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Touchstar PLC
29 April 2025

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain

Touchstar plc

Results for the year ended 31 December 2024

2025 - a year of internal transition.

The Board of Touchstar plc ((AIM: TST) "Touchstar", the "Company" or the "Group"), suppliers of mobile data computing solutions and managed services to a variety of industrial sectors, is pleased to announce its results for the twelve months ended 31 December 2024 ("FY24" and "Period").

Key Financials

	2024	2023	
Revenue	£6,893,000	£7,224,000	
Recurring revenue	£3,051,000	£2,921,000	
Adjusted Pre - tax profit *	£445,000	£675,000	
Pre - tax profit	£388,000	£675,000	
Post tax profit	£366,000	£639,000	
Adjusted EPS *	5.16p	7.63p	
Basic EPS	4.47p	7.63p	
Total ordinary Dividend per share	3.0p	2.5p	
EBITDA*	£1,156,000	£1,336,000	
Year-end cash	£2,918,000	£3,005,000	I
Margins	60.2%	59.3%	+

**Excludes net exceptional costs of £57,000 (Cost of the strategic review amounted to £77,500 less the release of £20,500 historical exceptional liability)*

- Revenue decline principally due to a major order initially scheduled for delivery in 2024, now confirmed for installation in 2025.
- Recurring revenue of £3,051,000 represents 44.3% of total revenue in 2024
- Dividend increased by 20% to 3.0p
- Balance sheet remains strong with year-end cash of £2,918,000
- Gross margins remain healthy and improved 90 basis points to 60.2% in FY24

Strategic progress

Following the conclusion of the Strategic review in February 2025, the Board has commenced implementation of a plan to regenerate forward momentum and capitalise on the potential of the business with the objective of enhancing long term shareholder value.

Implemented transition to next generation management team

- Lynden Jones appointed to Board and will succeed Mark Hardy as CEO from 1 July 2025
- Executive Committee formed, tasked with driving through new strategy
- Ian Martin to remain as Chair

Increase the rate of growth

- Increased investment in sales resource and marketing activity
- Website revamped
- Sectors such as warehousing where the Group can offer full end to end solutions being prioritised
- Build on the 20 non-petrochemical companies benefitting from the Touchstar solution
- Increase market penetration into new sectors such as BIOMAS distribution
- Access control now offering fire and security products to customers
- Increased investment into products to accelerate overseas sales
- Invest in acquisitive growth using the cash generation of the business

Enhance market profile with improved digital footprint, communication and marketing

- Increase news flow
- Integrate message to both trade and investors
- Marketing to retail investors through webinars, shows and digital platforms

Surplus cash strategy

- Cash generation will be focused upon investment into business
- Balance sheet to remain strong with no borrowings
- Progressive dividend policy maintained
- Potential to return up to £1m of surplus cash via share buybacks

Current Trading

- The significant order that had been expected in 2024 has now been confirmed for 2025
- Order book at start of year was £1,270,000 nearly double the level of prior year (2023: £694,000)
- Solid potential within sales pipeline, market stable, despite rising uncertainty
- The recurring revenue run rate is expected to grow further in 2025

Ian Martin, Chairman of Touchstar commented: *"2025 will be a year of internal transition. Significant changes are being made to the organisation, with opportunities to grow within the UK and overseas, enhance market position, cross -sell to the customer base, and enter new industry sectors."*

For further information, please contact:

Touchstar plc	Ian Martin/ Mark Hardy/Lynden Jones	0161 874 5050
Zeus Capital - *Nominated adviser and broker*	Mike Coe/ Darshan Patel	0203 829 5000

Information on Touchstar plc can be seen at: www.touchstarplc.com

Chairmans Statement

The year 2024 presented challenges for our business. The delay of a major order adversely affected our financial performance and undermined the credibility we had established in meeting expectations. In response, we conducted a thorough internal review, scrutinised our strategy, and rigorously examined all facets of our operations. Although this process was difficult, we learned valuable lessons and took decisive action to address the issues.

We have now set our sights on creating a stronger business, built upon the solid foundation we have created. Focus is on becoming more significant, this will not happen overnight, and we are working to a 3-5-year timeframe. Confident that we have the capability and capacity to succeed, along with the ability and cash available, we are now ensuring the investment is made to enable this potential to be realised. 2025 will be a year of internal transition as we build that growth engine. We have entered a phase that will require higher levels of investment and may erode short term profits.

