

Registered Number SC005543



Annual report and financial statements
for the year ended 31 December 2024

Annual report and financial statements for the year ended 31 December 2024

Contents

Chairman's statement.....	1
Strategic report.....	7
Statement of corporate governance.....	23
Audit committee report.....	27
Remuneration report.....	28
Directors' report	29
Statement of directors' responsibilities in respect of the financial statements	34
Independent auditors' report to the members of Touchstar plc	36
Consolidated income statement.....	41
Consolidated statement of changes in equity	42
Company statement of change in equity.....	43
Consolidated and Company statement of financial position.....	44
Consolidated and Company cash flow statements.....	46
Notes to the Group financial statements	47
Group Information.....	81

Chairman's statement for the year ended 31 December 2024

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.

Overview of 2024

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.

Strategic review process and conclusion

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

Chairman's statement for the year ended 31 December 2024 (continued)

Changes flowing from strategic review

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:

1. **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.

2. **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.

3. **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
4. **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.

Chairman's statement for the year ended 31 December 2024 (continued)

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."

Chairman's statement for the year ended 31 December 2024 (continued)

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)*

Chairman's statement for the year ended 31 December 2024 (continued)

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%

Chairman's statement for the year ended 31 December 2024 (continued)

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.

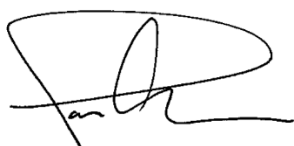
The order book, which we report inclusive of recurring revenues due in the forthcoming year, stood at £4,038,000 at the year-end (FY23: £3,611,000). This is made up of contracted recurring revenue due of £3,051,000 (FY23: £2,917,000) and new orders of £987,000 (FY23: £422,000). We noticed that customers 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

Strategic report for the year ended 31 December 2024

Business review and principal activities

The Group supplies, installs and maintains licenced software applications and hardware solutions for mobile applications in the transport, logistics and access control industries. We continue to develop and enhance the Group's product portfolio and whilst we supply our core and the more traditional product set, the new complete solutions allow for increased revenues, greater business stability and profitability for the future.

The Group operates under the Touchstar brand providing consistent brand awareness of the operating companies. This approach has been successful in promoting a cohesive and singular business details for which can be accessed under one web site: www.touchstar.co.uk.

2024 results and achievements

In 2024 the company performed solidly with new and existing customer sales. The company operated profitably, and the systems supplied have been effectively enhanced our customers' services to their clients.

Whilst our turnover was slightly 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: £2,920,600).

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 £1,270,000 (2023: £694,000). We continue to invest in our products with 2024 investment reaching £684,000 (2023: £583,000).

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.

Financial performance

In 2024, the Group faced a 4.6% decline in turnover, primarily due to timing factors and a general downturn in the marketplace. The company witnessed elements of cautiousness in the marketplace, following the change in government. While caution persists, this report outlines the strategic measures we are implementing to effectively navigate the market environment and steer the Group back toward a growth trajectory. With employment costs contributing to around 60% of the total costs of the Group, pressures to increase salaries to recruit and retain talent to support growth plans is the most significant reason behind the increase in overall costs of £148,000.

Although operating profit reduced from £599,000 in 2023 to £322,000 in 2024, a fall of 46.2%, the reduction in EBITDA was at a lower rate of 13.5% reducing from £1,336,000 in 2023 to £1,156,000 (before exceptional costs) in 2024. This was also evident in the slight decrease of £87,000 in cash held at the 31 December 2024 (2023: £471,000).

Strategic report for the year ended 31 December 2024 (continued)

Market Analysis

- **Economic Factors:** The economic slowdown during the year did have an impact on our 2024 outcome, with order conversion rate being the key factor. Frustrating, but the strong recurring revenue within the business provides a healthy stable platform to navigate economic fluctuations of this nature.
- **Industry Trends:** As in all technology sectors rapid technological advancements are always evident. This can provide challenges but also opportunity for increased speeds of product development. The adoption of AI in assisting software development is beginning to yield measurable benefits for the business. The global trend to off premise (cloud hosted) applications has led to increased activity in cyber crime and as such Touchstar invested and achieved 'cyber essentials plus' an accreditation in cyber-attack protection to give customer piece of mind.
- **Competitive Landscape:** Largely unchanged on previous years. Touchstar do not win every deal, but our new customers for the year emphasise the strength of the business and the team within. Customer service is key to the success of this business and during 2024 we strengthened our technical support team in addition to the recruitment of additional software engineers. This makes us a compelling business in the sectors in which we operate – and we believe far better than any of our competitors.

