

Registered Number SC005543



Annual report and financial statements
for the year ended 31 December 2025



Securing the Logistics of People and Product

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Annual report and financial statements for the year ended 31 December 2025

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Chairman's statement

In 2025, the Group focused on strengthening its foundations for future growth. Under the leadership of our new CEO Lynden Jones, the business has undergone a structured reorganisation designed to improve efficiency, cement collaboration, and embed greater accountability across all functions. While the costs of these changes have impacted our reported results for the year, they reflect the scale of transformation underway which will position the Group more strongly for the future.

Looking ahead, 2026, will be a pivotal year as we reshape the business. Our priorities are clear:

- completing the transition to next-generation management;
- repositioning the Group to serve the broader depot, warehouse, and retail markets;
- defining a next-generation product range aligned with our brand and long-term strategy, and;
- increasing market profile through stronger communication and marketing.

The Group is moving away from its historic dependence on upgrade-related income and is instead positioning itself for longer-term, sustainable growth. This involves strengthening our commercial foundations, broadening our routes to market, and embedding a more structured approach to customer engagement. It is a meaningful shift in how the business operates, and while the transition is still progressing, the momentum and direction are firmly aligned with our strategic ambitions.

We recognise that 2026 will remain a transition year, characterised by ongoing market uncertainty and opportunities driven by technology evolution, changing customer needs and a requirement to have operational efficiency. With increased investment and a sharper commercial focus, along with a disciplined approach to product and customer management, Touchstar is well placed to respond.

Dividend

The Board recommends a final ordinary dividend of 1.5p per share (FY24: 1.5p). Together with the interim dividend of 1.75p (FY24: 1.5p) paid in November 2025, this results in a total ordinary dividend for the year of 3.25p (FY24: 3.0p).

Subject to the approval of shareholders at the Annual General Meeting, the final ordinary dividend of 1.5p per share will be paid on 12 August 2026 to shareholders on the register on 24 July 2026. The ex-dividend date will be 23 July 2026.

Financial Results and Exceptional Items

Results for the year ended 31 December 2025 were in line with revised market expectations, albeit below original expectations. Exceptional non-trading charges of £1,393,000 were recognised (note 5 and note 15 to the accounts) comprising:

- £215,000 for senior management reorganisation;
- £1,181,000 impairment of software development costs; and
- £3,000 credit for costs of strategic review.

The impairment has arisen as a result of the Groups new strategy and focus on product groups

To provide clearer visibility of underlying performance of the business in FY25 the table below shows prior comparison inclusive and exclusive of the exceptional charges taken in 2025.

Metric	FY 25 (Reported)	FY 24	Variance	FY 25 (ex. Exceptionals)	Variance
Revenue	£6,821,000	£6,893,000	↓ 1%	£6,821,000	↓ 1%
Admin expenses	£5,302,000	£3,785,000	↑ 40%	£3,910,000	↑ 3%
Net exceptional costs included in expenses	£1,393,000	£57,000			
Operating (loss)/profit before tax	£(1,397,000)	£388,000	↓ £1,785,000	*£56,000	↓ £332,000
Basic EPS	(13.29)p	4.47p	↓ 17.76p		
Adjusted EPS	3.83p	5.16p		3.83p	↓ 0.64p

**Adjusted profit before tax excludes net exceptional costs of £1,393,000 (note 5) and share based payment provision £6,000 (note 8(b)).*

Revenue declined slightly to £6,821,000 (FY24: £6,893,000), reflecting customer hesitancy amid economic uncertainty. Underlying costs (excluding exceptional costs) increased by 3% to £3,910,000, broadly in line with inflation. Including exceptional items, the Group reported a pre-tax loss of £1,397,000 (FY24: £388,000 profit). Excluding exceptionals, the pre-tax profit was £56,000. After tax, underlying profit (excluding exceptionals) declined by £55,000 from £366,000 in FY24 to £311,000, with adjusted EPS down by 0.64p to 3.83p.

The balance sheet remains strong, with year-end cash of £2,338,000 (FY24: £2,918,000). Operating cash flow for FY25 was £736,000. During the year, £479,000 was returned to shareholders through dividends and share buybacks, with 278,583 shares repurchased at an average price of 77.5p. This reduced the voting share capital to 7,921,494 and increased the number of shares being held in treasury to 553,583.

EBITDA

The Group's EBITDA for the year is summarised below, presented on a reported and adjusted basis:

	FY 25 (Reported)	FY 24	FY 25 (Adjusted)
(Loss)/profit before tax	£(1,341,000)	£388,000	*£56,000
Less: Interest net received (note 11)	£56,000	£66,000	£56,000
Plus: Depreciation (note 6)	£198,000	£243,000	£198,000
Plus: Amortisation (note 6)	£561,000	£534,000	£561,000
EBITDA	£(638,000)	£1,099,000	£759,000

**Adjusted profit before tax excludes exceptional costs of £1,393,000 (note 5) and share based payment provision £6,000 (note 8(b)).*

Historically, the Group has capitalised both internal (salaries) and external (contractor) development costs where management considered that the investment would generate future revenue, amortising these costs over a four-year period. As a result, the Group's EBITDA calculation was significantly higher than the operating profit, because capitalised development expenditure was excluded from EBITDA while amortisation was added back. Following the strategic review earlier in the year and findings thereon, a full assessment of the Group's development activity, product roadmap and market positioning was completed in November 2025. The review identified that some existing capitalised development costs no longer met the recoverability requirements, leading to an impairment. It further established that future development work would generally not satisfy the recognition criteria for capitalisation unless it related to new products or clearly defined enhancements.

The combined effect of the revised capitalisation spend, the change in useful economic life, and the impairment is a structural reset of the Group's EBITDA profile. Historically, EBITDA was higher because of:

- high levels of capitalised development expenditure, and
- significant amortisation add-backs.

Under the revised model, moving forward EBITDA will now more closely reflects the Group's operating cash performance, with materially lower capitalisation and lower amortisation.

This is explained further in the Statement from the Chief Executive Officer on pages 5 and 6 along with note 15.

This revised policy provides a more transparent and comparable measure of performance, giving a clearer view of underlying profitability and aligning the Group with common practice across software and technology-enabled businesses.

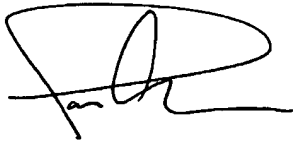
Outlook

The Group enters 2026 with a clearer organisational structure, a strengthened leadership team and a more focused strategic direction. The restructuring undertaken during 2025 has created two balanced divisions with improved accountability, enhanced cross-selling potential and greater operational efficiency.

The Board anticipates a return to revenue growth and profitability in 2027, supported by:

- increased market activity across logistics, fuel distribution, warehousing and access control;
- expansion into targeted overseas markets, including the Nordics and Baltics; and
- the ongoing shift towards SaaS and multi-year recurring revenue contracts.

The Board remains confident in the Group's long-term prospects, supported by a strong product portfolio, a loyal customer base, a committed workforce and a clear strategy for sustainable growth.



I Martin

Chairman

6 May 2026

Strategic report for the year ended 31 December 2025

Statement from the Chief Executive Officer

2025 marked the beginning of a structured transition for Touchstar as we moved to address long-standing commercial, operational, and product-related challenges. The business is shifting from a historic reliance on upgrade-driven revenues toward a more proactive, sustainable commercial model built more on new business generation, cross-selling, and disciplined customer lifecycle management. This represents a significant cultural and operational shift, and while early-stage challenges remain, the direction of travel is clear and positive.

Commercial Performance

With the enhanced placement of a project delivery team, the sales team can focus on the next requirement sooner resulting in more sales time. Order intake for the first quarter of 2026 was in line with expectations and ahead of first quarter intake for all years since 2021. This is encouraging given how fragile customer confidence has been and remains.

Our goal is to ratchet up the pipeline coverage to a level that supports a higher growth rate and builds greater resilience into our revenue forecasts. Our goal is to more aggressively manage the sales pipeline ensuring the gestational period is kept as short as possible from quote to order.

Operational Delivery and Product Development

Development remains the most significant operational area requiring improvement. The backlog—comprising defects, enhancements, technical requirements, and internal product ambitions—is extensive and is now being fully catalogued and prioritised.

Key actions underway include:

- establishing a clear order of priority aligned to generating revenue and maximising customer benefit
- reducing reactive development activity
- improving the quality of product releases through a reduction in the frequency of releases
- ensuring customers are migrated to current software versions to reduce legacy burden

A newly appointed Product Delivery Manager is already improving structure and visibility, though the function remains in early-stage transition.

Customer Lifecycle and Renewals

The business has made strong progress in reducing exposure to legacy products, with only two customers remaining on legacy hardware platforms. Both are engaged in upgrade discussions, and no material revenue is currently at risk.

Renewal performance remains robust. Work is underway to evolve renewals from an administrative process to a strategic lifecycle engagement model, supported by a complete customer lifecycle database and alignment with the product roadmap.

Sales Execution and Resourcing

Sales execution remains in transition. Pipeline quality and cross-selling activity require improvement, and lead-generation metrics are still being embedded. However, early indicators are positive, with improved discipline, stronger communication, and greater ownership of performance across the team.

Recruitment plans remain aligned to strategy but are intentionally phased to ensure stability. Internal sales hires are planned for late Q2, and the Fire & Security northern sales role has been approved but not yet initiated.

Overseas Strategy

The overseas channel is progressing from exploratory engagement to early-stage development. Initial partner discussions have advanced to a more strategic level, with negotiations underway regarding solution structure and customer ownership. Tangible progress is expected by late Q2 or early Q3.

Outlook

Touchstar is in a period of controlled transition, addressing historic structural weaknesses across sales, development, and customer management. The need for revenue growth is clearly understood and actively managed, and the shift toward a proactive, accountable sales culture is underway. Development governance is improving, customer lifecycle risk has reduced significantly, and renewal performance remains strong.

While challenges remain, we are confident in the forward direction of the business. The early signs are positive with trading for the first quarter of FY26 in line with expectations and order intake being ahead of the equivalent period in every year since 2021. The focus for the remainder of 2026 is disciplined execution, strengthening pipeline generation, maturing development processes, and building the commercial engine required for sustainable growth.

I would personally like to thank all my colleagues across the business for their continued hard work, professionalism, and commitment to excellence. It is the consistent effort of individuals—whether operating in customer-facing roles or supporting functions internally—that underpins the Company's performance. Those engaging directly with customers continue to represent Touchstar with integrity and professionalism, reinforcing our reputation in the market, while our internal teams maintain the operational strength and discipline required to deliver at scale. As the business evolves, it is important to emphasise that recent changes reflect a clearer articulation of who we are and how we present ourselves externally, aligned under our unified strapline, "securing the logistics of people and product." While there have been some departures during this period, we remain focused on supporting those who continue with the business. Their resilience, adaptability, and willingness to take ownership are driving accelerated personal development and ensuring continuity of performance as Touchstar moves forward with clarity and purpose.



