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(the "Company", "Touchstar" or the "Group")

Trading update for the year ending 31 December 2025 (FY25)

At the time of the interim results for the period ended 30 June 2025 the Company noted the softness in the economy - this softness has continued and has led to customer hesitancy in placing orders and made it difficult to forecast the timing of sales, particularly short-term ones. As a result, FY25 revenue is expected to be below market expectations at around £6.7m, with only a small pre-tax trading profit for the year.

FY25 results have also been impacted by non-trading costs including the restructuring of our senior management team over the last few months and, as from the 1 December 2025, changing our accounting treatment of software development costs. These are dealt with in more detail below.

Despite lower profitability, the Company's balance sheet remains healthy and year end cash should remain at over £2m.

Significant transformation of the Business

In 2025, our focus has been on strengthening the foundations of the business and enhancing its growth prospects. To achieve this ambition the Group, under the new CEO, has completed a comprehensive restructuring seeking to drive additional efficiency, collaboration, focus, ownership and consistency into the business, laying a strong foundation for sustainable growth. This underpinning has now been completed.

The key objectives for 2026 are to:

- Complete the transition to the next-generation management team
- Complete the restructure of the internal organisation and commit to additional investment to support stronger organic growth and the integration of future acquisitions
- Reposition the business to serve the wider depot, warehouse and retail markets
- Enhance our market profile through an improved digital presence, communications and marketing
- Finalise improvements in sales capability
- Conduct a detailed review of acquisition opportunities
- Define the next-generation product set aligned with our brand promise
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FY 25 exceptional costs and expensing of Software Development

In 2025 the Company will take two non-trading exceptional charges to the profit and loss account - the first is related to the costs of the reorganisation of the senior management team of approximately £0.2m. The second relates to the treatment of software development costs which have changed with effect from 1 December 2025. Historically these have been capitalised and subsequently amortised over 48 months. Under the new policy future costs will be fully recognised as costs at the time, and expensed.

For the period prior 1 December 2025, the Company expects to take a charge for the impairment of software of £1.25m. This adjustment reflects both the practical realities of current development cycle and the new strategic direction of the business and will also bring the Company in line with other comparable global software businesses.

Lynden Jones, CEO of Touchstar

"Since my appointment I have undertaken a review of the business and have started to implement measures to help build Touchstar into a better and more substantial company over the medium term. I am confident this can be delivered setting a new direction for Touchstar to become the leading partner in securing the logistics of people and product.

"The short term will be difficult as we are now budgeting for the faltering economy to persist throughout 2026. Thus, we are resetting and reducing expectations for next year. We now expect only modest revenue growth in 2026 overall. Over the next twelve months, driven by our new focus, energy and strategy we anticipate some acceleration of the rate of growth in revenue which we expect to manifest itself into a step change in 2027 with further acceleration into 2028.

"The transformation within the Company has been radical, effective and has given the business new energy and purpose - it was an aggressive timeline to complete the process by year end - but it has been completed. We look to the future with a clear vision and confidence to be known as the supplier who can "Secure the Logistics of People and Product".

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