Future Outlook

Touchstar anticipate a recovery in turnover with a projected growth of 20.4% in the next financial year, driven by increased marketing activity, product innovation and a growing strength of presence of our company in the markets we serve.

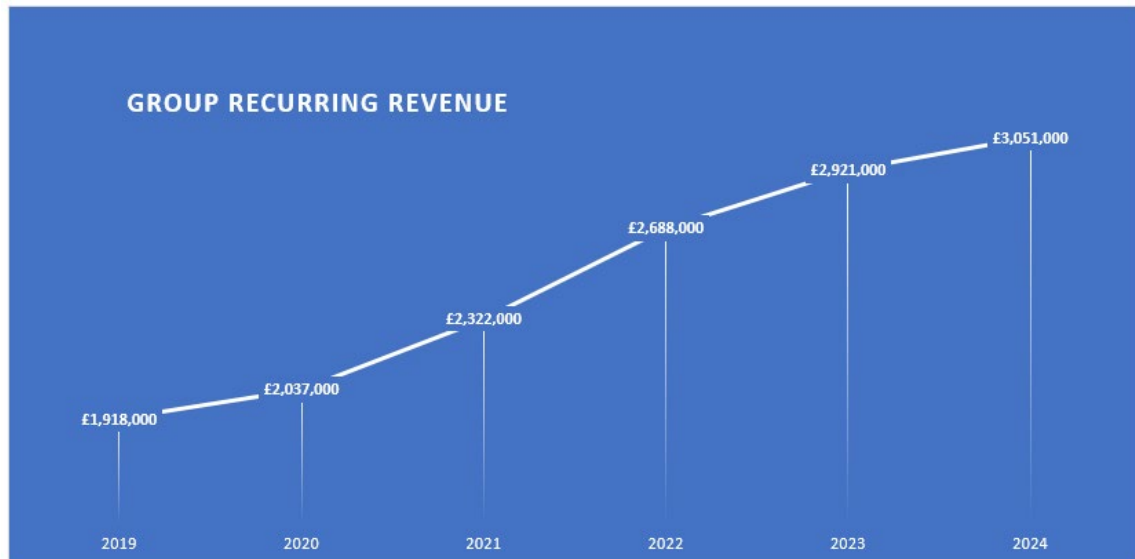
The product set is continually evolving and increasing its relevance in the marketplace. As a self-sufficient company, much of the products supplied (the exception being made up with 3rd party elements of hardware) is the Intellectual Property Rights of Touchstar. This provides strong stability and avoids potential conflict with 3rd party agreements.

The Group is committed to growing the annual contracted recurring revenue line. In 2024 the recurring revenue exceeded £3 million and represented 44% of the company turnover. This again, provides strength for the strong continuance of the business.

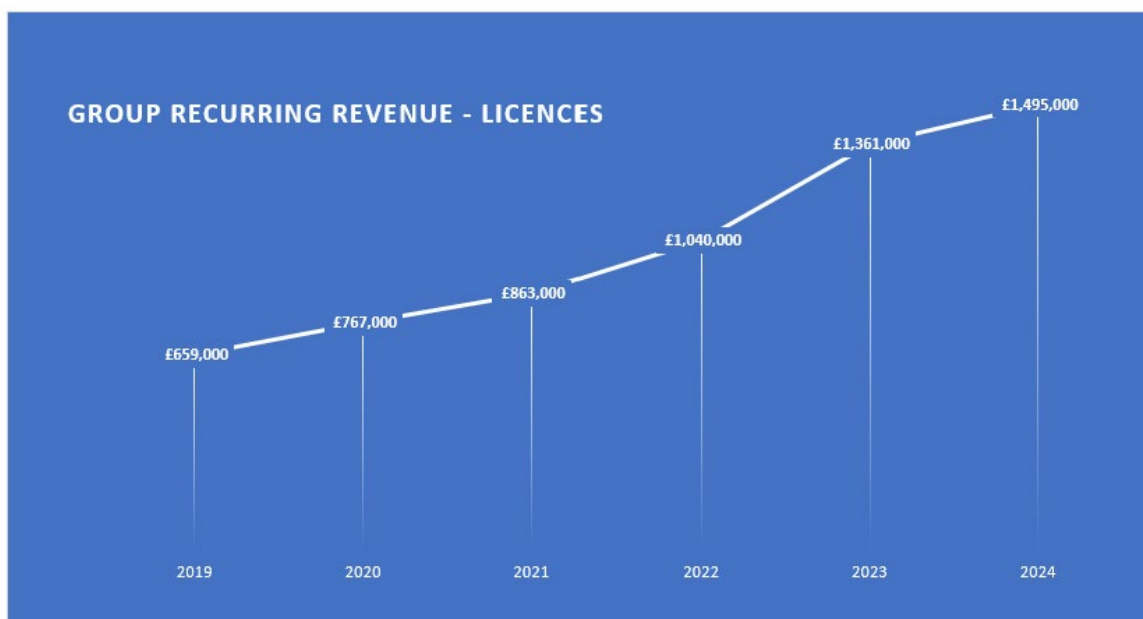
Strategic report for the year ended 31 December 2024 (continued)