L N Jones
Chief Executive Officer
6 May 2026

Business review and principal activities

Business Review and Principal Activities

The Group supplies, installs and maintains licensed software applications and hardware solutions for mobile applications in the transport, logistics, warehousing, fuel distribution and access control industries. Our solutions combine in-house developed software, rugged mobile computing hardware and managed services to deliver complete, integrated systems that enhance operational efficiency, compliance and customer service for our clients.

During 2025, the Group continued to develop and enhance its product portfolio, with a particular focus on strengthening cloud-based platforms, expanding SaaS capability and improving the performance and usability of our hardware devices. The Group operates under the Touchstar brand, providing consistent brand awareness and a cohesive market presence across all operating companies.

A key development during the year was the restructuring of the business into two balanced divisions, designed to improve operational focus, enhance cross-selling opportunities and support the Group's long-term growth strategy. This restructuring has strengthened the organisational foundation and positioned the Group for improved scalability and market penetration.

2025 Results and Achievements

The Group experienced a year of transition in 2025, balancing continued investment in product development and organisational restructuring with the challenges of a cautious economic environment. Despite these headwinds, the business delivered a resilient underlying performance, maintained strong cash reserves and continued to grow its high-quality recurring revenue base.

Turnover for the year was £6,821,000 (2024: £6,893,000), a marginal reduction of 1.0%. While customer decision-making cycles lengthened across several sectors, the Group's focus on strengthening its product set, enhancing operational capability and improving customer engagement ensured that core activity levels remained stable.

Underlying trading was broadly breakeven, with an operating profit before exceptional costs of £2,000 (2024: £408,000 profit). The reduction being driven by a general inflationary increase in costs. The statutory operating loss of £1,397,000 (2024: £322,000 profit) reflects £1,392,000 of exceptional costs, including the impairment of intangible assets following a strategic review of the development portfolio. These non-cash charges do not impact the Group's operational strength or liquidity.

The Group continued to invest in its people, products and infrastructure, laying the foundations for the next phase of growth. Employee engagement remained strong, and the business benefited from the commitment and capability of its teams across all divisions.

Financial Performance

Revenue remained broadly consistent with the prior year, supported by a stable customer base and continued demand for the Group's software, hardware and managed service solutions. Gross profit for the year was £3,932,000 (2024: £4,150,000), reflecting a gross margin of 57.6%. While slightly lower than 2024, this margin remains robust.

Administrative expenses increased to £5,302,000 (2024: £3,785,000), driven primarily by exceptional costs and the impairment of intangible assets. Excluding these items, even with the impact of inflation the underlying cost base remained tightly controlled and the Group ended the year with a strong cash position of £2,338,000 (2024: £2,918,000).

Key Performance Indicators

The Group uses a range of financial and operational key performance indicators (KPIs) to monitor performance, assess progress against strategic objectives and support effective decision-making. The KPIs reflect the Group's focus on sustainable growth, recurring revenue expansion, operational efficiency and long-term value creation.

Revenue

Total revenue for the year was £6,821,000 (2024: £6,893,000). Revenue remained broadly stable despite a more cautious economic environment and slower customer decision-making cycles. The Group continues to prioritise high-quality revenue streams, particularly those linked to recurring income and multi-year contracts.

Gross Margin

Gross margin for the year was 57.6% (2024: 60.2%). While slightly lower than the prior year, the margin remains robust and reflects the strength of the Group's in-house IP, managed service offering and disciplined pricing strategy. Margin performance continues to be a key indicator of product mix, operational efficiency and the value delivered to customers.

Recurring Revenue

Recurring revenue increased over 5% to £3,209,000, representing 47% of total turnover (2024: £3,051,000; 44%). This remains one of the Group's most important KPIs, reflecting the continued transition to a SaaS-led model and the growing proportion of predictable, contracted income. The increasing proportion of predictable, contracted revenue provides a stable platform for future investment and supports the Group's transition towards a more scalable, software-led business model. The Board remains committed to further strengthening this revenue stream as a strategic priority.

Order Intake

Order intake for the year was £3,651,000 (2024: £4,867,000). The reduction reflects slower order pipeline conversion in the first half of the year and the timing of larger capital projects. Order intake remains a key indicator of future revenue visibility and market activity.

Intake for the first quarter of 2026 was in line with management expectations and exceeds that in all corresponding periods since 2021.

Order Book

The order book at 31 December 2025 was £876,000 (2024: £1,270,000). While lower than the prior year, the pipeline entering 2026 is materially stronger, supported by enhanced product capability, increased cross-selling opportunities and a more focused divisional structure.

Operating Profit Before Exceptional Costs

Operating profit before exceptional costs was £2,000 (2024: £408,000 profit). This KPI provides a clearer view of underlying trading performance, excluding non-recurring items such as impairment charges and restructuring costs. Even with the impact of inflation on costs, the breakeven position reflects disciplined cost control during a year of transition.

Cash and Liquidity

The Group ended the year with cash of £2,338,000 (2024: £2,918,000), despite spend on product development (£658,000), payment of dividends (£264,000) and execution of share buybacks (£215,000). Cash generation and liquidity remain key KPIs, underpinning the Group's ability to invest in growth and maintain financial resilience.

Employee Retention and Engagement

The Group continues to benefit from a stable and committed workforce, with low attrition and long average tenure. Employee engagement, capability and retention remain critical KPIs, given the importance of technical expertise and customer service to the Group's success.

Market Analysis**Economic Environment**

The economic environment in 2025 remained challenging, with customers demonstrating caution in committing to larger capital projects. This contributed to lower order intake and a reduced year-end order book. However, the Group's strong recurring revenue base and diversified customer portfolio provided resilience.

Industry Trends

- Cloud adoption continues to accelerate, increasing demand for hosted solutions and managed services.
- Cyber security remains a critical priority for customers, and the Group's ISO27001 and Cyber Essentials Plus accreditation provides reassurance and competitive advantage.
- AI-assisted development is becoming increasingly relevant, enabling faster product iteration and improved software quality.
- Integrated solutions are increasingly preferred over standalone products, reinforcing the value of the Group's end-to-end offering.

Competitive Landscape

The competitive landscape remains broadly unchanged. While the Group does not win every opportunity, customer feedback continues to highlight the strength of our product set, the quality of our support and the value of our integrated approach. The restructuring undertaken in 2025 further enhances our competitive position by improving focus, responsiveness and cross-selling capability.

Order Intake and Order Book

Order intake for the year was £3,651,000 (2024: £4,867,000). The reduction reflects the slower pace of customer decision-making across several sectors, particularly in the first half of the year, as well as the timing of larger capital projects.

The order book at 31 December 2025 stood at £876,000 (2024: £1,270,000). While lower than the prior year, the pipeline entering 2026 is materially stronger, supported by increased cross-selling opportunities, enhanced product capability and a more focused divisional structure.

The Group's recurring revenue base continues to mitigate fluctuations in order intake, providing a strong foundation for future growth.

Shareholder Value

As a publicly traded company on the London Stock Exchange (AIM), enhancing shareholder value remains a key element of the Group's strategy. Earnings per share for the year were (13.29)p on a statutory basis and 3.83p on an adjusted basis (2024: 4.47p statutory; 5.16p adjusted).

The Group continued its progressive dividend policy, paying dividends of £264,000 during the year, and executed share buybacks totalling £215,000, demonstrating the Board's confidence in the long-term value of the business.

The Group remains committed to delivering sustainable shareholder returns through a combination of earnings growth, disciplined capital allocation and strategic investment.

Business Environment

The Group's operations remain focused on the logistics, transport distribution, warehousing, fuel delivery and secure access control markets. Although these sectors serve different customer needs, the nature of the products, services and channels to market are comparable, and the Directors therefore continue to regard the Group as operating in one primary segment.

Activity levels across the sectors in which we operate remained steady during 2025, despite a more cautious economic backdrop. Customers continued to invest in technology to improve operational efficiency, compliance and safety, and the Group's ability to provide a complete, integrated solution across hardware, software and managed services remained a key differentiator.

The restructuring undertaken during the year has strengthened the Group's operational alignment and created two balanced divisions with clearer accountability and improved cross-selling potential. The two divisions are known as IQ Logistics and Fire & Security with the strap line 'Securing the Logistics of People and Products'. This structure enhances our ability to deliver end-to-end solutions and increases the relevance of our offering across multiple industries.

Strategy

The Group's strategy is to deliver sustainable long-term growth through a combination of product innovation, market expansion, operational efficiency and disciplined investment. The restructuring undertaken in 2025 has created a stronger platform from which to execute this strategy.

Strategic Priorities

- Strengthen recurring revenue through continued expansion of SaaS licences, multi-year support contracts and managed services.
- Enhance product capability across both software and hardware, including the Back Office platform, ATEX and non-ATEX devices, and next-generation access control terminals.
- Expand market reach, with a focus on the Nordics, Baltics and selected US opportunities, supported by targeted marketing and partner channels.
- Increase cross-selling between divisions to maximise customer lifetime value and improve solution penetration.
- Pursue selective acquisitions that complement the Group's product set, strengthen market position and accelerate growth.
- Improve operational efficiency through clearer divisional accountability, streamlined processes and enhanced use of technology.

Use of AI in Development

The Group continued to adopt AI-enabled tools, including GitHub Copilot, to support software enhancements. These tools improve code quality, reduce development time and enhance security by identifying vulnerabilities earlier in the process. Importantly, all software developed using these tools remains the intellectual property of Touchstar.

Principal Risks and Uncertainties

The Directors recognise that the Group is exposed to a number of risks that could impact performance. These risks are regularly reviewed, and appropriate measures are taken to mitigate them.

People

The Group's success depends on the skill, commitment and experience of its employees. Competition for talent remains high, particularly in software development. The Group continues to invest in training, development and competitive remuneration to attract and retain key personnel.

Technology Change

Rapid technological change presents both opportunities and risks. The Group monitors emerging technologies and invests in product development to ensure its solutions remain relevant and competitive. The adoption of AI-enabled development tools supports this objective.

Competition

The Group operates in competitive markets where pricing, service quality and product capability are key differentiators. The Group's integrated offering, in-house IP and strong customer relationships help mitigate this risk.

Key Commercial Relationships

The Group has a diverse customer base, with no single customer representing a critical dependency. One customer accounted for approximately 10% of revenue during the year, but this relationship is stable and not considered a concentration risk.

Cyber Security

As a provider of cloud-based solutions, the Group is exposed to cyber security risks. The Group maintains robust security policies, holds ISO27001 and Cyber Essentials Plus accreditation and continues to invest in security measures.

Acquisition Risk

The Group's strategy includes the potential for selective acquisitions. Acquisitions carry risks relating to valuation, integration and cultural alignment. The Board will only pursue opportunities that meet strict strategic and financial criteria.

Corporate Responsibility

Environment

The Group recognises its responsibility to minimise environmental impact. Initiatives include:

- Continued transition to hybrid and electric vehicles.
- Recycling and responsible disposal of hardware.
- Efficient use of energy and utilities.
- Compliance with relevant environmental standards.