Significant changes are being made to the organisation, with opportunities to grow within the UK and overseas, enhance market position, cross -sell to the customer base, and enter new industry sectors.

The future is exciting and all at Touchstar are committed to deliver on this ambition.

<u>Overview of 2024</u>

We began 2024 with optimism, but the year was ultimately defined by two key events. Firstly, the Board initiated a strategic review of the business to evaluate value creation for shareholders. Secondly, the rescheduling of a major contract's delivery date from 2024 to this year had adverse effects on our short-term financial performance and credibility. This occurred amidst a general pause and caution following the UK general election and change of government.

<u>Strategic review process and conclusion</u>

In the first nine months of 2024, the Company received two unsolicited approaches that ultimately did not progress. The Board subsequently determined that a strategic review, to formally and openly explore the Company's options, was in the best interest of shareholders.

Therefore, the Board conducted a strategic review of the Company to identify the path for future growth and value creation for its Shareholders. This was undertaken in a professional, open and friendly manner - with three stated objectives. To achieve the right valuation for shareholders, find the best environment for the business to succeed and increase opportunity for our employees.

The strategic review considered various options, including a potential sale of the Company, its assets and other relevant transactions. Although we worked actively with potential parties no indicative offer was deemed satisfactory, not helped by the prior mentioned order moving between financial years.
Through the process several lessons were learnt that were consistent.

- Business and technology highly rated
- Fuel distribution seen as "jewel in the crown"
- Large potential in taking fuel sector expertise overseas
- With the right partner and resources, organic growth rate could be accelerated
- Cash valued less than £1 for a £1
- Issues around cost and transition to a new management team

<u>Changes flowing from strategic review</u>
Following from the strategic review the Board has worked on a road map, the objective of which is to accelerate to the next stage of development, increase the underlying value of the business and enhance returns to shareholders.

The four drivers of the plan are to:

- ***increase the rate of organic growth*** - through further investment in the fuel delivery business in overseas markets as well as building on the ability of the Group's technology platform and solutions to be applied in a wider range of vertical sectors.

  Particular areas of focus will be:

  - Industrial chemicals and gases projects identified and actively pursued
  - Success in BIOMASS market being built upon
  - Clear and concise strategy to expand European fuel sector penetration
  - Renewed momentum to continue diversification into non petrochemical market, expanding on the 20 plus customer's already won
  - Targeting the Warehouse sector as Group offers a full end to end solution
  - Selling more services and solutions into our installed base - ACT now selling fire and security as well as access control
  - Investment being increased into the products to ensure technology matches the potential of the business

  To support these initiatives there will be additional recruitment to the sales team, greater engagement at trade shows and a revamping of the website.

- ***make changes the management team*** - to facilitate the next stage of the Group's development.

  Management changes have already been implemented with Lynden Jones joining the Board and designated to succeed Mark Hardy as CEO with effect from 1 July 2025.

Lynden has been with the Company for over 14 years. He rose to Managing Director of our Access Control business ("ATC"), successfully enhanced customer experience and improved operational efficiency and profitability. Under his leadership ATC has been transformed. Revenue has grown 29% over the last two years, it has gained access to new and exciting sectors and the financial performance further improved by a move to a SAAS/ recurring revenue driven model. Skills he will now bring to the wider business.

- ***increase the Group's marketing and promotional activities*** - the Company is undertaking several steps aimed at enhancing the Group's profile. This will include an increase news flow with both trade and investors and greater engagement with retail investor both via webinars and in person

- ***utilisation of surplus cash*** - under current expectations the company has surplus cash over and above the requirements of the business

  The cash management strategy will operate to the following guidelines:

  - the Company will retain a strong balance sheet with no borrowings
  - cash generation will first be applied to growth initiatives
  - the Company's dividend policy will remain progressive
  - share buybacks will resume.

Dividend and resumption of share buybacks

The Board recommends a final ordinary dividend of 1.5p per share (FY23: 1.5p). Together with the interim dividend of 1.5p (FY23: 1.0p) paid in November 2024, this makes a total ordinary dividend for the year of 3.0p (FY23: 2.5p).

