifetime expected credit losses requires a significant degree of estimation and judgement, in particular in determining the probability weighted likely outcome for each scenario considered to determine the expected credit loss in each scenario. Should the assumptions in the business plan vary, this could have a significant impact on the carrying value of the intercompany loans in following periods.

The recoverability is sensitive to the probability of the achievement of future cash flows; however, given the trading projections and the level of provisions, there is currently no reasonably plausible scenario in which the provision would alter materially. A breakdown of the balances is set out in note 28.

18 Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Cash and cash equivalents	<u>664</u>	<u>854</u>	<u>235</u>	<u>13</u>

The table below shows the balance with the major counterparty in respect of cash and cash equivalents.

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Credit rating				
A	<u>664</u>	<u>854</u>	<u>235</u>	<u>13</u>

Notes to the Consolidated Financial Statements *(continued)*

19 Trade and other payables

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Current				
Trade payables	1,336	1,273	287	448
Other payables	-	1,051	-	1,056
Taxation and social security	686	1,179	7	-
Corporation tax payable	34	-	-	-
Accruals	517	589	36	29
	2,573	4,092	330	1,533

Amounts due to subsidiary undertakings are unsecured, interest free and are repayable on demand.

20 Contract liabilities

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Contract liabilities recognisable within 12 months	319	770	-	-

Income is deferred to the Statement of Financial Position when invoicing of revenue to customers occurs ahead of revenue recognition in the Income Statement.

21 Provisions

Property provision

Dilapidation provisions are built up over the associated lease based on estimates of costs of work required to fulfil the Group's contractual obligation under the lease agreements to return the property to the same condition as at the commencement of the lease. The provision is not expected to be utilised until 2027.

Other provisions

Other provisions relate to payments payable by the Group with regards to defined benefits pension schemes in which one employee is a participant – see note 29.

Group	Property provision	Other provision	Total
	£000	£000	£000
Balance at 1 January 2025	330	22	352
Increase in year	42	-	42
Balance at 31 December 2025	372	22	394
		2025	2024
		£000	£000
Non-current		394	352

The Company has no provisions at 31 December 2025 (31 December 2024: £nil).

Notes to the Consolidated Financial Statements (continued)

22 Borrowings

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Non-current				
Lease liabilities	100	351	-	-
Bank borrowings	3,016	4,021	3,016	4,021
Loan Notes	-	314	-	314
	3,116	4,686	3,016	4,335
	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000
Current				
Lease liabilities	349	325	-	-
	349	325	-	-

The carrying value is not materially different to the fair value of these liabilities.

The bank borrowings are a revolving credit facility with a termination date of 8 September 2027, with a weighted interest rate comprising of a margin of 3.75% per annum plus the SONIA (Sterling overnight index average) reference rate. Each member of the group is a guarantor and grants security as the lender may require.

The group has failed to meet the adjusted leverage covenant as at 30 September 2025 and 31 December 2025. The remaining financial covenants of its borrowing facilities were all complied with during the 2025 reporting period. The group's bankers have issued reservation of rights letters with respect to the September 2025 and December 2025 breaches. Subsequent to the year end, the group and the bankers have agreed to an amendment to the adjusted leverage covenant which takes effect from the 31 March 2026 period and each relevant period thereafter. This amendment confirmed the reservation of rights has lapsed and that any breaches referred to in those letters were waived.

Notes to the Consolidated Financial Statements (continued)

Borrowings (continued)

Lease liabilities

The present value of lease liabilities is as follows:
31 December 2025

Group	Gross contractual amounts payable	Interest	Carrying amount
	2025	2025	2025
	£000	£000	£000
Less than one year	385	36	349
Between one and five years	<u>104</u>	<u>4</u>	<u>100</u>
	<u>489</u>	<u>40</u>	<u>449</u>

31 December 2024

Group	Gross contractual amounts payable	Interest	Carrying amount
	2024	2024	2024
	£000	£000	£000
Less than one year	379	54	325
Between one and five years	<u>377</u>	<u>26</u>	<u>351</u>
	<u>756</u>	<u>80</u>	<u>676</u>