Colleagues

Employees remain the Group's most important asset. The Group promotes teamwork, personal responsibility and a positive working culture. Hybrid working continues to be offered where appropriate, supporting wellbeing and work-life balance. The Group is proud of its low attrition rate and long average tenure.

Ethical Standards

The Group maintains high ethical standards across all operations, including:

- Zero tolerance for bribery and corruption.
- Commitment to human rights and fair employment practices.
- Zero tolerance for modern slavery.
- Commitment to diversity, inclusion and equal opportunity.

Section 172 Statement

The Directors have acted in accordance with their duties under Section 172 of the Companies Act 2006, promoting the success of the Group for the benefit of its members while considering the interests of stakeholders and the long-term consequences of decisions.

Key considerations during 2025 included:

- The impact of restructuring on employees and customers.
- Value of the intangible assets and their ability to provide future revenue
- Shareholder returns through dividends and share buybacks.
- Engagement with customers to understand evolving needs.
- Maintaining strong supplier relationships.
- Ensuring the Group's operations remain environmentally responsible and ethically sound.

The detailed table of stakeholder engagement, consistent with prior years, accompanies this statement below and outlines the Group's approach to engaging with investors, employees, customers, suppliers and regulators.

Stakeholder	Why we engage	How we engage and decisions made
Our Investors	We maintain and value regular dialogue with our financial stakeholders throughout the year and place great importance on our relationship with them. We know that our investors expect a comprehensive insight into the financial performance of the Group, and awareness of long-term strategy and direction. As such, we aim to provide high levels of transparency and clarity about our results and long-term strategy and to build trust in our future plans.	• Regular reports and analysis on investors and shareholders • Annual Report • Group website • Shareholder circulars • AGM • RNS announcements • Press releases • dividend payment • Share buy-backs initiated • Drive to increase shareholder earnings via a year on year increase in Earning per Share

Stakeholder	Why we engage	• How we engage and decisions made
Our Employees	Our people are at the heart of our business. Effective employee engagement leads to a happier, healthier workforce who are invested in the success of the Group and who are all pulling in the same direction. Our engagement seeks to address any employee concerns regarding working conditions, health and safety, training and development, as well as workforce diversity. Engagement with our employees starts from the top and is driven effectively throughout the Group.	• Evaluation and feedback processes for employees and management • Continue to provide competitive rewards packages • Encouraging employee training and development • Flat structure communication with Board • Provide flexible working conditions and support
Regulatory bodies	The Group's operations are subject to a wide range of laws, regulations, and listing requirements including data protection, tax, employment, environmental and health and safety legislation, along with contractual terms.	• Group website • RNS announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review
Our Customers	Our customers have individual requirements that require diligence and trust in our offering. We aim to listen to and engage with our customers on a regular basis to ensure that we understand their needs and can provide solutions that address them. We ensure that information is easily accessible and customer concerns are dealt with in a timely and professional manner.	• Continual review of feedback from customers to ensure satisfaction • Dedicated team for Client Services and Operations to ensure consumer concerns are addressed • Face to face meetings with customers to further develop relationships.
Our Suppliers	We have a number of key partners and suppliers with whom we have built strong relationships with and strongly value. We establish effective engagement channels to ensure our relationships remain collaborative and forward focused, and to foster relationships of mutual trust and loyalty.	• Building strong partnerships with suppliers through open two-way dialogue and regular face to face meetings. • Relationships with suppliers allow the ongoing review and monitoring of their performance levels

The above statement should be read in conjunction with the Chairman's Statement, the rest of the Strategic Report and the Directors' Report.

Future Outlook

The Group enters 2026 with a clearer organisational structure, a strengthened leadership team and a more focused strategic direction. The restructuring undertaken during 2025 has created two balanced divisions with improved accountability, enhanced cross-selling potential and greater operational efficiency.

The Board anticipates a return to revenue growth in 2027, supported by:

- increased market activity across logistics, fuel distribution, warehousing and access control
- expansion into targeted overseas markets, including the Nordics and Baltics
- the ongoing shift towards SaaS and multi-year recurring revenue contracts

From 1 December 2025, development expenditure is expensed as incurred unless it relates to a significant, separately identifiable enhancement expected to generate new revenue streams. Routine maintenance, platform stability work, and customer-funded incremental changes do not meet the recognition criteria of IAS 38 and are not capitalised.

The Board remains confident in the Group's long-term prospects, supported by a strong product portfolio, a loyal customer base, a committed workforce and a clear strategy for sustainable growth.

Statement of Corporate governance

Quoted Companies Alliance Code

As an AIM listed Group, the Group is required to adopt a recognised corporate governance code and disclose any deviations from the chosen code. The Group has adopted the Quoted Companies Alliance ("QCA") code. High standards of Corporate Governance are a key priority of the Board and details of how the Group addresses key governance issues are set out in the Corporate Governance section of its website by reference to the 10 principles of Corporate Governance developed by the QCA.

<http://www.touchstarplc.com/about/governance>

Business model and strategy

The Group's vision, together with its partners, is to create innovative data capture solutions that enhance business intelligence for our client base. Touchstar's mission is to deliver innovative products and solutions on a 'turnkey' basis, underpinned by an unparalleled attention to detail and customer-centred philosophy.

To achieve this, the Group will focus on five key business strategies;

- Further penetrating existing markets by forging stronger customer and partner relationships, including alliances with independent software vendors and third-party hardware manufacturers
- Expanding into new markets, where the Group will offer compelling solutions set to meet specific sector / geographical customer requirements
- Inspiring Touchstar personnel and clients by building on the Group's track record of high-performance teamwork and collaboration
- Intensifying R&D innovation throughout the organisation and delivering unsurpassed quality and performance in the Group's products and solutions
- Maximising operational effectiveness with lean, world-class operations underpinned by an investment in personnel, appropriate technologies and business tools to improve functional performance across the Group

This strategy is intended to deliver long-term growth in shareholder value.

Effective risk management

The Board has an established Audit, Remuneration, and Executive Committees.

The Group receives regular feedback from its external auditors on the state of its risk management and internal controls. The Board does not consider it to be appropriate to have its own internal audit function at the present time, given the Group's size and nature of its business.

The annual budget setting process examines all areas of the Group's operations both operationally and financially.

The Group has clear, documented procedures in place to assess and progress opportunities arising, whether for process improvement, product enhancement, new business or any other matter.

Board of directors

During 2025 the Board was comprised of a non-executive Chairman, two executive directors, and an independent non-executive director. The Board considers that of its two non-executive directors, only one is independent however they are considered independent in terms of character and judgement in how they conduct their roles, giving a balance between executive and non-executive directors.

L Jones was appointed director on 18 March 2025 increasing the number of executive directors to three. Mark Hardy subsequently retired as director and CEO on 26 June 2025 and with the CEO title being passed to L Jones.

The Chairman is responsible for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders. The Chief Executive Officer is responsible for the leadership of the business and implementation of the strategy. The Group Secretary is responsible, on behalf of the Chairman, for ensuring that all Board and Committee meetings are conducted properly, that the Directors receive the appropriate information prior to the meeting, for ensuring that governance requirements are considered and implemented and for accurately recording each meeting. The Directors may have access to independent professional advice, where needed, at the Group's expense.

A description of the roles of the Directors is included on the website. The directors are aware of, and committed to, the time requirements needed to fulfil their roles. Directors are required to devote such time and effort to their duties as is required to secure their proper discharge and, for Non-Executive Directors, this typically entails one or two days of meetings per month as well as reading and preparation time.

Meetings of the Board and committees

The Board has established Audit, Remuneration and Executive Committees, each of which conducted their duties throughout the year. The Audit Committee scrutinise the planned scope of the annual audit as well as monitoring the independence of the auditors. The Remuneration Committee assess the remuneration of Directors and senior staff and ensured this was appropriate and consistent with the interests of shareholders and the business. The Executive Committee managed the operation and strategy of the business throughout the financial year, in regular consultation with the Board.

The Board meets at least four times a year with relevant information distributed to the Directors in advance of each meeting. All members attended each meeting held during the year.

The Board makes decisions on all material matters including long term and commercial strategy, annual operating and capital budgets along with capital and financial structure.

The Remuneration and Audit Committees are held on an annual basis.

There were five Board meetings held during the year. All members required to attend the relevant meeting did attend.

Details of remuneration paid to each director during the year can be found in note 8.

Statement of Corporate governance (continued)

Board Performance

The Board judges its own performance by reference to the Group's progress against the targets set out in the Group's strategic plan.

The Group undertakes regular monitoring of personal and corporate performance using agreed key performance indicators and detailed financial reports. Responsibility for assessing and monitoring the performance of the executive directors lies with the Chairman and the independent non-executive director.

The Board and the Remuneration Committee evaluate the Board performance, including but not limited to Board balance, Board skills and remuneration, to ensure that the Board is fit for purpose and is appropriate for the Group's ongoing development and growth.

Corporate culture and responsibility

The Board is committed to embodying and promoting a sound corporate culture and has endorsed various policies which require ethical behaviour of staff and relevant counterparties.

The Board and management conduct themselves ethically at all times and promote a culture in line with the standards set out on the website.

Communication with shareholders and other relevant stakeholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Group's activities, strategies and financial position, in addition to having regard to its obligations as a quoted public Group and the AIM Rules.

The Group holds meetings with significant shareholders on a regular basis and regards the Annual General Meeting as a good opportunity to communicate directly with shareholders via an open question and answer session.

The Group lists contact details on its website should shareholders wish to communicate with the Board. All announcements and results, including those released via RNS and RNS Reach, are available on the Group's website.

Employees

The Group recognises that the contribution made by its skilled and committed workforce is the business's most valuable asset. The Group will continue to provide its people with a challenging environment and to provide rewards which recognise their achievements. The Group recognises that the needs of the business will continue to change. As such, training is and will continue to be offered such that employees are able to enhance their skill base to assist the business in meeting future challenges.

The Group has an established policy of encouraging the employment of disabled persons wherever this is practicable and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees. The Group's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

Statement of Corporate governance (continued)

Financial instruments

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and exchange rate risk. The policies set by the Board of Directors are implemented by the Group's finance department and are detailed in note 3 to the Group financial statements for the year ended 31 December 2025.

Board of directors

The directors who held office during the year and to the date of this report are given below:

I P Martin - Chairman

Ian has worked in the Insurance and Media industries for over 30 years. More recently, as Chairman and CEO of Avesco (2002 to 2012) the quoted provider to the event and broadcast industry, Ian led the transformation of the company from a faltering company to a vibrant business, with revenues rising from around £50 million to £140 million and a profit that grew at a compound profit of 20% per annum.

Prior to this period, Ian has held board positions at Ascot Underwriting and Brockbank Group plc, where he was CEO and he helped form Admiral Insurance the FT 100 Company. Ian also holds a number of executive and non-executive directorships, including as a non-executive Director of Chelverton Growth.