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 2025 to shareholders on the register on 25 July 2025. The ex-dividend date will be 24 July 2025.

The Company intends to resume purchasing its own shares. We believe up to £1.0m could be applied for share buybacks in the next year although the exact level will be dependent upon availability of shares and the price. The maximum price payable must not exceed 105% of the average of the closing middle market price per ordinary share for the previous five days.

People

Over the last few years, the substantial progress of the business has been built upon the dedication and skills of our people. Throughout the strategic review process this again shone through with all involved impressing with their passion, understanding of the customer's needs, the dynamics of the marketplace and pride in our technology. I feel humbled to work with such a group.

I would personally like to thank Mark Hardy, who is stepping down in July 2025. I have worked alongside Mark for many years, as we first stabilised a faltering company, from which we created a platform for the future - in both the good and the difficult times it has been an adventure and pleasure.

CEO - Mark Hardy comments on business review

"In 2024, the Group operated profitably, we believe the systems supplied have effectively enhanced our customers' services to their clients. The Group faced a 4.6% decline in turnover, primarily due to timing factors on a large order and a general downturn in the marketplace. The Company witnessed elements of cautiousness in the marketplace, following the change in government.

Whilst our turnover was down on 2023, we experienced a slight improvement on margin increasing to 60.2% (2023: 59.3%). One of our fundamental KPIs for the business is to maintain and build the annual recurring revenue with licence and support fees. This continued in an upward trend and our contracted recurring revenue increased to £3,051,000 (2023: £2,921,000).

The marketplace remains in good shape emphasising our product relevance to industry. Both order intake and the order bank improved on the previous year. Order intake for 2024 amounted to £4,867,000 compared to £3,850,500 in 2023. The order book on 31 December 2024 was nearly double last year at £1,270,000 (2023: £694,000). We continue to invest in our products with 2024 investment reaching £978,000 (2023: £972,000). Product development is expected to be at a similar level this year.

The business has strengthened during the year, particularly with the employees and the positive contribution they all make to the business. We have been successful in recruiting and retaining good quality people with a 'can do' attitude. This results in an extremely effective business, and we have enjoyed securing a number of new customers, adding to the already healthy blue chip customer base."

CEO designate Lynden Jones - introduction, impressions, potential and actions

"Since joining the Touchstar Group, I have gained valuable insights into the broader organisation through the merger of various businesses. This process has enabled me to help ensure that we maintain high standards across systems, processes, and workflows. I'm particularly excited about the opportunities for further growth that lie ahead. One of the most significant areas of potential is the ability to cross-sell across our divisional customer bases. I see this as a critical strategic approach, and I am fully committed to supporting and guiding this effort to drive mutual growth.

By understanding the full breadth of the team, I am well-positioned to lead and support this divisional growth. Energising our staff and fuelling their passion for this collective vision will be a key factor in our success. As we continue to grow and strengthen the business, our cohesive approach will not only make us more valuable to our customers but will also enhance the integration of our services.

Offering a comprehensive end-to-end package to both existing and new customers is the next step in advancing our position in the UK market. While focusing on growing our UK market share, I recognise the importance of expanding into new verticals and geographical locations. This will secure the long-term future and sustainability of the Group.

However, I also understand that such growth requires time and investment. The strength and expansion of the UK market will be the foundation that allows us to strategically plan and invest in new products, locations, and partnerships. This next chapter is crucial to the continued evolution of the Group and to ensuring its long-term success."

Financial review

Regrettably, 2024 did not mark another year of forward progression in our financial performance. As always, we maintained strict controls over the cost base and achieved improved margins, however the decline in revenue impacted short term profitability.

	FY24	**FY23**	**Variance**
Revenue	£6,893,000	£7,224,000	(4.6%)
Operating profit	£322,000	£599,000	(46.2%)
Interest and finance costs	£66,000	£76,000	(£10,000)
Adjusted profit before tax*	£445,000	£675,000	(34%)
Profit before tax	£388,000	£675,000	(42.5%)
Tax	(£22,000)	(£36,000)	+£14,000
Profit after tax	£366,000	£639,000	(42.7%)
Basic earnings per share	4.47p	7.63p	(41.4%)
Dividend per share	3.0p	2.5p	20%

**Excludes net exceptional costs of £57,000 (Cost of the strategic review amounted to £77,500 less the release of £20,500 historical exceptional liability)*

Revenue decreased by 4.6% to £6,893,000 (FY23: £7,224,000). The decline was predominately due to a large petrochemical distribution installation being delayed from Q4 2024 to 2025. Although, it is worth noting that there appeared to be a decline in market activity around the time of the UK election.