The Company has no lease liabilities at 31 December 2025 (31 December 2024: nil)

Reconciliation of borrowings:

Group	Non-current Lease liabilities	Current Lease liabilities	Non-current Borrowings	Bank Borrowings	Total Borrowings
	£000	£000	£000	£000	£000
Balance at 1 January 2025	351	325	314	4,021	5,011
Non-cash changes					
Transfer from current to non-current	(251)	251	-	-	-
New finance leases	-	121	-	-	121
Loan note interest	-	-	34	-	34
Loan note converted to shares	-	-	(348)	-	(348)
Interest	-	-	-	288	288
Lease interest	-	59	-	-	59
Cash flows					
Lease interest paid	-	(59)	-	-	(59)
Interest paid	-	-	-	(293)	(293)
Repayment	-	-	-	(1,000)	(1,000)
Repayment of lease liabilities	-	(348)	-	-	(348)
Balance at 31 December 2025	<u>100</u>	<u>349</u>	<u>-</u>	<u>3,016</u>	<u>3,465</u>

The total cash outflow for leases in the year including interest was £348,000 (2024: £313,000).

Notes to the Consolidated Financial Statements *(continued)*

Borrowings (continued)

Company	Non- Current Borrowings £000	Bank Borrowings £000	Total Borrowings £000
Balance at 1 January 2025	314	4,021	4,335
Non-cash changes			
Loan note interest	34	-	34
Loan note conversion to shares	(348)	-	(348)
Interest	-	288	288
Cash Flows			
Interest Paid	-	(293)	(293)
Repayment	-	(1,000)	(1,000)
Balance at 31 December 2025	<u>-</u>	<u>3,016</u>	<u>3,016</u>

23 Convertible loan notes

Group and Company

	£000
Balance at 1 January 2025	314
Interest accrued	34
Loan note converted to shares (see note 25)	<u>(348)</u>
Balance at 31 December 2025	<u>-</u>

On 9 September 2024, the Company issued £0.3million of an unsecured loan note, which carries an interest rate of 15% and is for a term of 3 years 3 months ("CLN"). The CLN holder may convert all outstanding notes together with all accrued but unpaid interest shall into fully paid Ordinary Shares at the Conversion Price of 40p per ordinary share.

On 8 October 2025 £0.3million of the unsecured loan note was converted into 870,405 Ordinary shares of 1p each, at a conversion price of 40p per share.

24 Financial instruments by category

The objectives of the Group's treasury activities are to manage financial risk, secure cost-effective funding where necessary and minimise adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on cash flows of the Group.

The Group's principal financial instruments for fundraising are convertible loan notes and loan notes. The Group has various other financial instruments such as cash, trade receivables and trade payables that arise directly from its operations.

Notes to the Consolidated Financial Statements *(continued)*

Financial instruments by category *(continued)*

Group	2025	2024
Assets	£000	£000
Amortised cost:		
Trade receivables net of credit loss provision	2,114	2,972
Contract assets	661	696
Loan note receivable	700	-
Other receivables	650	649
Cash and cash equivalents	<u>664</u>	<u>854</u>
Total	<u>4,789</u>	<u>5,171</u>

Company	2025	2024
Assets	£000	£000
Amortised cost:		
Trade receivables net of credit loss provision	138	144
Amounts due from subsidiary undertakings	8,665	704
Cash and cash equivalents	<u>235</u>	<u>13</u>
Total	<u>9,038</u>	<u>861</u>

The carrying amount of these assets is equivalent to their fair value. At 31 December 2025, trade receivables are reported net of the expected credit loss provision of £nil (2024: £nil), amounts due from subsidiary undertakings are reported net of the expected credit loss provision of £nil (2024: £nil).