M W Hardy - Chief Executive Officer (Retired 26 June 2025)

Mark joined the company in 1992 and has been involved in the mobile communications market since graduating from University with a BA Honours degree in Business Studies in 1986. Prior to joining the company, Mark worked for American based companies and was instrumental in driving sales of high-tech products into developing markets.

Mark had the overall responsibility for the commercial running of Touchstar since 1997 until his retirement in June 2025 and replaced by Lynden Jones.

L Jones – Chief Executive Officer

Lynden was the managing director of the Company's subsidiary, Touchstar ATC Limited ("ATC") and under his leadership ATC was transformed. Revenue grew 29% since 2022 and has gained access to new and exciting sectors and the financial performance further improved by a move to a SAAS/ recurring revenue driven model. He has been with the Group for over 15 years. His focus is on workforce management for complex environments such as hospitals, education, food manufacturing, and high-end retail. Starting in the sales department at Feedback Data (which was acquired by the Company in 2013), he rose to Managing Director and successfully enhanced customer experience and improved operational efficiency and profitability.

Lynden succeeded Mark as the Group CEO on 26 June 2025.

J L Christmas - Non-Executive Director

John is a chartered accountant with over 20 years' experience as finance director of UK listed businesses, most recently at Avesco Group plc, whom he joined in 2004.

He was Group Finance Director at Boosey & Hawkes plc and previously held positions as Group Finance Director at MediaKey plc and Video Arts Ltd.

N M Rourke – Chief Finance Officer

Natasha is a certified accountant, a fellow member of ACCA with over 20 years' experience within the Group. Prior to joining Touchstar, Natasha spent 17 years in audit practice.

Directors' report for the year ended 31 December 2025

The directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2025 which should be read in conjunction with the Strategic Report on pages 5 to 14. The Corporate Governance Statement set out on pages 15 to 18 forms part of this report.

Incorporation

Touchstar plc is a company incorporated in Scotland and its registered number is SC005543.

Dividends

An interim dividend of 1.75p per share was paid on 20 November 2025 (2024: 1.5p). The directors are recommending a final dividend of 1.5p per share expected to be paid on 12 August 2026 (2024: 1.5p paid on 12 August 2025).

Purchase of own shares

During the year the Company purchased 278,583 of its own shares at an average price of 77.5p. Bringing the total number of shares held in treasury to 553,583.

Shares issued during the year

No shares were issued in 2025 (2024: Nil).

Research and development

The Group is continually developing its products and services to meet the increasing demands of the markets in which the Group operates. During the year, the Group incurred total research and development costs of £1,004,000 (2024: £978,000), of which £677,000 (2024: £684,000) has been capitalised.

Post balance sheet event

There were no post balance sheet events.

Future outlook

The Group's future outlook and opportunities are referred to in the Strategic report on page 5.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above and the risks and uncertainties summarised. The Group and Company has sufficient financial resources to cover budgeted future cash-flows and has contracts in place with customers and suppliers across different geographic areas and industries. As a consequence of these factors, the Directors believe that the Group is well placed to manage its business risks successfully.

Having reviewed the future plans and projections for the business, the Directors believe that the Group and Company and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Refer to note 2.1 Basis of preparation for further details.

In accordance with the Companies Act s414 c(11) information in relation to the business and risks is shown in the Strategic Report.

Matters covered in the Strategic report

Statutory disclosures required under Company law within the Directors' report are included where relevant in the Strategic report.

Directors' indemnities

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

Substantial shareholdings (3%+)

As of 6 April 2026, the Company had been notified of the following interests representing 3% or more of the issued ordinary share capital:

	Ordinary shares	Percentage of ordinary share capital
Thomas William George Charlton	1,055,750	13.3%
I P Martin (Director)	830,250	10.5%
L N Jones (Director)	386,875	4.9%
Robert & Virginia Millington	560,000	7.1%
Interactive Investor	529,117	6.7%
Mr Michael J Taylor	413,514	5.2%
R D McDougall	371,000	4.7%
Barclays Wealth	326,570	4.1%
Unicorn Asset Management	289,995	3.7%
Hargreaves Lansdown Asset Management	237,889	3.0%

Except for those disclosed above, the directors are not aware of any shareholding which represents 3% or more of the present issued ordinary share capital of the Company.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate 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.

(a) Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, principally with respect to the euro and the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Natural hedging occurs through the matching of foreign currency income, expenditure and commitments. When projected foreign currency balances are not anticipated to be covered through this natural matching process, the Group may choose to enter into forward foreign exchange contracts through its bankers and other financial institutions.

Financial risk management (continued)

(b) Credit risk

The Group has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At 31 December 2025 there were no significant concentrations of credit risk (2024: £nil). The maximum exposure to credit risk is represented by the carrying amount of each financial asset included in the balance sheet. Management does not expect any losses from non-performance by these counterparties. Due to the nature of the Group's business, credit risk is assessed on a customer-by-customer basis prior to entering into contractual arrangements and on an expected credit loss basis in line with IFRS9. See note 2.1 for impact assessment.

(c) Liquidity risk

The Group maintains short-term cash deposits and unutilised banking facilities to mitigate any liquidity risk it may face. Management monitors rolling forecasts of the Group's liquidity reserves on the basis of forecast cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Impact on discounting is not deemed material/relevant in respect of trade and other payables since this relates predominantly to deferred revenue for which the cash has already been received and the balance is being released to the income statement in line with the contract.

	Less than one year £'000	Between one and four years £'000
At 31 December 2025		
Trade and other payables (note 24)	1,134	-
At 31 December 2024		
Trade and other payables	1,383	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2025 and 2024 were as follows:

	2025	2024
	£'000	£'000
Net debt	-	-
Total equity	1,882	3,436
Total capital	1,882	3,436
Gearing ratio	-%	-%

As at 31 December 2025, borrowings (which constitute PLC bank overdraft) were entirely offset by positive cash balances within the subsidiary companies, meaning the Group had no net debt, and therefore no gearing ratio, at the reporting date (2024 - no gearing ratio).

Fair value estimation

The carrying value, less impairment provision of trade receivables and payables are assumed to approximate to their fair value. The carrying values of borrowings approximate to their fair value due to their short-term maturity.

Disclosure of information to auditors

Each director at the date of approval of this report confirms that:

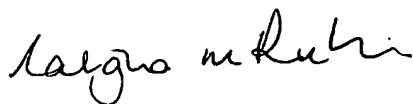
- so far as each director is aware, there is no relevant audit information (that is, information needed by the auditors in connection with preparing their report) of which the auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Independent auditors

The auditors, HaysMac LLP, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the Annual General Meeting.

By order of the Board



N M Rourke
Company Secretary
6 May 2026

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the United Kingdom have been followed for the Group financial statements and IFRSs as adopted by the United Kingdom have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

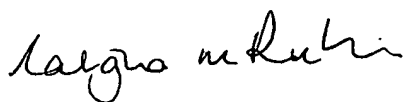
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the United Kingdom, give a true and fair view of the assets, liabilities, financial position and result of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board



N M Rourke
Company Secretary
6 May 2026

Independent auditors' report to the members of Touchstar plc

Opinion

We have audited the financial statements of Touchstar PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise:

Group	Company
- the Consolidated Statement of Comprehensive Income; - the Consolidated Balance Sheet; - the Consolidated Statement of Changes in Equity; - the Consolidated Statement of Cash flows; - and related notes to the financial statements	- the Company Balance Sheet; - the Company Statement of Changes in Equity; - the Company Statement of Cash flows; - and related notes to the financial statements

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted International Financial Reporting Standards (IFRSs).

In our opinion:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the FRC's) Ethical Standard as applied to listed public interest/listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

As the group comprises a parent holding company and two trading companies within the UK the scope of our work was the full scope audit of the financial statements of the group and its two subsidiaries, Touchstar Technologies Limited and Touchstar ATC Limited. The scope of the audit and our audit strategy was developed by using our audit planning process to obtain and update our understanding of the group, its activities, its internal control environment, current, and where relevant to our audit, likely future developments in order to identify and assess the risks of material misstatement of the group financial statements.

Our audit testing was informed by this understanding of the group and accordingly was designed to focus on areas where we assessed there to be significant risks of material misstatement.

Audit work to respond to the assessed risks was performed directly by the audit engagement team who performed full scope audit procedures on the parent company and the group as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on:

- the overall audit strategy,
- the allocation of resources in the audit; and
- directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In determining the key audit matters we considered the:

- Areas of higher risks of material misstatement or significant risks identified in accordance with ISA (UK) 315
- Significant audit judgements on financial statement line items that involved significant management judgement such as accounting estimates, and
- The impact of significant events and transactions during the period covered by the audit.

The following table summarises the key audit matters we have identified and rationale for their identification together with how we responded to each in our audit. The table also shows how our judgement of the magnitude of each risk has changed since the previous audit.

Risk magnitude key



New risk



Same level



Increased risk



Decreased risk

Key audit matter	How we addressed the key audit matter in the audit
 Valuation of development costs On 1st December 2025 following the conclusion of the strategic review and product roadmap, management recorded an impairment charge of £1,181,935 as it was considered that the FUELStar, PODStar and ATC product versions would no longer generate future economic benefit to the Group. Other intangible assets have a carrying value of £204K as at 31 December 2025. The impairment of intangible assets involves significant management judgement in assessing whether the assets will generate future economic benefit. Judgments include the revenue and costs allocated to the asset and the useful economic life of the asset. There is a risk that the intangible assets impairment has been overstated.	In response to this risk, our work consisted of, but was not limited to, the following audit procedures: • We obtained management's detailed impairment analysis and memorandum on the approach taken to determine that the intangible assets are deemed to be fully impaired. We noted that indicators of impairment included the loss-making financial results for the year (before impairment) and the change in strategy of the Group post the strategic review to be less focused on technology development; • We assessed the intangible assets written off during the year to ensure that their estimated useful life was zero and that they would generate no future economic benefit; • We challenged management on the value of the intangible assets written off and corroborated this with supporting evidence; • We obtained management's cashflow model to confirm that no future expected profit would be generated from intangible assets that had been fully impaired and challenged the assumptions over the time period of the forecasts and the revenue and costs within this model; • We made inquiries with management regarding their policy for capitalising versus expensing development costs to ensure these aligned with applicable accounting standards; • We critically assessed the disclosures in the financial statements.



Capitalisation of development costs

The Group capitalised development costs of £659,000 (2024: £684,000) in the year. This represent costs incurred on development projects that are assessed to meet the criteria as set out in 'IAS 38: Intangible assets'

Eligible costs in respect of software developers and contractors working to develop new software products are capitalised if the projects to which they relate meet the relevant criteria, which materially impacts the Groups profit.

There is judgment involved in assessing the amount to be capitalised to the projects that are capitalised under IAS 38.