Recurring Revenue

Recurring revenue has evolved into the valuable asset we always envisioned. In 2024, total recurring revenue surpassed £3 million, marking a continued and positive trend. This achievement is significantly enhancing both the performance and the underlying value of the business. Recurring revenue accounted for 44% of the Group's turnover during the year.



While the Group achieved a 4.5% increase in total recurring revenue compared to the previous year, the primary driver of growth in this profitable revenue segment continues to be software licenses, a key strategic objective. Notably, both forms of revenue remain stable and exhibit healthy growth, exemplifying the strength of a comprehensive managed service offering.



Gross Margin

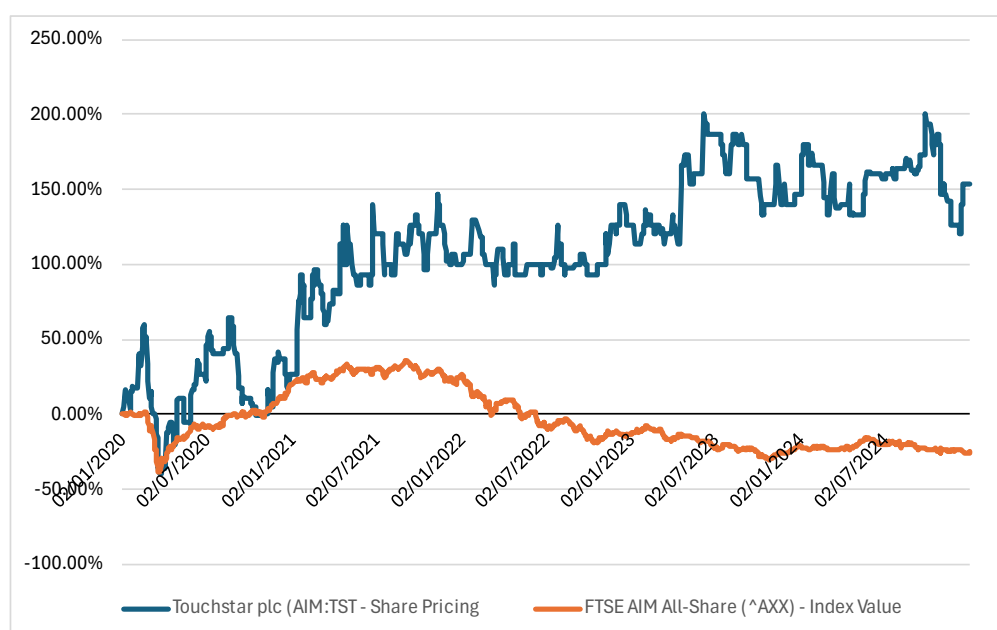
The sustained growth in recurring revenue has led to a robust gross margin of 60.2% in 2024, marking a significant improvement from 52% four years ago.

Strategic report for the year ended 31 December 2024 (continued)

Shareholder Value

As our stock is openly traded on the London Stock Exchange, and enhancing shareholder value is a key element within the Company's strategy. Whilst EPS declined as a result of reduced turnover, impacting profit, we remain confident of recovery in 2025. EPS in 2024 was 4.47p, adjusted being 5.16p (2023:7.63p) and although this was downward 'blip' Touchstar do have a positive trend from five years ago when the EPS was in a negative position for three years running 2017 to 2019.

This increasing valuation of the businesses KPIs, has allowed the Touchstar share price to continue to outperform its peers on the London Stock Exchange (AIM). The share price movement during the trading year of 2024 fluctuated between 85 pence to 112 pence, settling on 95 pence at the year end. A small increase on the prior year, most likely impacted by the reduction in turnover and profit.



Business environment

The Group's operations remain focused on the logistics, transport distribution and secure access control markets. Although servicing different customers, the nature of the products, services and channels to market are comparable and hence the Directors regard the Group as operating in one primary segment, where the risks and returns are similar.