Group	2025	2024
Liabilities at amortised cost	£000	£000
Trade payables	1,336	1,273
Accruals and other payables	517	584
Liability held at fair value through profit and loss	-	1,056
Lease liabilities	449	676
Bank borrowings	3,016	4,021
Loan Notes	<u>-</u>	<u>314</u>
Total	<u>5,318</u>	<u>7,924</u>

Company	2025	2024
Liabilities	£000	£000
Trade payables	287	448
Accruals and other payables	43	29
Liability held at fair value through profit and loss	-	1,056
Intercompany payables	576	-
Bank borrowings	3,016	4,021
Loan Notes	<u>-</u>	<u>314</u>
Total	<u>3,922</u>	<u>5,868</u>

The carrying amount of these liabilities is equivalent to their fair value.

The Group has not entered into any derivative financial instruments in the current or preceding period.

Notes to the Consolidated Financial Statements *(continued)*

25 Financial risk management

The Group's activities are exposed to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors. Management identifies, evaluates and seeks to mitigate financial risks. The Board of Directors provides principles for overall risk management as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments of excess liquidity.

Cash flow interest risk

The Group pays interest on its borrowings.

The Group has no borrowings at variable rates which would expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group does not enter into derivatives.

Price risk

The Group is not exposed to significant commodity or security price risk.

Credit risk

Credit risk is managed at a subsidiary level. Credit risk arises from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables. Individual risk limits are set based on internal and external ratings and reviewed by management. The utilisation of credit limits is regularly monitored with appropriate action taken by management in the event of the breach of a credit limit. The Group has applied the simplified approach applying a provision matrix based on number of days past due to measure lifetime expected credit losses and after taking into account customers with different credit risk profiles and current and forecast trading conditions. The Group has recognised a provision in respect of trade receivables of £nil (2024: £nil).

Liquidity risk

Management reviews cash forecasts of trading companies of the Group in accordance with practice and limits set by the Group. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The parent company's operations expose it to the following risks:

Interest rate risk

The Company pays interest on its loan note and bank borrowings. These are at fixed rates and therefore there is no exposure to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company does not enter into derivatives.

Credit risk

The Company is exposed to credit risk mainly in respect of inter-company receivables. Details of the approach to credit loss provisions in respect of intercompany receivables is set out in note 17 and note 26.

The tables below analyse the Group and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. These amounts disclosed in the table are the contracted undiscounted cash flows. Balances within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2025	£000	£000	£000	£000
Trade and other payables	2,573	-	-	2,573
Lease liabilities	349	100	-	449
Loan Notes	-	-	-	-
Bank Borrowings	-	3,016	-	3,016
	<u>2,922</u>	<u>3,116</u>	<u>-</u>	<u>6,038</u>

Notes to the Consolidated Financial Statements (continued)

Financial risk management (continued)

Group

	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2024	£000	£000	£000	£000
Trade and other payables	4,092	-	-	4,092
Lease liabilities	325	312	39	676
Convertible loan notes	-	-	314	314
Loan Notes	-	-	4,021	4,021
	<u>4,417</u>	<u>312</u>	<u>4,374</u>	<u>9,103</u>

Company

	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2025	£000	£000	£000	£000
Trade and other payables	330	-	-	330
Intercompany payables	-	-	-	-
Loan Notes	-	-	-	-
Bank Borrowings	-	3,016	-	3,016
	<u>330</u>	<u>3,016</u>	<u>-</u>	<u>3,346</u>

Company

	Within 1 year	1-2 years	More than 2 years	Total
At 31 December 2024	£000	£000	£000	£000
Trade and other payables	1,533	-	-	1,533
Intercompany payables	-	-	-	-
Convertible loan notes	-	-	314	314
Loan Notes	-	-	4,021	4,021
	<u>1,533</u>	<u>-</u>	<u>4,335</u>	<u>5,868</u>

26 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's future growth and its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group operates in the network and cloud hosting sector, which, from time-to-time requires substantial fixed asset investments, but the Group is financed predominately by equity.

In order to maintain or adjust the capital structure, the Group has previously both issued new shares, bank debt and bank facilities, and both unsecured and secured loan notes. The Group monitors capital on the basis of the ratio of net debt to Adjusted EBITDA. As at 31 December 2025 the ratio was 2.1 (2024: 2.1). Net debt as at 31 December 2025 is calculated as total bank borrowings, as at 31 December 2025 £nil, and loan notes (including 'current and non-current borrowings' as shown in the consolidated balance sheet), plus loans, less cash and cash equivalents. Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, impairment charge, non-underlying items, (loss)/gain on disposal of fixed assets and share-based payments.