In response to this risk, our work consisted of, but was not limited to, the following audit procedures:

- For all projects with material asset additions in the year, we critically assessed the judgment that the project met the criteria for capitalisation under IAS38;
- We critically assessed the technical feasibility of projects through discussions with the Chief Technology officer and reviewing management papers prepared to set out the projects and spend;
- We critically assessed the commercial feasibility of projects by agreeing to supportive evidence such as invoices and future orders;
- We selected a sample of third-party costs capitalised and vouched these to external invoices;
- We selected a sample of internal time capitalised and agreed it to supporting documentation in payroll records. We critically assessed the proportion of time capitalised through discussions with senior management.



Fraud in revenue recognition

The Group recognised revenue of £6,821,000 (2024: £6,893,000) in the year.

This is split between revenue recognised at a point in time and revenue recognised over time with the former being £3,612,000 (2024: £3,842,000).

The cut off risk identified related to Q4 point in time revenue that could be recognised in an incorrect period.

In response to this risk, our work consisted of, but was not limited to, the following audit procedures:

- We selected a sample of transactions in the cut off period and vouched these to supporting documentation including proof of deliveries and cash receipts to ensure that revenue was recorded in the correct period;
- The revenue per the Group's bill and hold arrangements was agreed to an external customer confirmation to ascertain the necessary attributes that support the satisfaction of the performance obligations for such arrangement and physically verified as part of our year-end stock count attendance procedures;
- We used data analytics to identify unusual double entry pairings involving revenue in the year. Unexpected entries were vouched to supporting documentation

Our application of materiality

The scope and focus of our audit were influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

	Group Financial Statements	Parent Company Financial Statements
Materiality	£119,000 (2024 - £120,000)	£36,000 (2024 - 37,000)
Benchmark	This was determined as being 1.75% of revenue	This was determined as being 3% of equity
Basis for, and judgements used in the determination of materiality	Revenue was selected as a benchmark because it is a Key Performance Indicator of the group and stakeholders are interested in this measure following the strategic review undertaken by the Group. Revenue is a stable measure given the nature of the business operations and hence we consider it the most appropriate metric to use. We considered other benchmark metrics including profit but given the loss in the year we did not consider this to be an appropriate metric Materiality was reassessed during the audit, and it was considered reasonable to maintain materiality as £119,000	We believe that equity is a primary measure used by the shareholders in assessing the performance of the entity given the company is a holding company and so does not trade but pays out dividends to the shareholders.

Performance materiality - Based on our risk assessment, our experience of the prior year audits and review of the group's control environment, performance materiality was set at 75% of materiality, being £89,500 (2024 – 75% of materiality being £89,600). 75% was set as the benchmark for performance materiality to reflect our assessment and understanding of the control environment with limited findings and adjustments identified in previous audits.

Reporting threshold - The reporting threshold to the audit committee was set as 5% of materiality, being £5,970 (2024 – £5,950). If, in our opinion in differences below this level warranted reporting on qualitative grounds, these would also be reported.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Discussing management's assessment of the group's ability to remain a going concern;
- Obtaining management's approved cash flow forecasts, including sensitivity analysis;
- Reviewing the entity's assessment of going concern and viability;
- Reviewing and understanding the cash flow forecasts for the period to end of December 2027 which are the central element of management's going concern assessment;
- Assessing and challenging the inputs in and judgements made in the preparation of the cash flow forecasts for the period to end of (month year) by:
 - Comparing forecasts to actual results
 - Assessing the ability of management to forecast accurately
 - Challenging key assumptions on revenue and costs; and
- Performing stress tests including sensitivity analysis to model the effect of changing assumptions made or amending key data used in management's cash flow forecasts and considering the impact on the group's ability to adopt the going concern basis

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance and management of the group and parent company. Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the group/company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements in respect of employment law, including but not limited to minimum wage regulation and health and safety regulation. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Listing Rules, payroll tax and sales tax, pension and tax legislation.

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

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of communications with tax authorities;
- The evaluation of management's controls designed to prevent and detect irregularities;
- The identification and review of manual journals, in particular journal entries which shared key risk characteristics;
- Selecting a sample of point in time revenue in Q4 and vouching revenue recognised to supporting documentation such as proof of delivery and cash receipts, and
- The review and challenge of assumptions, estimates and judgements made by management in their recognition of accounting estimates.

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Crowson

Michael Crowson (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
10 Queen Street Place
London EC4R 1AG
6 May 2026

Consolidated income statement for the year ended 31 December 2025

		2025 £'000	2024 £'000
	Note		
Revenue	4	6,821	6,893
Cost of sales		(2,889)	(2,743)
Gross profit		3,932	4,150
Distribution costs		(27)	(43)
Administrative expenses		(5,302)	(3,785)
Operating profit before exceptional costs and share-based payment provision		2	408
Exceptional costs	5	(1,393)	(57)
Share-based payment provision included in administrative expenses	8(b)	(6)	(29)
Operating (loss)/profit	6	(1,397)	322
Finance income	11(a)	76	79
Finance costs	11(b)	(20)	(13)
(Loss)/profit before income tax		(1,341)	388
Income tax credit/(charge)	12	260	(22)
(Loss)/profit for the year attributable to the owners of the parent		(1,081)	366

Earnings per ordinary share (pence) attributable to owners of the parent during the year (note 14):

	2025	2024
Basic	(13.29)p	4.47p
Adjusted	3.83p	5.16p
Diluted	(13.29)p	4.43p

The exercise price of all share options granted at 31 December 2025 were below the average market share of ordinary shares during the period to 31 December 2025 and therefore deemed dilutive.

There is no other comprehensive income or expense in the current year or prior year and consequently no statement of other comprehensive income or expense has been presented.

All activity in 2025 relating to continuing operations.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The profit for the Company is detailed in the Statement of financial position and the Company statement of changes in shareholders' equity.

Consolidated statement of changes in equity for the year ended 31 December 2025

	Note	Share capital £'000	Treasury shares £'000	Share based payment Reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2024		424	(252)	117	2,974	3,263
Dividend to shareholders		-	-	-	(246)	(246)
Repatriation of unclaimed dividends		-	-	-	24	24
Share based payment charge		-	-	29	-	29
Transactions with shareholders in the period		-	-	29	(222)	(193)
Total comprehensive income (profit for the year)		-	-	-	366	366
At 31 December 2024		424	(252)	146	3,118	3,436
Dividend to shareholders		-	-	-	(264)	(264)
Purchase of own shares		-	(215)	-	-	(215)
Share based payment charge	28	-	-	6	-	6
Transactions with shareholders in the period		-	(215)	6	(264)	(473)
Total Comprehensive income (profit for the year)		-	-	-	(1,081)	(1,081)
At 31 December 2025		424	(467)	152	1,773	1,882

The notes on pages 38 to 73 are an integral part of these Group financial statement.

Company statement of changes in equity for the year ended 31 December 2025

	Note	Share capital £'000	Treasury shares £'000	Share based payment Reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2024		424	-	117	218	507
Dividend to shareholders		-	-	-	(246)	(246)
Repatriation of unclaimed dividends		-	-	-	24	24
Share based payment charge		-	-	29	-	29
Transactions with shareholders		-	(252)	29	(222)	(193)
Total Comprehensive income (profit for the year)		-	-	-	576	576
At 31 December 2024		424	(252)	146	572	890
Dividend to shareholders		-	-	-	(264)	(264)
Purchase of own shares		-	(215)	-	-	(215)
Share based payment charge	28	-	-	6	-	6
Transactions with shareholders		-	(215)	6	(264)	(473)
Total Comprehensive income (profit for the year)		-	-	-	766	766
At 31 December 2025		424	(467)	152	1,074	1,183

The notes on pages 38 to 73 are an integral part of these Group financial statement.

Consolidated and Company statements of financial position as at 31 December 2025

		Group		Company	
	Note	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Non-current assets					
Intangible assets	15	204	1,288	-	-
Investments	16	-	-	125	119
Property, plant and equipment	17	151	108	-	-
Right-of-use assets	18	573	180	-	-
Deferred tax assets	20	111	9	2	9
Trade and other receivables	22	119	88	-	-
		1,158	1,673	127	128
Current assets					
Inventories	21	708	992	-	-
Trade and other receivables	22	1,136	1,650	5	2
Corporation tax receivable		84	87	-	-
Cash and cash equivalents	23	2,493	2,918	1,166	1,240
		4,421	5,647	1,171	1,242
Total assets		5,579	7,320	1,298	1,370
Current liabilities					
Trade and other payables	24	1,134	1,383	115	480
Borrowings	25	155	-	-	-
Contract liabilities	26	1,733	2,018	-	-
Lease liabilities	27	158	91	-	-
		3,180	3,492	115	480
Non-current liabilities					
Deferred tax liabilities	20	8	170	-	-
Contract liabilities	26	101	148	-	-
Lease liabilities	27	408	74	-	-
		517	392	-	-
Total liabilities		3,697	3,884	115	480

Consolidated and Company statement of financial position as at 31 December 2025 (continued)

		Group		Company	
		2025	2024	2025	2024
	Note	£'000	£'000	£'000	£'000
Capital and reserves attributable to owners of the parent					
Retained earnings		1,773	3,118	1,074	572
Share capital	29	424	424	424	424
Treasury shares	28	(467)	(252)	(467)	(252)
Share based payment reserve	28	152	146	152	146
Total equity		1,882	3,436	1,183	890
Total equity and liabilities		5,579	7,320	1,298	1,370

The notes on pages 38 to 73 are an integral part of these Group financial statements.

The Company reported a profit for the financial year of £766,000 (2024: £576,000).

The Group and Company financial statements on pages 32 to 73 were approved by the Board of Directors on 6 May 2025 and were signed on its behalf by:



L Jones
Director
Registered number Scotland: SC005543

Consolidated and Company cash flow statement for the year ended 31 December 2025

		Group		Company	
	Note	2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Operating activities					
Operating (loss)/profit		(1,397)	322	10	(31)
<i>Adjustments for:</i>					
Depreciation	17,18	198	243	-	-
Amortisation	15	561	534	-	-
Impairment of intangible assets	15	1,182			
Share-based payment provision	8(b)	6	29	6	5
<i>Movement in:</i>					
Inventories	21	284	161	-	-
Trade and other receivables	22	483	(539)	3	237
Trade and other payables and contract liabilities	24,26	(581)	290	(377)	359
Cash generated from/(used in) operations		736	1,040	(358)	570
Interest received		76	79	13	-
Interest paid		(20)	(13)	-	-
Net cash generated from operating activities		792	1,106	(345)	570
Investing activities					
Addition of intangible assets	15	(659)	(684)	-	-
Purchase of property, plant and equipment	17	(90)	(89)	-	-
Net cash used in investing activities		(749)	(773)	-	-
Financing activities					
Dividend paid to shareholders		(264)	(246)	(264)	(246)
Repatriation of unclaimed dividends		-	24	-	24
Purchase of own shares	28	(215)	-	(215)	-
Dividend received from subsidiary		-	-	750	600
Principal elements of lease payments		(144)	(198)	-	-
Net cash (used)/generated from financing activities		(623)	(420)	271	378
Net (decrease)/increase in cash and cash equivalents		(580)	(87)	(74)	948
Cash and cash equivalents at start of the year		2,918	3,005	1,240	292
Cash and cash equivalents at end of the year	23	2,338	2,918	1,166	1,240

Notes to the Group financial statements for the year ended 31 December 2025

1 General information

Touchstar plc (the 'Company') and its subsidiaries (together 'the Group') design and build rugged mobile computing devices and develop software solutions used in a wide variety of field-based delivery, logistics and service applications. The Company is a public company limited by share capital incorporated and domiciled in the United Kingdom. The Company has its listing on the Alternative Investment Market. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The annual report and financial statements of the Company and the Group have been prepared in accordance with IFRS as adopted by the United Kingdom (IFRS), IFRS IC interpretations, the Companies Act 2006 applicable to companies reporting under IFRSs and the AIM rules for companies. The annual report and financial statements have been prepared under the historic cost convention.