2024 saw a healthy activity in the business sectors we operate in, largely due to customer adoption of the latest technologies and a consolidated push into cross selling between customers of all the products we supply. The fact that we offer a complete package within our areas means we can provide costs effective solutions whilst maintaining our margins.

Our in-house developed cloud-based software solutions and services, continue to play a massive role in the Group's development and success. Combined one stop solution, continues to be a key differentiator in the market and has assisted in our growth.

The Group's Access Control Systems for industrial and retail environments continue to improve and customer loyalty is a reward of our support ethos. We have expanded our offerings to include other features within access security, such as car number plate recognition, the integration of facial recognition door entry devices and CCTV solutions.

Strategic report for the year ended 31 December 2024 (continued)

Strategy

The Group's overriding strategy is to achieve attractive and sustainable rates of growth and returns through organic means, by providing a continually developing and relevant product set to the market. The Group is in a stronger position to build on non-organic growth, as our cash reserve grows and our credibility strengthens, an acquisition of either a product or a company in the relevant fields we specialise, will be considered seriously.

Expanding the sales opportunities: Product development, new market applications, geographic expansion and potential acquisitions

Product Development

Whilst 2024 was an unusual year, where we experienced the second half generating less revenue than we envisaged, we remained profitable and continued with all product developments scheduled in both our hardware and software product sets.

In 2025 we will be concentrating our development efforts around enhancement of the existing solution. The Back Office in Transport Planning is becoming increasingly valuable to our customers, and we intend to further enhance its capabilities. We aim to provide enhanced functionality to support delivery planning from the platform, along with a comprehensive KPI reporting system designed for Transport Planners in the Customer Routing Department.



The above chart is the landing page of the Back Office platform, providing up to date information on the current state of deliveries for the day. It enables real-time responses and adjustments in case of issues or shifts in priorities. Each KPI on the page will provide drill-down functionality, enabling a closer look at detailed information and facilitating adjustments to schedules as needed. Customers who have seen this in its early stages have expressed highly positive feedback on its value for their transport planners. In addition to this functionality on the platform, we also plan to develop and introduce more functionality on the Start of Day Vehicle Load Planning. Optimising load balance and vehicle allocation for all deliveries as well as route planning for vehicles and deliveries.

Strategic report for the year ended 31 December 2024 (continued)

Product Development (continued)

Whilst we develop the software part of the solution, it is equally important we continue to develop the relevant hardware for its applications. In 2024 we enhanced the ATEX TS3300 with greater processing power, in 2025 we intend to supply the device with a larger higher clarity (more pixels) display along with the latest Touchscreen technology. This improvement will also be adaptable to the non-ATEX device supplied into the Logistics operations.

On the Access Control side of the business, where we have seen significant improvement in performance, we will continue enhancing and replacing hardware elements – modernising the design, boosting processing power and optimising for cost efficiency. One particular development is for the new Attendance Terminal, the reader below:

The CICO touchscreen full colour display



To accelerate development and reduce time to market, we have built this device around the ‘industrial’ raspberry pie processor. Its fast-processing speed, coupled with high-resolution display, positions this model to the cutting edge of the technology.

Overseas and markets sector development

This continues to remain a key focus for the business. Establishing traction and gaining a footprint in overseas market is challenging. Last year we conducted research and explored opportunities in various countries. This year we will be focussing efforts on the Nordics and Baltics. This market, comprising English-speaking and affluent nations, remains relatively untapped for our product. We also have a small footprint of users in this area.

Work has commenced in assessing similar markets for the Fuel software solution, namely variants of fuel types, chemical distribution, animal feeds – where the existing product is well-suited to seamlessly meet the requirements of these new sectors. We now have a complete biomass (wood pellet) application, developed for an overseas customer and we believe this will fit well with the market in the UK, but particularly in the Nordic countries. New market penetration will take time and our investigations on this, will following through the course of the year.

In the security and access control marketplace, we are continuing our efforts in securing nationwide customers via the UKSI affiliation; multiple independent companies, regionally based, acting under the umbrella of a single venture - UKSI. While this approach has generated moderate income so far, it holds significant potential, as larger suppliers dominate this market but fail to service it effectively. Several projects are underway for 2025, building on the initial success of 2024, where whilst modest, secured us £60k of additional sales and recurring revenue.

Strategic report for the year ended 31 December 2024 (continued)

Acquisitions

Following the strategic review conducted towards the end of 2024, it became evident that potential acquirers of Touchstar were unable to fully recognise the value of the business for its shareholders. As we remain on the AIM stock market, we acknowledge that organic growth alone is neither sufficient nor fast enough to fully benefit AIM membership and its shareholders.