The loan note instrument under which the Secured Loan Notes were issued does not contain any covenants, however, the Group continues to carefully monitor its capital position. The Group adopts a risk-averse position with respect to borrowings and maintains significant headroom to ensure that any unexpected situations do not create financial stress.

The Group has not proposed a dividend for the current or prior year.

Notes to the Consolidated Financial Statements *(continued)*

27 Called up share capital – Group and Company

Shares issued and fully paid	2025 £000	2024 £000
39,909,832 (2024: 24,326,744) Ordinary shares at 1p	399	243
496,702,800 (2024: 496,702,800) deferred shares at 2.49p	<u>12,368</u>	<u>12,368</u>
Shares issued and fully paid	<u>12,767</u>	<u>12,611</u>

Shares issued and fully paid	2025 £000	2024 £000
Beginning of the year	12,611	12,610
New shares issued during the year	2	-
Issued during the year to acquire investment assets	95	-
Issues during the year to acquire loan assets	26	-
Issues during the year to settle deferred consideration	24	-
Issues during the year to conversion of loan notes	9	-
Issued during the year in lieu of 2021 staff bonus	-	1
Shares issued and fully paid	<u>12,767</u>	<u>12,611</u>

Share capital allotted, called up and fully paid	2025	2025	2024
	No. Ordinary Shares	No. Deferred Shares	No. Shares
Beginning of the year	24,326,744	496,702,800	24,222,744
Issue of 104,000 shares at 1p in lieu of 2021 staff bonus (three tranches)	-	-	104,000
Issue of 208,333 new shares in April 2025	208,333	-	-
Issued during the year to acquire investment assets	9,844,154	-	-
Issues during the year to acquire loan assets	2,320,313	-	-
Issues during the year to settle deferred consideration	2,339,883	-	-
Issues during the year to conversion of loan notes	870,405	-	-
End of the year	<u>39,909,832</u>	<u>496,702,800</u>	<u>24,326,744</u>

The par value of the new Ordinary shares is 1p and the Deferred shares is 2.49p.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The holders of Deferred shares are not entitled to receive dividends, nor are they entitled to vote. The holders of Deferred shares are entitled to £1 for the entire class on winding up. The Company at anytime may, at its option, redeem all the Deferred shares for £1. The Directors consider the Deferred shares of no economic value.

On 31 May 2024 104,000 new Ordinary 1p shares were allotted to a member of staff in lieu of one-third of his 2021 bonus.

On 30 April 2025 208,333 new Ordinary 1p shares were allotted and paid for in cash.

On 7 July 2025 2,320,313 new Ordinary 1p shares were allotted in settlement of a loan note acquisition and 310,821 new Ordinary 1p shares were allotted in settlement of an investment acquisition.

Notes to the Consolidated Financial Statements (continued)

Called up share capital – Group and Company (continued)

On 8 October 2025 9,533,333 new Ordinary 1p shares were allotted in settlement of an investment acquisition, 870,405 new Ordinary 1p shares were allotted in settlement of a loan note conversion to share capital and 2,339,883 new Ordinary 1p shares were allotted in settlement of the deferred consideration following the acquisition of Allvotec in 2023.

As at 31 December 2025 the Company has a total number of shares in issue of 536,612,632 with a total nominal value of £12,766,998. The Company has 39,909,832 new Ordinary shares of 1p and 496,702,800 Deferred shares of 2.49p.

28 Share-based payments

The share-based payment charge comprises:

	2025 £000	2024 £000
Equity-settled share-based charges arising from share options	<u>200</u>	<u>578</u>
Total charge	<u>200</u>	<u>578</u>

On 15 December 2023 the Company granted a total of 1,547,288 share options to executive directors, senior managers, employees and consultants of the Company (the "Share Options"). Of the total Share Options, 400,000 were granted to Andrew Ian Smith, Executive Director. The award of the Share Options is part of Tialis' Long Term Incentive Plan ("LTIP") and is designed to retain and motivate the senior leadership team, employees and consultants. Under the rules of the LTIP, the Share Options are being granted at nil cost or the nominal value of the Company's ordinary shares of 1p each and are subject to vesting rules (the "Vesting Rules").