The annual report and financial statements have been prepared on a going concern basis. The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company income statement. The loss for the Company is detailed in the Statement of changes in shareholders' equity.

The presentational currency of the Group and Company is pounds sterling. The Company's functional currency is pounds sterling. All amounts included in these financial statements are rounded to the nearest thousand pounds sterling, except where explicitly stated otherwise.

The preparation of financial statements in conformity with United Kingdom adopted IFRS 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 3.

Going concern

These financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its liabilities when they fall due. As of 31 December 2025, the Group held unencumbered cash of £2,338,000 (2024: £2,919,000), after considering overdraft balances as presented in note 23. The Group still holds an undrawn £200,000 on demand overdraft facility as of 31 December 2025 (also £nil in April 2026).

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

The Group enters 2026 following a year of significant organisational transformation. Under the leadership of the new CEO, Lynden Jones, the Group implemented a structured reorganisation designed to improve operational efficiency, strengthen cross-functional collaboration, and embed clearer accountability across all business units.

While these changes temporarily impacted reported results for FY25, they represent a deliberate investment in the Group's long-term capability and competitiveness. The Group remains financially resilient, with a strong balance sheet, a high-quality recurring revenue base, and a disciplined approach to cost management.

Management recognises that 2026 will continue to be a transition year, characterised by both macroeconomic uncertainty and opportunities driven by evolving customer needs and technology. With increased commercial focus, targeted investment, and a more streamlined operating model, the Group is well positioned to respond.

The directors remain confident in the business, the skillset employed in its dedicated staff, solid product set and loyal customer base.

The Group continues to benefit from a supportive bank who have provided the borrowing facility since 2005. The Group has removed its reliance on the facility provided by the bank and since early 2023 has an average of £1,200,000 placed on medium term deposit thereby generating cash via receivable interest. In assessing the Company's ability to continue as a going concern, the Board has reviewed the Group's cash flow and profit forecasts removing completely reliance on any facilities. The impact of potential risks and related sensitivities to the forecasts were considered in assessing the likelihood of additional facilities being required in the future.

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Changes in accounting policies and disclosures

New standards, amendments to standards or interpretations adopted by the Group and Company

The accounting policies adopted are consistent with those of the previous financial year.

The following standards became effective on 1 January 2025, and in the opinion of the Directors will not have a material impact on the Group's financial statements:

- Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability (effective 1 January 2025);

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

New standards, interpretations and amendments not yet effective

At the date of approval of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- IFRS9/IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (effective 1 January 2026);
- Annual Improvements to IFRS Accounting Standards—Volume 11 (effective 1 January 2026);
- IFRS 18 - Presentation and disclosure in Financial Statements (effective 1 January 2027); and
- IFRS19 - Subsidiaries without public Accountability: Disclosures (effective 1 January 2027).

The Company does not believe that there will be a material impact on the financial statements or the amounts reported from the adoption of these standards.

2.2 Consolidation

Subsidiaries are all 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.

The financial statements consolidate the accounts of Touchstar plc and all of its subsidiary undertakings. Intra-Group sales and profits are eliminated fully on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.3 Segment reporting

In accordance with IFRS 8 operating segments are reported in a manner consistent with the internal reporting provided to the directors who are considered to be the chief operating decision makers (CODM). The CODM's, who are deemed to be the executive board i.e. Directors, are responsible for allocating resources and assessing performance of the operating segments, these have been identified as the Executive Board. The Executive Board considers that the Group comprises one segment, being the supply and maintenance of real time electronic data systems, and this is how results are reported to the Executive Board.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in sterling, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to reduce an asset's cost to its residual value over its estimated useful life, as follows:

Plant and machinery	over 2-5 years
Fixtures, fittings, tools and equipment	over 4-5 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.6 Intangible assets

Development expenditure

Development expenditure is stated at historic cost less accumulated amortisation. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as an intangible asset and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years (note 6).

Impairment of intangible assets

Intangible assets are reviewed for indicators of impairment at each reporting date. Where such indicators exist, the recoverable amount of the asset is estimated. For intangible assets that are not yet available for use, an impairment assessment is performed annually irrespective of whether indicators exist.

The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to its recoverable amount, and the resulting impairment loss is recognised in profit or loss.

Impairment losses recognised in prior periods are reviewed at each reporting date for any indication that the loss may have decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. Reversals are recognised immediately in profit or loss and are limited to the carrying amount that would have been determined had no impairment been recognised.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost relating to raw materials, consumables, work on progress and finished goods comprises actual costs incurred in bringing each product to its present location and condition within each trading subsidiary as follows:

- **Touchstar ATC Limited:**
Purchase cost and cost of direct materials using standard cost
- **Touchstar Technologies Limited:**
Purchase cost and cost of direct materials using first in/first out (FIFO) basis

The cost of work in progress and finished goods excludes direct labour and related production overheads as the directors consider that this element is not material.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made where necessary for obsolete, slow moving and defective inventory.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group continues to establish a provision for impairment of trade receivables when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. In addition, IFRS 9 requires the group to consider forward looking information and the probability of default when calculating expected credit losses. The measurement of expected credit losses reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes as well as incorporating the time value of money. The Group considers reasonable and supportable customer-specific and market information about past events, current conditions and forecasts of future economic conditions when measuring expected credit losses.

The amount of the provision is the difference between the carrying amount and the present value of estimated future cashflows of the asset, discounted, where material, at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement within 'administrative costs'. When a trade receivable is uncollectable, it is written off against the allowance account for the trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative costs' in the Income Statement.

They are included within current assets, except where the receivables are expected to be settled in more than 12 months in which case they are classified as non-current assets.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts where applicable are shown within borrowings in current liabilities on the balance sheet and where appropriate the right of offset has been taken.

2.10 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, net of tax, from the proceeds.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.11 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Trade payables are recognised at fair value and subsequently held at amortised cost.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.13 Current and deferred tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.14 Employee benefits

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies. The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group pays contributions to privately administered pension insurance plans on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.15 Share-based payments

The group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted based on the performance of the group as defined in the Plan.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with corresponding credit to equity in the parent entity accounts.

The Group has conformed with the requirements of IFRS 2 "Share-Based Payment" for share options issued after 7 November 2002 and unvested at 31 December 2025. Those options are measured at fair value using the Black-Scholes model and management's best estimates. Values from this method are expensed on a straight-line basis over the vesting period of the options.

Options vest only when the Remuneration Committee is satisfied that the vesting criteria has been met, and are settled subsequently by equity shares in the parent company and unless the Board, at its discretion, agrees to settle in cash.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.16 Revenue recognition

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 value added tax, returns, rebates and discounts and after eliminating sales within the Group. All Group revenue is derived from contracts with customers.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the relevant entity and the Group has satisfied its performance obligations as laid out in contracts with its customers. Any revenue received from customers in advance of the Group satisfying its performance obligations is classified as a contract liability and carried in the Statement of Financial Position until it is appropriate to recognise the corresponding revenue (see note 26 Contract liabilities).

Revenue recognised over time relates to fixed term maintenance and software contracts and is recognised on a straight-line basis over the life of an agreement. All other revenue including but not limited to Installations, spares, repairs and system sales, relates to Group activities that are recognised at a point in time, with consideration falling due as performance obligations are satisfied within pre-existing credit terms (see note 4 Revenue).

Bill-and-hold arrangements arise when a customer is billed for goods that are ready for delivery, but the reporting entity does not ship the goods to the customer until a later date. Revenue is recognized when control of the goods transfers to the customer.

For a customer to have obtained control of a product in a bill-and-hold arrangement, all of the following criteria must be met:

- a. The reason for the bill-and-hold arrangement must be substantive (for example, the customer has requested the arrangement).
- b. The product must be identified separately as belonging to the customer.
- c. The product currently must be ready for physical transfer to the customer.
- d. The entity cannot have the ability to use the product or to direct it to another customer.

Transaction prices are determined with references to contracted consideration. No element of financing is deemed present as sales are typically made with 30-90-day credit terms, which is consistent with market practice. Where longer term arrangements do arise, the impact of the time value of money on contract liabilities is considered immaterial and therefore no adjustment is made to reflect this.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.17 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate based on rate provided by the Groups bankers, Barclays.

The lease liability is included as a separate line as 'Lease liabilities' on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included as such along with the 'Intangible Assets', 'Tangible Fixed Assets' and 'Investment Property' lines, as applicable, in the Statement of Financial Position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 18.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

2 Summary of accounting policies (continued)

2.18 Dividend distribution

Any annual final dividend is not provided for until approved at the Annual General Meeting, whilst interim dividends are charged in the period they are paid.

2.19 Treasury shares

From time to time the Company purchases its own shares for the purpose of satisfying the future exercising of outstanding share options. These shares are held in treasury and are shown as a reduction in the Company's reserves.

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity. The cost of treasury shares held is presented as a separate reserve (the "treasury share reserve"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is credited to retained earnings.

2.20 Exceptional items

Items which are both material and non-recurring in nature are presented as exceptional items so as to provide a better indication of the Group's underlying business performance and are shown separately on the face of the income statement.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

3 Critical accounting estimates and judgements

The Group and Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Development expenditure

The Group recognises costs incurred on development projects as an intangible asset which satisfies the requirements of IAS 38. The calculation of the costs incurred includes the percentage of time spent by certain employees on the development project. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers (see note 15).

(b) Impairment of intangibles

As part of the detailed assessment completed in November 2025, management reviewed the Group's capitalised development costs and the expected future economic benefits associated with each project. This review formed part of the Group's normal impairment assessment process and required significant judgement in determining whether the carrying amounts of these assets remained recoverable.

The impairment evaluation involved estimating the recoverable amount of the relevant assets, based on the higher of value in use and fair value less costs of disposal. These calculations require management to make a number of key estimates, including projected future cash flows and the expected useful life of the assets. Changes in these assumptions could materially affect the recoverable amount and therefore the level of impairment recognised.