The company and product range are in strong position making this the ideal time to pursue growth via acquisition. Whilst one or two companies have been identified as potential targets it remains early days. Our strategy is to acquire market relevant businesses to strengthen our position and offering in the existing markets we serve. We will avoid acquisitions that do not fit the market in which we operate as this will dilute our efforts and distract us from our strategic objectives.

Utilising AI in the Touchstar company development

As mentioned last year, we have been using AI in marketing messaging – for speed and efficiency. During 2024 and moving forward, we have also adopted the use of the Microsoft AI tool, GitHub Copilot, to accelerate software development. Whilst AI is not full proof and can still produce challenges, it is envisaged productivity will be increased as it upskills our developers.

The AI GitHub engine works as a coding assistant for the developer, it scans code and suggests more effective ways to write or construct it, thereby reducing bugs and frustrations for developers. The checking of the code also optimises best practise development and checks for security lapses to eliminate weaknesses in the code constructs. The adoption of the Microsoft GitHub was largely driven by its utilisation of the Azure security encryption scripts and thus compliant with Touchstar's present Cyber security policies. The GitHub is compliant with ISO27001 security principles and policy.

Another important aspect of adopting GitHub Copilot from Microsoft is all software developed with the engine remain the IPR of Touchstar – eliminating copycat software. All software developed with the GitHub engine remains private and does not enter the public domain unlike the usual AI models.

Organic growth

We continue to secure new customers, which adds to the user base. The introduction of new products and the implementation of new modules along with adopting latest technologies enables a continued push for organic growth of the sales revenue line. The Directors are confident this approach will continue to generate additional sales revenues and further secure our position in a competitive market.

Revenue growth over the next few years is expected to come in the form of capital sales, but an increasing element of the sale will focus on recurring revenue as contracts extend into three and five year minimum terms. Pricing policies will allow for annual upfront payment as well as monthly licence payment, via Direct Debit for software usage (SaaS).

To augment further organic growth, we have embarked on expanding sales outside the UK mainland with sales and marketing initiatives in specific regions, where we believe we can get the quickest wins. These are predominantly activities in Europe, along with a modest investment in promotion being adopted for the US market place.

We are looking to a partner channel increase awareness to end users in certain product sets. This will also assist in us entering new applications by utilising our existing product set.

Strategic report for the year ended 31 December 2024 (continued)

Product range

The Group product range includes elements in three core areas; software applications, mobile computer hardware and managed services. The Group continues to invest in these core areas and to reduce product costs where possible.

In-house designed hardware and application software gives the business the opportunity to create market specific solutions backed by a complete managed service. This provides an offering superior to the competition, who typically rely on elements of third-party product to construct their solution and aftersales support programme.

Principal risks and uncertainties

The directors recognise there are a number of risks within the business, which may significantly impact the performance of the business. These risks are subjected to regular review and, where appropriate, processes are established to minimise the level of exposure. The principal risks are summarised below:

1. People

The principal asset of the Group is the commitment and skill of its people. A loss or failure to attract key personnel could impact the ability of the Group to execute on its strategy, causing adverse reputational, operational and financial challenges. This is an ongoing risk due to shortage of talent. This might make it more difficult to recruit and retain talent to support our growth plans. The Group monitors closely the satisfaction of its employees and ensures that remuneration packages match both contribution and the wider employment market. In addition, the Group has in place incentive schemes which are related to Group results, and which allow key employees to participate in the success of the Group as a whole.

2. Technology changes

Changes in technology occur at an ever-increasing rate. Through its technical functions the business monitors emerging technologies and seeks to understand how these technologies will impact current business and how they may be incorporated in designs of future product offerings.

3. Competition

The Group recognises that it operates on a global basis and as such is subject to competitive global pricing as well as service and performance criteria in local markets. Margins are monitored on a contract-by-contract basis and commercial decisions are adjusted accordingly. The Group recognises that a global strategy will create issues of foreign exchange fluctuations but that the overall contribution from such markets more than compensates for the level of risk. As described in note 2.1 external global economic challenges brought additional macroeconomic and societal challenges which the business and the wider sector are adapting to.

4. Key commercial relationships

The Group has a diverse range of customers and suppliers, and whilst these relationships are of significant importance to the Group's development, no single customer or supplier is of critical importance to the ongoing success of the Group.