Under the Vesting Rules, the Share Options vest as follows:

- the second anniversary of the Grant Date: One-third of Award vests;
- the third anniversary of the Grant Date: Two-thirds of Award vests; and
- the fourth anniversary of the Grant Date: Remainder of Award vests.

The shares cannot be issued until the Group releases them in accordance with the rules of the LTIP. If the relevant trading company of Tialis is sold or the overall Group is taken over, the award will vest and be released in full, subject to the detailed rules of the LTIP. It is at this point that the employee can realise the value of their Share Options.

The resulting interests of Andrew Ian Smith in Tialis can be summarised as follows:

Director	Ordinary shares of 1p held	% of issued share capital	LTIP Options held prior to this award	LTIP Options awarded
Andrew Ian Smith*	678,166	1.7%	-	400,000

* Andrew Ian Smith was the Chief Executive Officer and major shareholder of MXC Capital Limited ("MXC") whose holding of 26,806,630 Ordinary Shares represents 67.17% of the Company's issued ordinary share capital. Andrew Ian Smith and MXC hold in aggregate 27,484,796 Ordinary Shares, representing 68.87% of the Company's issued ordinary share capital.

There are a total of 1,483,069 (2024: 1,547,288) Share Options outstanding, representing approximately 3.7% (2024: 6.39%) of the current issued share capital of the Company with an Exercise Price of 1p. A further nil (2024: 43,750) share options were granted during the year. During the year, 14,325 share options lapsed (2024: 93,644) in accordance with the share issue documents.

In determining the fair value of the share options granted during the year, the Company assessed the historical share price volatility associated with the Company's share price. The fair value of options issued during the year were calculated using a Black-Scholes model. The share price at grant date was 62p per share and no dividend yield was expected.

Notes to the Consolidated Financial Statements (continued)

29 Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £0.9 million for the year ended 31 December 2025 (31 December 2024: £1.0 million). Contributions totalling £0.1 million (31 December 2024: £0.1 million) were payable to the fund at 31 December 2025 and are included in creditors: amounts due within one year.

In addition, the Group operates four individual defined benefit pension schemes; details of each are noted below.

The Mercer DB Master Trust – Tialis Group Limited Section

This scheme is open. It has one individual who is no longer employed by the Group and as a result is a deferred member. The value of plan assets is £0.03 million. The value of plan liabilities is £0.02 million. Total net assets are £0.02 million and the funding level is 121%. Due to the size and nature of the scheme, and the fact that the funding is a positive position, and the Directors are not certain that the Group will get a recovery on the scheme, so therefore no amounts have been provided in the accounts.

The impact on the statement of comprehensive income for this scheme was £0.02 million during the year ended 31 December 2025. (31 December 2024: £0.02 million). This is in relation to fees.

The assets are held as follows:

	2025	2025	2024	2024
	£000	%age	£000	%age
Mercer Diversified Growth Fund	3,492	18	10,433	35
Mercer Passive Global Equity CCF	3,279	16	7,792	26
Mercer MGI UK Inflation Linked Bond Fund	1,872	9	1,921	7
Mercer GBP Inflation LDI Bond Fund	4,762	24	5,599	19
Mercer Synthetic Equity-Linked Bond Fund	3,495	18	-	-
Mercer Passive Short Dated UK Index Linked Gilt Fund	925	5	-	-
Net Current Assets	2,077	10	3,765	13
Total Assets	19,902	100	29,510	100

Future funding obligations

The Trustees are required to carry out an actuarial valuation every 3 years. The last actuarial valuation of the Schemes was performed by the Scheme Actuary for the Trustees as at 5 April 2024.

Refer to other commitments, note 31 for the fees funding position going forward.