Judgement was also required in assessing whether previously capitalised development expenditure continued to meet the criteria for recognition under the accounting standards. Where the November 2025 assessment indicated that the anticipated economic benefits were no longer sufficient to support the carrying value, an impairment was recognised. (see note 15).

(c) Stock provisions

Judgement is required in relation to the appropriate provision to be made for the write down of slow moving or obsolete inventory. Such provisions are made based on the assessment of the Group's prospective sale of inventories and their net realisable value, which are subject to estimation uncertainty (see note 21).

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

4 Revenue

The Group has two trading subsidiaries, Touchstar ATC Limited and Touchstar Technologies Limited, however the Executive Board who are deemed to be the CODMs consider that both companies are engaged in the same market and therefore the Executive Board review the results of the Group as a whole. From 31st December 2025 the trade of Touchstar ATC Limited was transferred to Touchstar Technologies Limited at the book value of the net assets.

Consequently, the Executive Board regard the Group as operating in one segment, being the supply and maintenance of real time electronic data systems. All of the Group's revenue, expenses, results, assets and liabilities are in respect of the supply and maintenance of real time electronic data systems and are presented on pages 32 to 37.

All revenue is generated within the UK.

4.1 Geographical information

	2025 £'000	2024 £'000
UK	6,265	6,568
Europe	441	311
Rest of World	115	14
	6,821	6,893

4.2 Major customers

During the year ended 31 December 2025 approximately £811,000 (2024: £683,000) of the consolidated entity's external revenue was derived from sales to one customer.

4.3 Analysis of revenue

	2025 £'000	2024 £'000
Recognised at a point in time	3,612	3,842
Recognised over time (recurring revenue) – note 26	3,209	3,051
	6,821	6,893

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

5 Exceptional costs

Exceptional costs recognised in the year relate to non-recurring items arising from the Group strategic review and restructuring including the impairment of the intangible assets (note 15). These costs are not considered reflective of the Company's underlying operating performance.

These items are considered exceptional due to their size, nature, and non-recurring characteristics. They have been presented separately to provide a clearer understanding of the Company's underlying financial performance for the year.

	2025 £'000	2024 £'000
Cost of the Strategic review	(3)	57
Impairment of intangible assets (note 15)	1,181	-
Restructuring and integration costs	215	-
	1,393	57

6 Operating profit

	2025 £'000	2024 £'000
Operating loss is stated after charging/(crediting):		
Depreciation:		
Owned assets (note 17)	47	47
Leased assets (note 18)	151	196
Development expenditure amortisation (note 15)	561	534
Share-based payment provision (note 8(b))	6	29
Research and development expenditure		294
Cost of inventories recognised as an expense	1,596	1,690
Write down of inventory as an expense	29	74
Staff costs (note 8(a))	2,845	2,674
Loss on foreign exchange	4	3

**Notes to the Group financial statements for the year ended
31 December 2025 (continued)**

7 Auditors' remuneration

During the year the Group obtained the following services from the Company's auditors at costs as detailed below:

	2025	2024
	£'000	£'000
Audit services:		
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	47	45
Fees payable to the Company's auditors for other services:		
Audit of subsidiaries pursuant to legislation	32	30
Other assurance services	-	2
	79	77

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

8 Employee remuneration

(a) Employee benefits expense

The average monthly number of persons (including directors) employed by the Group and Company during the year was:

Group		
	2025	2024
	Number	Number
Administrative, management and sales	43	39
Production and technical	15	15
	58	54

	2025	2024
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	2,774	2,643
Social security costs	343	293
Other pension costs – defined contribution plans	137	149
Share-based payments provision	6	29
	3,260	3,114

As at 31 December 2025 the Group had accrued pension costs of £24,000 (2024: £22,000).

Staff costs are inclusive of capitalised salaries amounting to £415,000 (2024: £440,000).

(b) Share-based employee remuneration

The Touchstar plc EMI Share Option Plan (Plan) was approved by the shareholders at the Annual 2021 AGM on 23 June 2021. It is a share-based payment scheme for employee remuneration which will be settled in equity.

The Plan is part of the remuneration package for Group employees as selected by the Group's Remuneration Committee. Options under this Plan will vest if performance conditions, are met pertaining to profit after tax and recurring revenue growth as defined in the Plan. Participants in this Plan must be employed until the end of the agreed vesting period unless deemed as 'good employees' by the Group's Remuneration Committee on leaving. Upon vesting, each option allows the holder to purchase each allocated share at the market price determined at the grant date.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

8 Employee remuneration (continued)

(b) Share-based employee remuneration (continued)

The number of options granted during the year and outstanding at 31 December 2025:

	Group	
	2025 Number	2024 Number
At 1 January	422,000	422,000
Granted during the year	-	-
At 31 December	422,000	422,000

The assessed fair value at grant date of options granted during the year ended 31 December 2025 was £0.30 per option. The fair value at grant date is determined using the Black-Scholes model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the risk-free interest rate for the term of the option, and the annualised volatility of Touchstar plc's shares.

The model inputs for options granted to the year ended 31 December 2025:

Grant date	18 Nov 2021	21 Sep 2022
No of shares granted	211,000	211,000
Share price at date of grant	£0.85	£0.775
Volatility	50%	33%
Risk-free rate	1%	3.3%
Exercise price at date of grant	£0.85	£0.775
Exercise period ends	17 Nov 2031	20 Sep 2032
Weighted average remaining contractual life	6.3 years	6.3 years

The underlying expected price volatility was determined by reference to the historical data of Touchstar plc shares over the past 12 months. No special features inherent to the options granted were incorporated into measurements of fair value.

In total, £6,000 (2024: £29,000) of employee remuneration expense (all of which related to equity-settled share-based payment transactions) has been included in the income statement and credited to the Share-based payment reserve.

**Notes to the Group financial statements for the year ended
31 December 2025 (continued)**

9 Directors' emoluments

	2025	2024
	£'000	£'000
Aggregate emoluments	361	394
Pension costs – defined contribution plans	18	29
	379	423

All three Directors are remunerated through the parent company.

The emoluments of the individual Directors were as follows:

	2025	2024
	£'000	£'000
Salaries and bonuses:		
I P Martin	53	53
M W Hardy	90	216
J L Christmas	29	29
L N Jones	97	-
N M Rourke	92	96
	361	394

Salaries and fees are inclusive of car allowance for L N Jones of £7,000 (2024: £nil).

L Jones and N M Rourke are accruing pension contributions at a rate of 10% of salary.

There were no bonuses awarded during the year (31 December 2024: nil).

Of the 422,000 valid share options granted 76,000 were granted to M W Hardy, 40,000 to N M Rourke and 32,000 to L N Jones. The share-based provision recognised during the year relating to the options granted to the directors amounted to £2,000 (2024: £5,000).

**Notes to the Group financial statements for the year ended
31 December 2025 (continued)**

10 Key management compensation

Key management consists of the directors and three key departmental managers (2024: three).

	2025	2024
	£'000	£'000
Wages and salaries	534	613
Social security costs	67	72
Pension costs – defined contribution plans	33	49
	634	734

During the year there were no bonuses awarded to key management. (31 December 2024: £10,000).

11 Finance income and costs

	2025	2024
	£'000	£'000
(a) Finance income		
Bank interest received	76	79
(b) Finance costs		
Lease interest paid	20	13

12 Income tax credit

	2025	2024
	£'000	£'000
Corporation tax		
Current tax credit	-	(87)
Adjustment in respect of prior years	4	18
Deferred tax (credit)/charge	(264)	91
	(260)	22

Corporation tax is calculated at a rate of 25% (2024: 25%) of the estimated assessable profit for the year.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

12 Income tax credit (continued)

Factors affecting the tax credit for the year

The charge for the year can be reconciled to the reported profit as follows:

	2025 £'000	2024 £'000
(Loss)/profit before income tax	(1,341)	388
Multiplied by the calculated standard rate of corporation tax in the UK of 25% (2024: 25%)	(335)	97
Effects of:		
Items not deductible for tax purposes	-	8
Enhanced research and development deduction	(65)	(201)
Surrender of tax losses for R&D tax credit	-	131
Losses recognised in the period	-	7
Use of previously recognised losses	(28)	(46)
Use of previously unrecognised losses	-	(32)
Difference between writing-down allowances and depreciation	164	40
Adjustment in respect of prior years	4	18
Total tax (credit)/charge for the year	(260)	22

Factors affecting the future tax charge

There are no factors currently affecting the future tax charge.

13 Dividends

During the year an interim dividend of 1.75p per share was paid (2024: 1.5p).

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

14 Earnings per share

The calculation of earnings per share is based on profit attributable to owners of the parent and the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares arising from share options granted to employees where the exercise price is less than the market price of the Company's ordinary shares at the year end.

	2025 Pence per share	2024 Pence per share
Basic	(13.29)p	4.47p
Adjusted	3.83p	5.16p
Diluted	(13.29)p	4.43p

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

	2025 £'000	2024 £'000
Basic earnings attributable to owners of the parent – for Basic EPS	(1,081)	366
Exceptional costs (note 5)	1,393	57
Adjusted earnings attributable to owners of the parent – for Adjusted EPS	312	423

	2025 No.	2024 No.
Basic weighted average number of shares, excluding own shares, in issue	8,129,096	8,200,077
Dilutive effect of share options	13,887	62,479
Dilutive weighted average number of shares, excluding own shares, in issue	8,142,983	8,262,556

**Notes to the Group financial statements for the year ended
31 December 2025 (continued)**

15 Intangible assets

	Group		
	Goodwill £'000	Development expenditure £'000	Total £'000
Cost			
At 1 January 2024	8,591	4,182	12,773
Additions	-	684	684
Disposal	-	(587)	(587)
At 31 December 2024	8,591	4,279	12,870
Additions	-	659	659
Disposal	-	(4,217)	(4,217)
At 31 December 2025	8,591	721	9,312
Accumulated amortisation			
At 1 January 2024	8,591	3,045	11,636
Amortisation charge	-	534	534
Disposal	-	(587)	(587)
At 31 December 2024	8,591	2,992	11,583
Amortisation charge	-	561	561
Disposal	-	(4,217)	(4,217)
Impairment	-	1,181	1,181
At 31 December 2025	8,591	517	9,108
Net book value			
At 31 December 2025	-	204	204
At 31 December 2024	-	1,288	1,288
At 1 January 2024	-	1,137	1,137

Amortisation of £561,000 (2024: £534,000) is included within administrative expenses in the income statement.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

15 Intangible assets (continued)

Development expenditure

The calculation of the costs incurred includes third party developers along with the percentage of time spent by certain employees on hardware and software development for deployment in business operations. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers.

Management determined budgeted sales growth based on historic performance and its expectations of market development via each product set's underlying pipeline.

During the year the Group completed a strategic review of its software development activities and product roadmap. Following this review, management determined that the Group's historic development model, which supported capitalisation of internal and external development costs and amortisation over four years, no longer reflects the pattern of expected economic benefit.