Growth in recurring revenue, as expected, continued rising by 4.5% in FY24 to £3,051,000 (FY23: £2,921,000). For 2024 recurring revenue represented 44% of total sales (FY23: 40%). The business strategy is to continue to build the level of recurring revenues in both absolute terms and in relation to total sales.

Gross margins improved slightly by 90 basis points and maintained a healthy level at 60.2% (FY23: 59.3%). We expect margins to trend upward as recurring revenue increases as a proportion of total revenue albeit margins can show short-term volatility quarter by quarter.

Administrative overheads were tightly controlled at £3,785,000 (FY23:£3,637,000); however, the 4.1% increase reflects the rising costs of doing business, inflationary pressures, and proactive measures, such as salary adjustments.

The business is highly sensitive to changes in revenue and profitability was negatively impacted by the 4.5% decline in revenues which resulted in a 42.5% reduction in profits in FY24 to £388,000 (FY23: £675,000).

The tax charge reduced to £22,000 (FY23: £36,000) and FY24 post-tax profits declined by 42.7% to £366,000 (FY23: £639,000).

Earnings per share showed a similar trend and fell by 41.4% to 4.47p in FY24 (FY23: 7.63p). The Company suspended the buyback programme during the strategic review period and bought no shares in 2024 (FY23: 275,000) at a total cost of £252,000 (average cost per share of 91p). The total number of shares with voting rights are 8,200,277 (FY23: 8,200,277).

Adjusted EBITDA* declined at a lower rate than profitability by 13.5% in 2024 at £1,156,000 (FY23: £1,336,000).

**Excludes net exceptional costs of £57,000 (cost of the strategic review amounted to £77,500 less the release of £20,500 historical exceptional liability)*

	FY24	FY23	Change
Operating profit before interest and tax	£322,000	£599,000	(46.2%)
Amortisation	£534,000	£532,000	+0.4%
Depreciation - owned assets	£47,000	£46,000	+0.2%
Depreciation - leased assets	£196,000	£159,000	+23.2%
EBITDA	£1,099,000	£1,336,000	
Exceptional costs*	£57,000	£nil	
Adjusted EBITDA	**£1,156,000**	**£1,336,000**	**(13.5%)**
Spend on Research and Development (R&D)	£978,000	£972,000	+0.6%
R & D Capitalisation	£684,000	£583,000	+17.5%

**Excludes net exceptional costs of £57,000 (Cost of the strategic review amounted to £77,500 less the release of £20,500 historical exceptional liability)*

Amortisation and depreciation release in 2024 remained at similar levels to 2023. CAPEX spending on R & D is expected to increase again but not to return to FY18 levels of £929,000.

	FY24	FY23	Change
Cash	£2,918,000	£3,005,000	(£87,000)
Cash per Share	34.4p	36.6p	(2.2p)
Cash applied to dividends and buy-backs	£246,000	£334,000	(£88,000)

The balance sheet remains strong. Cash and cash per share at year end were lower than the prior year due to lower profitability and the cost of the dividends paid rising from £82,000 in FY23 to £246,000 in FY24.

The order book, which we report inclusive of recurring revenues due in the forthcoming year, stood at £4,038,000 at the year-end (FY23: £3,611,000). This is made up of contracted recurring revenue due of £3,051,000 (FY23: £2,917,000) and new orders of £987,000 (FY23: £422,000). We noticed that customers paused placing orders around the time of the UK election but seem to now have normalised behaviour.

Current trading and outlook

Whilst Touchstar made progress in 2024 and demonstrated its ability to respond to short term upset, the slower market conditions of the second half of the year meant that the year did not go as we had hoped. The strategic review has highlighted the way forward and we have a plan. Implementation of the plan and the Company's robust financial health will put us in a good position to deliver long-term profitable growth, whilst navigating near-term developments in market conditions. 2025 will be a transitional year as we invest and adapt to a platform that can deliver higher rates of growth, enabling the business to be scaled. This requires a higher level of investment across the organisation. This has begun and while it may affect short term performance, the Board remains confident in the business and excited by our future.