Railways Pension Scheme – Omnibus Section

Tialis is no longer a participant in the scheme. It had one individual who was employed by the Group and has retired during the year. Once the member retired, the Section 75 debt of £0.001million was triggered and paid.

The impact on the statement of comprehensive income for this scheme was £0.001 million during the year ended 31 December 2025. (31 December 2024: £0.003 million). This is in relation to the employer's contributions.

Principal Civil Service Pension Scheme

Tialis participates in the Principal Civil Service Pension Scheme, a statutory public service pension arrangement providing defined benefits to eligible employees.

Tialis has been admitted to the scheme as an admitted body. There are six employees on this scheme.

This scheme is an unfunded pension scheme. Tialis's obligations are to pay the pension contributions only. There are no S75 exit debt clauses as this scheme is funded by the general taxpayer. This scheme is regarded as a Defined Contribution scheme as the company has no liabilities.

Notes to the Consolidated Financial Statements (continued)

Pensions (continued)

Tialis entered into this scheme September 2025, as at year end there is no valuation.

The pension cost charge represents contributions payable by the group to the fund and amounted to £0.02 million for the year ended 31 December 2025.

Future funding obligations

The Trustees are required to carry out an actuarial valuation every 3 years. The Principal Civil Service Pension Scheme was last formally valued as at 31 March 2020, with the valuation completed in September 2023. The next statutory actuarial valuation is due as at 31 March 2024, with any resulting contribution changes effective from 1 April 2027.

Environment Agency Pension Fund, part of the Local Government Pension Scheme

Tialis participates in the Environment Agency Pension Fund, which is part of the Local Government Pension Scheme, a funded statutory defined benefit pension scheme.

Tialis is in the process of applying for admitted body status. This scheme is a funded scheme, however the end-customer will act as the guarantor of the admission agreement, meaning that any past liabilities are absorbed by the Environment Agency, as the deemed employer for the purposes of the agreement, and these liabilities are ultimately underpinned by end-customer, who would meet any funding deficits rather than the Environment Agency. This scheme is regarded as a Defined Contribution scheme as the company has no liabilities.

Tialis entered into this scheme September 2025, as at year end there is no valuation.

The pension cost charge represents contributions payable by the group to the fund and amounted to £0.02 million for the year ended 31 December 2025.

Future funding obligations

The Trustees are required to carry out an actuarial valuation every 3 years. The Environment Agency Pension Fund, part of the Local Government Pension Scheme, was last formally valued as at 31 March 2022. The next formal valuation is underway as at 31 March 2025 (completion was targeted for 31 March 2026).

30 Related parties

Key management comprise of the Directors and Chief Operating Officer. Directors' emoluments are disclosed in note 9.

Key management personnel

Total remuneration for key management personnel	2025	2024
	£000	£000
Compensation	150	466
Social security	20	75
Pension contributions to money purchase pension scheme	30	44
Total	<u>200</u>	<u>585</u>
	<u> </u>	<u> </u>
Number of key management personnel accruing benefits under defined contributions	<u>1</u>	<u>3</u>

Andrew Ian Smith, Executive Director at 31 December 2025, held 2.23% (2024: 2.23%) through his Self-Invested Pension Plan. Andrew Ian Smith was the Chief Executive Officer and a substantial shareholder of MXC Capital Limited (MXC). MXC owned 75.86% (2024: 75.86%) of the issued share capital of the Company at 31 December 2025. Together, Andrew Ian Smith and MXC owned 78.09% (2024: 78.09%) of the issued share capital of the Company at 31 December 2025.

Notes to the Consolidated Financial Statements *(continued)*

Related parties *(continued)*

During the year, the following transactions were conducted between related parties:

The Group and Company paid MXC Capital Markets LLP, a subsidiary of MXC, for corporate finance advice and other services amounting to £9,000 (2024: £30,000). The balance owed to MXC Capital Markets LLP as at 31 December 2025 was £nil (2024: £27,000).

The Group and Company paid MXC Advisory Limited, a subsidiary of MXC, fees of £55,250 (2024: £221,000) in respect of the services of Andrew Ian Smith as Executive Director. The balance owed to MXC Advisory Limited as at 31 December 2025 was £nil (2024: £132,600).

