

Tialis Essential IT Plc

("Tialis" or the "Company")

Audited Results for the Year Ended 31 December 2025 and Notice of AGM

Tialis, the mid-market IT Managed Services provider, is pleased to announce its audited results for the year ended 31 December 2025.

Highlights in the year include:

- Group revenues of £17.7 million (2024: £20.8 million).
- Adjusted EBITDA remained resilient at £1.8 million (2024: £2.0 million).
- Strategic progress made in reshaping the Group's portfolio during 2025 through selective acquisitions and investments, supporting long-term value creation.
- Robust cash generation in 2025, enabling continued investment and further strengthening of the balance sheet.
- A strong current sales pipeline of £8m annual value, providing good visibility over future growth.
- Looking forward, approximately 77% of expected 2026 revenue is supported by existing contracts, with balance to be delivered from new business wins.

The Annual Report and Accounts for the year ended 31 December 2025 will shortly be available on the Company's website at www.tialis.com.

Copies of the Annual Report and Accounts will be posted to shareholders by shortly along with the notice of AGM which will be held at 10.00 am on 22 June 2026 at the offices of DAC Beachcroft LLP, 25 Walbrook, London EC4N 8AF.

For more information, contact:

Tialis Essential IT Plc
Peter Hallett, Interim Non-Executive Chairman

Tel: +44 (0)344 874 1000

Cavendish Capital Markets Ltd
Nominated Adviser and Broker
Corporate finance: Jonny Franklin-Adams/ Elysia Bough

Tel: +44 (0)20 7220 0500

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 macroeconomic 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.

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.

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.

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.

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.

Financing and dividend

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

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	60%	81%	Reduced concentration

Customer concentration (largest partner)

2024

2023

Customer 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.

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.

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.

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.

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.

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

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	(12,623)	(14,830)
Gross profit		5,040	6,012
Administrative expenses	4	(6,244)	(8,911)
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		(1,728)	(3,338)
Income tax	10	185	144
Loss for the year		(1,543)	(3,194)
Loss for the year attributable to:			
Non-controlling interest		51	-
Owner of the parent		(1,594)	(3,194)
		(1,543)	(3,194)
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 are an integral part of these financial statements

Statements of Financial Position As at 31 December 2025

	Note	Group 2025 £000	2024 £000	Company 2025 £000	2024 £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 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 £3.4 million) and in accordance with s409 of the Companies Act 2006 has

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) £000	Share Premium (b) £000	Equity reserve (c) £000	Share based payments reserve (d) £000	Retained Earnings (e) £000	Non- controlling interest (f) £000	Total equity £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.

- (c) 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

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)
Adjustments for:			
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

Company	Note	2025 £000	2024 £000
Cash flows from operating activities			
Loss before tax for the year		(1,073)	(2,074)
Adjustments for:			
Net financial expenses		198	389
Impairment of investments in subsidiaries		1,000	-
Share based payments	28	200	578
		325	(1,107)
Increase in trade and other receivables		(99)	(104)
Increase in trade and other payables		475	1,300
Net cash generated by operating activities		701	89
Cash flows from investing activities			

Cash flows from investing activities		
Amounts repaid / (lent) by subsidiaries	<u>690</u>	<u>(63)</u>
Net cash generated / (utilised) from investing activities	<u>690</u>	<u>(63)</u>
Cash flows from financing activities		
Purchase of investment	14 <u>(125)</u>	<u>-</u>
Net cash used in investing activities	<u>(125)</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	-	(2,257)
Net cash absorbed from financing activities	<u>(1,044)</u>	<u>(19)</u>
Net increase in cash and cash equivalents	<u>222</u>	<u>7</u>
Cash and cash equivalents at 1 January	<u>13</u>	<u>6</u>
Cash and cash equivalents at 31 December	18 <u>235</u>	<u>13</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.

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

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.

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

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

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

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.

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.

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.

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.

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.

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).

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 £000	2024 £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

3 Revenue

Disaggregation of revenue from contracts with customers is as follows:

Year ended 31 December 2025	Managed services £000	Projects £000	Total £000
<i>Geographical regions</i>			
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

632	-	632
-----	---	-----

time	---	---	
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	Projects	Total
Services			
Geographical regions	£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

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 £000	2024 £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>

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

8 Finance costs

	2025 £000	2024 £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>

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.