We are confident that we can manage inflationary headwinds, trade uncertainty and return to delivery of financial progress in 2025. The financial results are budgeted to be second half weighted due the timing of installation of the larger projects.

The broader market and sector within which we operate started the year relatively stable, although it should be noted we sense a general increasing mood of uncertainty and anxiety in the business community. We entered 2025 better placed than the prior year, with a higher order book and a strong pipeline of opportunity, although there is much to be done as we pursue more ambitious plans. I have confidence in our people's ability to unlock this potential and deliver higher returns for shareholders.

I Martin
Chairman
28 April 2025

Consolidated income statement for the year ended 31 December 2024

	2024
	£'000
Revenue	6,893
Cost of sales	(2,743)
Gross profit	4,150
Distribution costs	(43)
Administrative expenses	(3,785)
Operating profit before exceptional costs and share-based payment provision	408
Exceptional costs	(57)
Share-based payment provision included in administrative expenses	(29)
Operating profit	322
Finance income	79
Finance costs	(13)
Profit before income tax	388
Income tax charge	(22)
Profit for the year attributable to the owners of the parent	366

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

	2024
Basic	4.47p
Adjusted	5.16p
Diluted	4.43p

The exercise price of all share options granted at 31 December 2024 were below the average market share of ordinary shares during the period to 31 December 2024 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 2024 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 2024

	Share capital	Treasury shares	Share premium account	Share bas payment Reserv
	£'000	£'000	£'000	£'0
At 1 January 2023	424	-	1,119	
Dividend	-	-	-	
Purchase of own shares	-	(252)	-	
Cost of capital reduction in subsidiary	-	-	-	
Share based payment charge	-	-	-	
Transactions with shareholders	-	(252)	-	
Total comprehensive income (profit for the year)	-	-	-	
Capital reduction	-	-	(1,119)	
At 31 December 2023	424	(252)	-	1
Dividend to shareholders	-	-	-	
Repatriation of unclaimed dividends	-	-	-	
Share based payment charge	-	-	-	
Transactions with shareholders	-	-	-	
Total Comprehensive income (profit for the year)	-	-	-	
At 31 December 2024	**424**	**(252)**	**-**	**1**

Company statement of changes in equity for the year ended 31 December 2024

	Share capital	Treasury shares	Share premium account	payme
	£'000	£'000	£'000	
At 1 January 2023	424	-	1,119	
Dividend	-	-	-	
Purchase of own shares	-	(252)	-	
Cost of capital reduction	-	-	-	
Share based payment charge	-	-	-	
Transactions with shareholders	-	(252)	-	
Total Comprehensive income (profit for the year)	-	-	-	
Capital reduction	-	-	(1,119)	
At 31 December 2023	424	(252)	-	
Dividend to shareholders	-	-	-	
Repatriation of unclaimed dividends	-	-	-	
Share based payment charge	-	-	-	
Transactions with shareholders				

Transactions with shareholders	-	-	-
Total Comprehensive income (profit for the year)	-	-	-
At 31 December 2024	**424**	**(252)**	-

Consolidated and Company statements of financial position as at 31 December 2024

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Non-current assets				
Intangible assets	**1,288**	1,137	**-**	-
Investments	**-**	-	**119**	95
Property, plant and equipment EQUIPMENTEQUIPMENTEQUIPMENT EQUIPMENTequipment	**108**	66	**-**	-
Right-of-use assets	**180**	225	**-**	-
Deferred tax assets	**9**	20	**9**	2
Trade and other receivables	**88**	-		-
	1,673	1,448	**128**	97
Current assets				
Inventories	**992**	1,153	**-**	-
Trade and other receivables	**1,650**	1,199	**2**	239
Corporation tax receivable	**87**	18	**-**	-
Cash and cash equivalents	**2,918**	3,005	**1,240**	292
	5,647	5,375	**1,242**	531
Total assets	**7,320**	6,823	**1,370**	628
Current liabilities				
Trade and other payables	**1,383**	1,191	**480**	121
Contract liabilities	**2,018**	1,938	**-**	-
Lease liabilities	**91**	149	**-**	-
	3,492	3,278	**480**	121
Non-current liabilities				
Deferred tax liabilities	**170**	90	**-**	-
Contract liabilities	**148**	130	**-**	-
Lease liabilities	**74**	62	**-**	-
	392	282	**-**	-
Total liabilities	**3,884**	3,560	**480**	121