The Group and Company received from MXC Capital (UK) Limited, a subsidiary of MXC, fees of £195,266 (2024: £nil) in respect of the services of Nicola Chown as CFO and of the finance functions. The balance owed by MXC Capital (UK) Limited as at 31 December 2025 was £nil.

The Group acquired investments totalling £8.8m (2024: £nil) for consideration of share issues from MXC Capital Limited.

The Group and Company received £95,000 from MXLG Intermediate Holdings Limited, a subsidiary of MXLG Acquisitions Limited, the joint venture investment (see note 15) in respect of management fees. The balance owed by MXLG Intermediate Limited as at 31 December 2025 is £114,000 (2024: £nil).

The Group and Company received £114,098 from Koris365 UK Limited, a subsidiary of MXLG Acquisitions Limited, the joint venture investment (see note 15) in respect of ordinary course of business trading. The balance owed by MXLG Intermediate Limited as at 31 December 2025 is £23,666 (2024: £nil).

The Group and Company paid £31,641 to Koris365 UK Limited, a subsidiary of MXLG Acquisitions Limited, the joint venture investment (see note 15) in respect of ordinary course of business trading. The balance owed by MXLG Intermediate Limited as at 31 December 2025 is £7,144.

The Company had the following balances with its subsidiary companies:

	2025	2024
Receivables	£000	£000
Tialis Essential IT Manage Limited	-	695
Tialis Essential IT Debt Limited	1,165	-
Tialis Essential IT Investments Limited	7,500	-
Tialis Essential IT Financing Limited	183	9
Total	8,848	704

31 Other commitments

The Group has signed an agreement for the administration of the defined benefit pension with Mercer Trust with regards to an employee. Tialis has an obligation under this agreement to continue to remit £1,766 per month for management and administration charges until the employee either withdraws from the pension or retires. A commitment of £233,112 based on his retirement date of 2036 (11 years x £21,192 pa) has been estimated by the Board.

Notes to the Consolidated Financial Statements *(continued)*

32 Acquisition of Subsidiaries

On 16 June 2025, the Group acquired 100% of the shares in Tialis Essential IT Debt Limited and Tialis Essential IT Investments Limited on incorporation.

On 15 April 2025, the Group acquired 50% of the shares in AI Auxesis on incorporation.

Summarised financial information in relation to acquisition of AI Auxesis as follows:

	2025	2024
As at 15 April 2025 date	£000	£000
Cash	250	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Net assets (100%)	250	-
Group share of net assets (50%)	125	-
Goodwill	-	-
Total consideration	125	-
Satisfied by:		
Cash	125	-
Net cash inflow arising on acquisition of subsidiary company:		
Cash Consideration	(125)	-
Cash and cash equivalents acquired	250	-
	125	-

33 Non-controlling interests

	2025	2024
	£000	£000
Opening balance	-	-
Share of profit / (loss) for the year	51	-
Non-controlling interests acquired on acquisition	125	-
Closing balance	176	-

34 Post balance sheet events

The Directors are proposing a special resolution that will be put to shareholders at the upcoming 2026 AGM to approve a capital reduction. The capital reduction being requested is: (i) to cancel the share premium reserve (which currently stands at approximately £63.7 million); and (ii) to cancel and extinguish the 496,702,800 deferred shares of 2.49 pence each in issue (which have no rights or economic value) and release the amounts created by such reduction of capital to distributable reserves.

Notes to the Consolidated Financial Statements *(continued)*

35 Ultimate controlling party

As at 31 December 2025, MXC Capital Limited (MXC) is the ultimate controlling party and, at 31 December 2025, owned 67.17% of the issued share capital and voting rights of the Company. There is no ultimate controlling party of MXC.

On 11 March 2026, MXC Capital Limited was liquidated and all its shares held in Tialis Essential IT PLC were distributed to the shareholders of MXC Capital Limited at a rate of 0.9466426 Tialis Essential IT PLC share for every MXC Capital Limited share held at the record date. As at this date, there are no ultimate controlling parties of Tialis Essential IT PLC.