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.

	2023 £000	2024 £000
Current tax		
Current year	34	-
Current tax	<u>34</u>	<u>-</u>
Deferred tax credit	<u>(219)</u>	<u>(144)</u>
Total tax credit	<u><u>(185)</u></u>	<u><u>(144)</u></u>

(a) Tax on loss on ordinary activities

Reconciliation of the total income tax credit:

	2025 £000	2024 £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	(33)	(11)
Total tax credit	<u><u>(185)</u></u>	<u><u>(144)</u></u>

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

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.

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

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	<u>1,515</u>	<u>371</u>	<u>284</u>	<u>120</u>	<u>2,290</u>
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

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

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	1,515	250	1,765
Additions	-	121	121
Disposal	-	-	-
At 31 December 2025	1,515	371	1,886
Accumulated depreciation			
At 1 January 2024	855	23	878
Charge for the year	208	85	293
Disposal	-	-	-
At 31 December 2024	1,063	108	1,171
Charge for the year	208	105	313
Disposal	-	-	-
At 31 December 2025	1,271	213	1,484
Net carrying amount			
31 December 2025	244	158	402
31 December 2024	452	142	595

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.

13 Intangible assets

Group	Goodwill £000	Trademarks £000	Customer contracts and related relationships	Technology development	Software and licensing	Total £000
			£000	£000	£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.

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

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

14 Investments in subsidiaries

Company	2025 £000	2024 £000
At 1 January 2025	18,211	18,211
Additions	125	-
Impairment of investment in subsidiary companies	(1,000)	-
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 Ownership 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.

15 Investments in equity-accounted joint ventures

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

As at 31 December	2025 £000	2024 £000
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>	<u>-</u>
Group share of net liabilities (50%)	<u>(2,139)</u>	<u>-</u>
Since acquisition to 31 December	2025 £000	2024 £000

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 £000	2024 £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>

16 Investments in financial assets

Group	2025 £000	2025 £000	2025 £000	2024 £000	2024 £000	2024 £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 Ownership 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.

17 Trade and other receivables

	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£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
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		Ccr		credit loss allowance	
			Carrying amount (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	-	-

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	664	854	235	13

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	664	854	235	13
A				

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
	<u>2,573</u>	<u>4,092</u>	<u>330</u>	<u>1,533</u>

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	<u>319</u>	<u>770</u>	<u>-</u>	<u>-</u>

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	<u>42</u>	<u>-</u>	<u>42</u>
Balance at 31 December 2025	<u>372</u>	<u>22</u>	<u>394</u>
		2025	2024
		£000	£000
Non-current		<u>394</u>	<u>352</u>

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

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	<u>-</u>	<u>314</u>	<u>-</u>	<u>314</u>
	<u>3,116</u>	<u>4,686</u>	<u>3,016</u>	<u>4,335</u>
	Group		Company	
	2025	2024	2025	2024
	£000	£000	£000	£000

Current

Lease liabilities	<u>349</u>	<u>325</u>	<u>-</u>	<u>-</u>
	<u>349</u>	<u>325</u>	<u>-</u>	<u>-</u>

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.

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	100	349	-	3,016	3,465

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

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	-	3,016	3,016

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)	(348)
Balance at 31 December 2025	-

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.

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	664	854
Total	4,789	5,171

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	235	13
Total	9,038	861

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	-	314
Total	5,318	7,924

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	-	314
Total	3,922	5,868

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.

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
	£000	£000	£000	£000
At 31 December 2025				
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>

Group

	Within 1 year	1-2 years	More than 2 years	Total
	£000	£000	£000	£000
At 31 December 2024				

At 31 December 2025	2025	2024	2023	2022
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
	4,417	312	4,374	9,103

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
	330	3,016	-	3,346

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
	1,533	-	4,335	5,868

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.

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	12,368	12,368
Shares issued and fully paid	12,767	12,611

	2025	2024
	£000	£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	12,767	12,611

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	39,909,832	496,702,800	24,326,744

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.

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	2024
£000	£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.

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.

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.

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

have participated 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>
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.

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
	£000	£000
Receivables		
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.

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
	£000	£000
As at 15 April 2025 date		
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 £000	2024 £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.

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.



This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

FR ABMBTMTMBTBF