Consolidated and Company statement of financial position as at 31 December 2024 (continued)

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Capital and reserves attributable to owners of the parent				
Retained earnings	**3,118**	2,974	**572**	218
Share capital	**424**	424	**424**	424
Treasury shares	**(252)**	(252)	**(252)**	(252)
Share based payment reserve	**146**	117	**146**	117
Share premium	**-**	-	**-**	-
Total equity	**3,436**	3,263	**890**	507
Total equity and liabilities	**7,320**	6,823	**1,370**	628

Consolidated and Company cash flow statement for the year ended 31 December 2024

	Group		Company	
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000
Operating activities				
Operating Profit/(loss)	**322**	599	**(31)**	(8)
Adjustments for:				
Depreciation	**243**	205	**-**	-
Amortisation	**534**	532	**-**	-
Share-based payment provision	**29**	59	**5**	11
Movement in:				
Inventories	**161**	(187)	**-**	-
Trade and other receivables	**(539)**	(224)	**237**	176
Trade and other payables and contract liabilities	**290**	(398)	**359**	(134)
Cash generated from/(used in) operations	**1,040**	586	**570**	45
Interest received	**79**	85	-	-
Interest paid	**(13)**	(9)	**-**	-
Net cash generated from operating activities	**1,106**	662	**570**	45
Investing activities				
Addition of intangible assets	**(684)**	(583)	**-**	-
Purchase of property, plant and equipment	**(89)**	(17)	**-**	-
Net cash used in investing activities	**(773)**	(600)	**-**	-
Financing activities				
Dividend paid to shareholders	**(246)**	(82)	**(246)**	(82)
Repatriation of unclaimed dividends	**24**		**24**	
Purchase of own shares	**-**	(252)	**-**	(252)
Cost of capital reduction	**-**	(34)	**-**	(34)
Dividend received from subsidiary	**-**	-	**600**	1,600
Principal elements of lease payments	**(198)**	(165)	**-**	-
Net cash generated from financing activities	**(420)**	(533)	**378**	1,232
Net (decrease)/increase in cash and cash equivalents	**(87)**	(471)	**948**	1,277
Cash and cash equivalents at start of the year	**3,005**	3,476	**292**	(985)

	Group		Company	
Cash and cash equivalents at end of the year	**2,918**	3,005	**1,240**	292
	2024	2023	**2024**	2023
	£'000	£'000	**£'000**	£'000

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 AIM. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

2 Basis of preparation

The final results for the year ended 31 December 2024 have been prepared in accordance with the accounting policies set out in the annual report and the accounts for the year ended 31 December 2023.

The Group Financial Statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom, IFRS IC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs and the AIM Rules for Companies. The Group Financial Statements have been prepared under the historical cost convention.

While the financial information included in this final announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The accounting policies used in preparation of this final announcement have remained unchanged from those set out in the Group's 2023 statutory financial statements other than those described below. They are also consistent with those in the Group's statutory financial statements for the year ended 31 December 2024 which have yet to be published. The final results for the year ended 31 December 2024 were approved by the Board of Directors on 28 April 2025.

The financial information set out in this final announcement does not constitute the Group's statutory financial statements for the year ended 31 December 2024 but is derived from those financial statements which were approved by the Board of Directors on 28 April 2025. The Auditors have reported on the Group's statutory financial statements and their report was unqualified and (ii) did not contain a statement under section 498(2) or 498(3) Companies Act 2006. The statutory financial statements for the year ended 31 December 2024 have not yet been delivered to the Registrar of Companies and will be delivered following the Company's Annual General Meeting.

The comparative figures are derived from the Group's statutory financial statements for the year ended 31 December 2024 which carried an unqualified audit report, did not contain a statement under section 498(2) or 498(3) Companies Act 2006 and have been filed with the Registrar of Companies.