The Group has transitioned to a continual-iteration development model in which updates and enhancements rapidly supersede prior versions. Customers have also been migrated to recent software versions, with legacy versions no longer supported or capable of generating future economic benefit.

In accordance with IAS 36, management performed an impairment review of all capitalised software assets. The key assumptions used in the assessment were the allocation of revenue and costs to the software assets where impairment indicators were identified and the time-frame cash flow forecasts were assessed of 12 months.

Whilst different allocations of costs could have led to a material asset still being recorded on the balance sheet. The Directors consider that the estimates used in determining the impairment charge represent the most appropriate assumptions based on the information available at the reporting date.

An impairment charge of £1,181,000 has therefore been recognised in the period.

Remaining development expenditure relating to hardware continues to be capitalised on an ongoing basis and therefore has a remaining useful economic life ranging from 0 to 5 years.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

16 Investments

Shares in
subsidiary
undertakings
£'000

Cost	
At 1 January 2024	11,720
Addition	25
At 31 December 2024	11,744
Addition	6
At 31 December 2025	11,750
Accumulated impairment	
At 1 January and 31 December 2025	11,625
Net book value	
At 31 December 2025	125
At 31 December 2024	119
At 1 January 2024	95

The additions in 2025 relate to the share-based options granted to employees of the subsidiaries (note 8(b)).

The Parent Company has the following wholly owned trading subsidiary undertakings, incorporated and operating in Great Britain, which are registered in England and Wales:

Name of company and registration number	Nature of business	Description of shares held
Touchstar Technologies Limited 04731086 7 Commerce Way, Trafford Park, Manchester, M17 1HW	Real time electronic data systems	100,000 ordinary £1 shares
Touchstar ATC Limited 00955977 7 Commerce Way, Trafford Park, Manchester, M17 1HW	Real time electronic data systems	140,000 ordinary £1 shares

Touchstar ATC Limited is exempt from the requirement of an individual audit by virtue of Companies Act Section 479A.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

17 Property, plant and equipment

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2024	243	346	589
Additions	65	24	89
At 31 December 2024	308	370	678
Additions	50	40	90
Disposals	-	(28)	(28)
At 31 December 2025	358	382	740
Accumulated depreciation			
At 1 January 2024	209	314	523
Charge for the year	27	20	47
At 31 December 2024	236	334	570
Charge for the year	28	19	47
Disposals	-	(28)	(28)
At 31 December 2025	264	325	589
Net book value			
At 31 December 2025	94	57	151
At 31 December 2024	72	36	108
At 1 January 2024	34	32	66

Depreciation expenditure of £47,000 (2024: £47,000) is included within administrative expenses in the income statement.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

18 IFRS 16 Right of use assets

	Premises £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2024	510	358	868
Additions	-	152	152
Disposals	(510)	(217)	(727)
At 31 December 2024	-	293	293
Additions	492	52	544
Disposal	-	(59)	(59)
At 31 December 2025	492	286	778
Accumulated depreciation			
At 1 January 2024	409	234	643
Charge for the year	92	104	196
Disposals	(501)	(225)	(726)
At 31 December 2024	-	113	113
Charge for the year	55	96	151
Disposal	-	(59)	(59)
At 31 December 2025	55	150	205
Net book value			
At 31 December 2025	437	136	573
At 31 December 2024	-	180	180
At 1 January 2024	101	124	225

The Manchester lease expired in December 2024 and rolled over under the Landlord and Tenant Act 1985 this lease was renewed on similar terms in April 2025. The lease for East Sussex expired in December 2024 and was vacated with the team being relocated to shared offices on a short-term rental.

Depreciation expenditure of £151,000 (2024: £196,000) is included within administrative expenses in the income statement.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

19 (a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

		Group		Company	
	note	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Financial assets					
Trade and other receivables	22	879	1,407	-	2
Cash and cash equivalents	23	2,338	2,918	1,166	1,240
Total		3,217	4,325	1,166	1,242

		Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Financial liabilities					
Trade and other payables (excluding tax and social security payable)	24	776	903	109	447

19 (b) Credit quality of financial assets

Credit risk is managed on a Group basis and arises from cash and cash equivalents and credit exposures to customers. For banks, only independently rated parties with a minimum rating of 'A' are acceptable. The Group has dealt with one (2024: one) bank during the year. For customers the directors consider that, based on the historical information about default rates and the current strength of customer relationships, a number of which are recurring long-term customers, the credit quality of financial assets that are neither past due nor impaired is good.

None of the financial assets that are fully performing have been renegotiated in the last twelve months.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

20 Deferred tax

20.1 Deferred tax asset

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
At 1 January	9	20	9	2
Credited/(charged) to income statement	102	(11)	(7)	7
At 31 December	111	9	2	9

The deferred tax asset for the Group relates to unused tax losses of £650,000 (2024: £600,000).

The Group has an unrecognised deferred tax asset of £330,000 (2024: £537,000) in relation to unused tax losses. This has not been recognised as the Group considers there is uncertainty as to when the losses will be realised in future years.

20.2 Deferred tax liability

	2025 £'000	2024 £'000
At 1 January	170	90
Credited/(charged) to income statement	(162)	80
At 31 December	8	170

Deferred tax (liability)/asset analysis:

	2025 £'000	2024 £'000
Amount in respect of fixed assets	(8)	(170)
Amount in respect of losses	111	9

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

21 Inventories

	2025 £'000	2024 £'000
Raw materials and consumables	481	708
Finished goods and goods for resale	264	357
Provision	(37)	(73)
	708	992

The cost of inventories recognised as an expense amounted to £1,596,000 included within cost of sales (2024: £1,690,000). Provision expenses of £29,000 were recognised in the income statement within cost of sales (2024: £74,000). No finished goods are held at fair value less cost to sell (2024: £nil).

22 Trade and other receivables

22.1 Amounts receivable within one year

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade receivables	879	1,407	-	2
Prepayments and accrued income	257	243	5	-
	1,136	1,650	5	2

22.2 Amounts receivable within more than one year

Prepayments and accrued income	119	88	-	-
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The amounts owed by subsidiary undertakings are interest free, unsecured and repayable on demand.

The fair value of trade and other receivables is the same as the book value. No provision for impairment of trade receivables has been made (2024: £nil).

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2025, trade receivables of £nil (2024: £nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

22 Trade and other receivables (continued)

The ageing analysis of these trade receivables is as follows:

	2025 £'000	2024 £'000
Up to 3 months past due	213	20

As of 31 December 2025, £nil of trade receivables (2024: £nil) were impaired and provided for. No bad debt expenses (2024: £nil) has been recognised in the income statement.

The carrying amount of the trade and other receivables denominated in the following currencies is:

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Sterling	879	1,358	-	2
Euros	-	49	-	-
	879	1,407	-	2

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

23 Cash and cash equivalents

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,493	2,918	1,166	1,240
Less: bank overdraft (note 25)	(155)	-	-	-
	2,338	2,918	1,166	1,240

The above balances are not offset in the Consolidated Statement of Financial Position and are included for illustrative purposes only.

The Company holds cash on deposit included as cash and cash equivalents. The amount held on 32-day notice deposit at 31 December 2025 was £1,291,000 earning interest at a rate of 4.3% per annum (2024: £1,030,000 on 95-day notice at a rate of 3.55% per annum) The Group bank overdraft facility is secured by a bond and floating charge over the entire assets of the Group.

At 31 December 2025, the Group had total committed undrawn facilities of £200,000 (2024: £200,000).

24 Trade and other payables

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade payables	444	620	8	107
Other taxes and social security	358	480	6	33
Amounts owed to subsidiary undertakings	-	-	-	300
Other payables	31	29	8	8
Customer deposits	26	29	-	-
Accruals	275	225	93	32
	1,134	1,383	115	480

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

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

25 Borrowings

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current borrowings:				
Bank overdraft	155	-	-	-

The carrying amounts of borrowings approximate to their fair value due to their short-term maturity, meaning that the impact of discounting is not significant. The carrying amounts of the Group's borrowings are denominated solely in sterling.

The Group bank overdraft facility is secured by a bond and floating charge over the entire assets of the Group. At 31 December 2025, the Group had total committed undrawn facilities of £200,000 (2024: £200,000).

The Group now operates within a £200,000 net overdraft facility which takes into account both the gross cash position of each Group entity netted off against any borrowings. As at the 31 December 2025, this represents the net cash and cash equivalents balance of £2,338,000 (2024: £2,918,000) in Note 23.

The Company and its subsidiaries have given a guarantee in relation to the overdraft facilities extended to The Group.

26 Contract liabilities

	2025 £'000	2024 £'000
At beginning of year	2,166	2,068
Invoiced	2,877	3,149
Released to income statement	(3,209)	(3,051)
At end of year	1,834	2,166

The group has recognised the following liabilities related to contracts with customers:

Due to be released within one year	1,733	2,018
Due to be released in more than one year	101	148

Contract liabilities relate to unsatisfied performance obligations from maintenance and software licensing contracts.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

27 Leases

The note provides information for leases where the group is a lessee.

27.1 Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Notes	2025 £'000	2024 £'000
Right-of-use assets		
Buildings	437	-
Vehicles	136	180
18	573	180
	2025 £'000	2024 £'000
Lease liabilities		
Current	158	91
Non-current	408	74
	566	165

Under IFRS 16 the assets are now presented in property, plant and equipment and the liabilities as part of the group's borrowings.

Contractual undiscounted cash flows are due as follows:

	2025 £'000	2024 £'000
Lease liabilities (undiscounted)		
Not later than one year	177	99
Between one year and five years	421	76
	598	175

There is not considered to be any significant liquidity risk by the Group in respect of leases.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

27 Leases (continued)

27.2 Amounts recognised in the statement of profit or loss

	Notes	2025 £'000	2024 £'000
Depreciation charge of right-of-use assets			
Buildings		55	92
Vehicles		96	104
	6	151	196

The statement of profit or loss shows the following amounts relating to leases:

	2024 £'000	2024 £'000
Interest expense (included in finance cost)	20	13
Expense relating to short-term leases (included in administrative expenses)	17	8

28 Reserves

28.1 The following describes the nature of each reserve within equity:

Reserve	Description and purpose
Share-based payment reserve	Provision for options granted under the Group Enterprise Management Incentive Scheme.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.
Treasury shares	Weighted average cost of own shares held in treasury.

Notes to the Group financial statements for the year ended 31 December 2025 (continued)

28 Reserves (continued)

28.2 The following describes the nature of each transaction within equity:

Reserve transactions	Description and purpose
<i>Purchase of own shares</i>	At the 31 December 2025 the Group held 553,583 of its own shares with a fair value of £467,000, these are being held in treasury (2024: 275,000 with a fair value of £252,000). 278,583 shares were repurchased during the year at a fair value of £215,000 (2024: nil repurchased).

29 Share capital

Group and Company

	2025 Number	2025 £'000	2024 Number	2024 £'000
Ordinary shares of 5p each	8,475,077	424	8,475,077	424

All shares are authorised, issued and fully paid up.

Group Information

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