As detailed in note 4, during the year ended 31 December 2024 approximately £683,000 (2023: £740,000) of the consolidated entity's external revenue was derived from sales to one customer, although this was not deemed of critical importance to the ongoing success of the Group. This customer accounts for 10% of the Group revenue and is a mixture of recurring revenue and ad-hoc orders.

In the opinion of the directors there no issues or uncertainties around sustainability of the relationship.

Strategic report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties (continued)

Corporate responsibilities

The global events over recent years has highlighted more than ever the need for businesses to operate in a socially responsible and environmentally sustainable way and to look after their staff by providing a safe working environment. Touchstar conducts its activities to the highest ethical standards and expect customers and suppliers to embrace these same principles.

Environment

The Group recognises the importance of managing consumption of the world's natural resources as well as providing a safe and healthy working environment for its employees. The Group consumes non-replaceable raw materials and energy and clearly the successful growth of the Group will lead to an increased consumption of raw materials on an absolute basis. We therefore seek to reduce the amount of resources consumed on a unit-by-unit basis to limit the size of our environmental footprint.

The Group aims to do this by abiding by the requirements of accepted international standards and codes of practice which affect the sectors in which the businesses operate, minimise consumption through recycling or reuse of materials where possible and encouraging efficient use of energy and utilities throughout the business.

Touchstar continues to actively replace its existing motor fleet with a combination of hybrid and fully electric vehicles, where practical, in addition the Group operates electric charging points at its head office in Manchester.

Colleagues

Touchstar's key asset is its employees. The Group holds in high regard and actively encourages teamwork, striving to take personal responsibility, having a constructive attitude, and working hard to deliver positive results for customers, colleagues and stakeholders alike. Personal training and development is encouraged, creating a more sustainable workforce and is very proud of its low attrition rates with the average length of tenure being over 10 years.

Ethical business practices

Human Rights

Touchstar fully recognises and supports the protection of Human Rights, The Bill of Human Rights and the Core Conventions in International Labour Organisation (ILO), which have been supplemented by additional nationally granted rights.

Strategic report for the year ended 31 December 2024 (continued)

Ethical business practices (continued)

Anti-corruption and bribery

It is the Group's policy to conduct all its business in an honest and ethical manner. It takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates - implementing and enforcing effective systems to counter bribery.

Touchstar will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which it operates. As a UK plc, the Group remains bound by the laws of the UK, including the Bribery Act 2010, in respect of its conduct.

Modern slavery

Touchstar has a zero-tolerance approach to modern slavery and will act ethically and with integrity in all its business dealings and relationships.

Diversity and inclusion

Creating a diverse, inclusive, and positive place for colleagues to work is a core focus for the Group. It also fosters an environment that enhances innovation, creativity, and productivity.

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Touchstar are based on merit, qualifications and abilities.

Except where required by law, employment practices will not be influenced or affected by an applicant's or employee's race, colour, religion, gender, national origin, political affiliation, marital status, sexual orientation, age, or any other characteristic protected by law. This policy governs all aspects of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

Health & safety

Touchstar is committed to maintaining high standards of health and safety. Following on from the Group's response to the global pandemic it remains committed to ensuring the physical safety and positive mental health of all colleagues now and in the future. Where at all possible employees are offered hybrid working.

Social

As a technology business, the Group's success is built on the intellectual capital of our people, and the pride they feel in working for the Group. The aim of the management team is to enable, empower and strengthen our employees through the creation of a positive working culture in which employees feel engaged and motivated.

As a people-led, technology-driven business, innovation is driven from personal interaction throughout the Group. A combination of home and office working, in which employees are able to work from home, but also come into the office in teams so as to foster relationship building, personal development and creative interaction. We have found hybrid working to be an essential component of our employer offering with both existing and potential employees viewing it as a key factor in joining and staying with Touchstar.

Strategic report for the year ended 31 December 2024 (continued)

Section 172 Statement

Under section 172 of the Companies Act 2006 (“Section 172”), a director of a Group must act in a way that they consider, in good faith, and would most likely promote the success of the Group for the benefit of its members as a whole, taking into account the non-exhaustive list of factors set out in Section 172.

Section 172 also requires directors to take into consideration the interests of other stakeholders set out in Section 172(1) in their decision making. See table below detailing each stakeholder along with why and how we engage with each.

Touchstar key stakeholders include its investors, employees, regulatory bodies, suppliers and customers.

The Group’s strategy is to achieve attractive and sustainable rates of growth and returns through organic means. Upon the successful implementation of the Group’s strategy, the Group will have an expanded range of internal and external stakeholders, relations with which the Board will take into consideration when making decisions on Group strategy.