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 2024, the Group held unencumbered cash of £2,919,000 (2023: £3,005,000), 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 2024 (also £nil in April 2025).

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

External global economic challenges continued to affect business during 2024, causing slow order conversion impacting Group sales during the year which decreased on 2023 by 4.6%, in spite of this margins slightly increased from 59.5% in 2023 to 60.2% in 2024 due to product mix. Nevertheless, the business maintained tight control of costs and remained profitable, generating a profit after tax of £347,000 (2023: £639,000).

The Group continues to benefit from a supportive bank who have provided the borrowing facility since 2005. The Group has reduced its reliance on the facility provided by the bank and since early 2023 has an average of £1,600,000 placed on 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.

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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.

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.

(b) Impairment of intangibles

Judgement is required in determining both the useful economic life of the asset along with any impairment, notably intangible software development costs. Useful economic life is based on the life expectancy of software licences and recoverable amounts are based on a calculation of expected future cash flows, which require assumptions and estimates of future performance to be made. Cash flows are discounted to their present value using pre-tax discount rates based on the Directors market assessment of risks specific to the asset.

(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.

(d) Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available.
After due consideration of the assumptions detailed above, no credit loss provision was considered necessary for the year ended 31 December 2024 (2023: nil).

4 Analysis of revenue

	2024	2023
	£'000	£'000
Recognised at a point in time	**3,842**	4,303
Recognised over time (recurring revenue)	**3,051**	2,921
	6,893	7,224

5 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.

The number of options granted during the year and outstanding at 31 December 2024:

Group

	2024 Number	2023 Number
At 1 January	**422,000**	422,000
Granted during the year	**-**	-
At 31 December	**422,000**	422,000

6 Income tax credit

	2024 £'000	2023 £'000
Corporation tax		
Current tax credit	**(87)**	-
Adjustment in respect of prior years	**18**	-
Deferred tax charge	**91**	36
	22	36

Corporation tax is calculated at a rate of 25% (2023: 23.5%) of the estimated assessable profit for the year. The 2023 rate is the weighted average tax rate applicable for the year.

Factors affecting the tax credit for the year

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

	2024 £'000	2023 £'000
Profit before income tax	**388**	675
Multiplied by the calculated standard rate of corporation tax in the UK of 25% (2023: hybrid rate 23.52%)	**97**	159
Effects of:		
Items not deductible for tax purposes	**8**	14
Enhanced research and development deduction	**(201)**	(214)
Surrender of tax losses for R&D tax credit	**131**	-
Tax losses for current year unrecognised	**-**	66
Losses recognised in the period	**7**	19
Use of previously recognised losses	**(46)**	-
Use of previously unrecognised losses	**(32)**	-
Difference between writing-down allowances and depreciation	**40**	(8)
Adjustment in respect of prior years	**18**	-
Total tax charge for the year	**22**	36

Factors affecting the future tax charge

There are no factors currently affecting the future tax charge.

7 Dividends

During the year an interim dividend of 1.5p per share was paid (2023: 1p). The board recommends a final dividend of 1.5p per share (2023: 1.5p). Together with the interim dividend of 1.5p, paid in November 2024, gives a total dividend for the year of 3.0p (2023: 2.5p).

8 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.

The 211,000 options issued during 2024 were cancelled as one of the two criteria set was not met. (2023: None).

	2024	2023
Basic	**4.47p**	7.63p
Adjusted	**5.16p**	n/a
Diluted	**4.43p**	7.58p

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

	2024 £'000	2023 £'000
Basic earnings attributable to owners of the parent - for Basic EPS	**366**	639
Exceptional costs (note 5)	**57**	-
Adjusted earnings attributable to owners of the parent - for Adjusted EPS	**423**	639

	2024 No.	2023 No.
Basic weighted average number of shares, excluding own shares, in issue	**8,200,077**	8,371,477
Dilutive effect of share options	**62,479**	54,108
Dilutive weighted average number of shares, excluding own shares, in issue	**8,262,556**	8,425,555

9 Intangible assets

		Group	
	Goodwill £'000	**Development expenditure £'000**	**Total £'000**
Cost			
At 1 January 2023	8,591	3,615	12,206
Additions	-	583	583
Disposal	-	(16)	(16)
At 31 December 2023	8,591	4,182	12,773
Additions	-	684	684
Disposal	-	(587)	(587)
At 31 December 2024	**8,591**	**4,279**	**12,870**
Accumulated amortisation			
At 1 January 2023	8,591	2,528	11,119
Amortisation charge	-	532	532
Disposal	-	(15)	(15)
At 31 December 2023	8,591	3,045	11,636
Amortisation charge	-	534	534
Disposal	-	(587)	(587)
At 31 December 2024	**8,591**	**2,992**	**11,583**

Net book value

	Group		
	Goodwill £'000	Development expenditure £'000	Total £'000
At 31 December 2024	**-**	**1,288**	**1,288**
At 31 December 2023	-	[illegible]	[illegible]
At 1 January 2023	-	1,087	1,087

Amortisation of £534,000 (2023: £532,000) is included within administrative expenses in the income statement.

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.

A review of future cashflows for each of the product sets did not result in any impairment.

Development expenditure has been capitalised on an ongoing basis and therefore has a remaining useful economic life ranging from 0 to 5 years.

10 Property, plant and equipment

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2023	255	338	593
Additions	9	8	17
Disposals	(21)	-	(21)
At 31 December 2023	243	346	589
Additions	65	24	89
At 31 December 2024	**308**	**370**	**678**
Accumulated depreciation			
At 1 January 2023	205	294	499
Charge for the year	26	20	46
Disposals	(22)	-	(22)
At 31 December 2023	209	314	523
Charge for the year	27	20	47
At 31 December 2024	**236**	**334**	**570**
Net book value			
At 31 December 2024	**72**	**36**	**108**
At 31 December 2023	34	32	66
At 1 January 2023	50	44	94

Depreciation expenditure of £47,000 (2023: £46,000) is included within administrative expenses in the income statement.

11 IFRS 16 Right of use assets

	Premises £'000	Motor vehicles £'000	Total £'000
Cost			
At 1 January 2023	510	310	820
Additions	-	86	86
Disposals	-	(38)	(38)
At 31 December 2023	510	358	868
Additions	-	152	152
Disposal	(510)	(217)	(727)
At 31 December 2024	**-**	**293**	**293**
Accumulated depreciation			
At 1 January 2023	327	194	521
Charge for the year	82	77	159
Disposals	-	(37)	(37)
At 31 December 2023	409	234	643
Charge for the year	92	104	196
Disposal	(501)	(225)	(726)
At 31 December 2024	**-**	**113**	**113**
Net book value			
At 31 December 2024	**-**	**180**	**180**
At 31 December 2023	101	124	225
At 1 January 2023	183	116	299

Both property leases, Manchester and East Sussex expired in December 2024. The East Sussex premises was vacated with the team being relocated to shared offices on a short-term rental. The Manchester lease rolled over under the Landlord and Tenant Act 1985 has since been renewed on similar terms in April 2025.

Depreciation expenditure of £196,000 (2023: £159,000) is included within administrative expenses in the income statement.

12 Cash and cash equivalents

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Cash at bank and in hand	**2,918**	3,005	**1,240**	292

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 95-day notice deposit at 31 December 2024 was £1,030,000 (2023: £1,563,000) earning interest at a rate of 3.55% per annum over base.

The Group bank overdraft facility is secured by a bond and floating charge over the entire assets of the Group.

At 31 December 2024, the Group had total committed undrawn facilities of £200,000 (2023: £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 2024, this represents the net cash and cash equivalents balance of £2,918,000 (2023: £3,005,000).

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

13 Reserves

The following describes the nature of each reserve within equity:

Reserve	**Description and purpose**
Share premium	Amount subscribed for share capital in excess of nominal value.
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.

The following describes the nature of each transaction within equity:

Reserve transactions	**Description and purpose**
Purchase of own shares	At the 31 December 2024 the Group held 275,000 of its own shares with a fair value of £252,000, these are being held in treasury (2023: 275,000 with a fair value of £252,000). No shares were repurchased during the year (2023: 275,000 at a fair value of £252,000).

14 Share capital

Group and Company

	2024 Number	**2024 £'000**	2023 Number	2023 £'000
Ordinary shares of 5p each	**8,475,077**	**424**	8,475,077	424

All shares are authorised, issued and fully paid up.

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