Engagement with our members plays an essential role throughout our business. We are cognisant of fostering an effective and mutually beneficial relationship with our members. Our understanding of our members is factored into boardroom discussions regarding the potential long-term impacts of our strategic decisions.

Post the reporting period end, the directors of the Group (“Directors”) have continued to have regard to the interests of the Group’s stakeholders, including the potential impact of its future activities on the community, the environment and the Group’s reputation when making decisions. The Directors also continue to take all necessary measures to ensure the Group is acting in good faith and fairly between members and is promoting the success of the Group for its members in the long term.

The table below acts as our Section 172 statement by setting out the key stakeholder groups, their interests and how the Group engages with them. Given the importance of stakeholder focus, long-term strategy and reputation to the Group, these themes are also discussed throughout this Annual Report.

Strategic report for the year ended 31 December 2024 (continued)

Section 172 Statement (continued)

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.	<ul style="list-style-type: none"> • Regular reports and analysis on investors and shareholders • Annual Report • Group website • Shareholder circulars • AGM • RNS announcements • Press releases • Re-introduction of progressive dividend payment • Share buy-backs approved and initiated • Drive to increase shareholder earnings via a year on year increase in Earning per Share
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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • Group website • RNS announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review

Strategic report for the year ended 31 December 2024 (continued)

Section 172 Statement (continued)

Stakeholder	Why we engage	How we engage and decisions made
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.	<ul style="list-style-type: none"> • 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.	<ul style="list-style-type: none"> • 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.

Strategic report for the year ended 31 December 2024 (continued)

Key performance indicators

The Group have adopted both financial and non-financial measures to achieve a balanced view of performance.

<p>Annual Recurring Revenue £3,051,000</p> <p>ARR is an important metric as it is an indicator of valuation of software companies. Investors value the certainty of knowing that there is consistent revenue which will recur year after year from customers who derive benefit from Touchstar's products.</p> <p>Recurring revenue has again increased by 4.5% on 2023 £2,921,000 breaking through the three-million-pound barrier. It's the Groups ambition to grow recurring revenue to levels surpassing non-recurring revenue and beyond.</p>	<p>ARR as a % of Total Revenue 44%</p> <p>ARR as a % of total revenue indicates our progress to improve the quality of revenues by making a higher percentage of them recurring revenues. This includes the upgrade of customers from the legacy CE software to innovative cloud-based environment integrating with our Android applications as well as adding new customers on a term licence ARR basis, whilst still offering the traditional hardware/support maintenance contracts, providing a customer with an end-to-end solution.</p>	<p>Total Revenue Sales and order pipeline £6,893,000</p> <p>Turnover in 2024 decrease by 4.6% from £7,224,000 in 2023. Sales and order pipeline is an important KPI. The management actively monitor this to justify the continued development of the Groups product suite. Understanding our customer needs and expectations is of primary importance in securing orders and future proofing ARR. Although turnover for 2024 decreased the order intake throughout 2024 amounted to £4,867,000, an increase on 2023 of £1,017,000 with yearend order book standing at £1,270,000 (2023: £694,000).</p>
--	---	---

Strategic report for the year ended 31 December 2024 (continued)

Key performance indicators (continued)

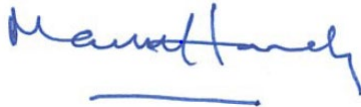
<p>EPS 4.47p</p> <p>This KPI provides the shareholder with a return value on their investment. Over the previous 5 years this KPI increased consistently from negative 5.91p to a return of 7.63p in 2023, an increase of 13.54p per share. 2024 results were below expectations nevertheless strict control of costs where possible has resulted in the Group generating profits.</p>	<p>Dividend 3p</p> <p>For many years the Company was not in a position to pay dividends, the Board's confidence in the future has reflected in the recent dividend returns to shareholders. The dividend is a key metric, as many shareholders value a cash payment distribution. This metric is one that is considered extensively by the Board and balanced against the need to invest surplus cash into growing the business.</p>	<p>Cash £2,918,000</p> <p>Cash is a key metric as it provides assurance on our ability to invest to grow the business as well as provide returns to our shareholders in the form of dividends and share buy-backs. It is also a comfort to customers from a vendor risk perspective. It is the intention of management to return approximately £1,000,000 back to shareholders via share buy-backs</p>
--	--	--

Strategic report for the year ended 31 December 2024 (continued)

Future outlook

Across all markets serviced by the Group there is a sustained drive to reduce costs and to improve customer service. This can only be achieved by continued investment in the most modern technologies providing instantaneous information between back-office applications and field-based functions. The Group recognises that competition will continue to impose challenges on margins. With investment in product offering, however, a robust commercial approach to the marketplace and above all a strong desire to succeed, we are confident about our prospects, even amidst the continuing global challenges.

On behalf of the board

A handwritten signature in blue ink, appearing to read 'M W Hardy', with a horizontal line underneath.

M W Hardy
Chief Executive Officer
28 April 2025

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 decided to adopt 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.

Statement of Corporate governance (continued)

Board of directors

During 2024 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.

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 2024.

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

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.

With overall responsibility for the commercial running of Touchstar since 1997, Mark remains extremely active in the sales and key account management aspects of the business.

Mark will be retiring from the role of CEO, being replaced by Lynden Jones on 1st July 2025.

L Jones – Executive Director

Lynden is the managing director of the Company's subsidiary, Touchstar ATC Limited ("ATC") and 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.

He has been with the Company for over 14 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 will become the CEO on Mark's retirement on 1st July 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.

Audit Committee report for the year ended 31 December 2024

Audit Committee membership

- John Christmas (Chair)
- Ian Martin

I am pleased to present the report of the Audit Committee for the year ended 31 December 2024.

The Audit Committee comprises two Non-Executive Directors of the Company, both of whom served for the entirety of the year. The Committee is chaired by myself, John Christmas and met once during the year under review. It operates under formal terms of reference, which are available on request from the Company Secretary or at the AGM. The Committee provides a forum for reporting by the Group's auditors. By invitation, the meetings are also attended by the CEO and CFO.

The Audit Committee is responsible for reviewing a wide range of financial matters including ensuring that the financial performance of the Group is adequately measured and controlled, correctly represented, reported to, and understood by the Board. The Audit Committee advises the Board on the appointment of external auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of their audit.

The Audit Committee liaises with the auditors at least once a year without any Executive Directors present.

The Audit Committee includes one financially qualified member as recognised by the Consultative Committee of Accountancy Bodies. All Audit Committee members are expected to be financially literate. Following the above, the Audit Committee has recommended to the Board that HaysMac LLP is re-appointed.

The two main issues that the Audit Committee are concerned with are in relation to revenue recognition and the carrying value of intangible assets being development costs. The Committee review the Group's revenue recognition policies to ensure they are compliant with current accounting standards. In addition, the Committee monitors the intangible carrying value in the Group for any indications of impairment.

Auditor Independence

To ensure auditor independence, consideration is given to their integrity and the objective approach of the audit process. The use of non-audit services is not considered to be significant, and amounts paid in respect of these are disclosed in note 7.

I am satisfied that the Committee has satisfactorily discharged its duties in the year in accordance with its terms of reference, which are reviewed annually.

A handwritten signature in blue ink, appearing to read 'John Christmas'.

John Christmas
Chair of the Audit Committee
28 April 2025

Remuneration Committee report for the year ended 31 December 2024

Remuneration Committee membership

- Ian Martin (Chair)
- John Christmas

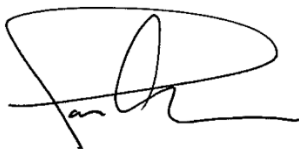
I am pleased to present the report of the Remuneration Committee for the year ended 31 December 2024.

The Remuneration Committee comprises two Non-Executive Directors of the Company, both of whom served for the entirety of the year. The Committee is chaired by myself, Ian Martin and met once during the year under review. It is responsible for reviewing and determining the policy of the Group on executive remuneration including specific remuneration packages for each of the Executive members of the Board, pension rights and compensation payments. The Committee is also responsible for monitoring compliance with the implementation by the Group of the legal requirements and, so far as reasonably practical, recommendations and guidelines relating to Directors' remuneration.

None of the Committee has any personal financial interest (other than as shareholders or as noted in the Directors' report), conflicts of interests arising from cross- directorships or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No Director plays any part in any discussion about his or her own remuneration.

For 2024, the Remuneration Committee has continued to operate a simple remuneration structure made up of basic salary, pensions and benefits, annual performance-related bonuses, and share options. As in prior years, a proportion of executive remuneration has been based on performance, designed to align executive pay with shareholder interests. In this respect, the Committee has assessed the performance of the Executive Director for the year reported against the targets set a year ago, set performance targets for the following financial year and made recommendations to the Board on the overall packages for the Executive Directors.

I am satisfied that the Committee has appropriately discharged its duties in the year in accordance with its responsibilities and encourage you to read the Directors Remuneration Report on the following pages.

A handwritten signature in black ink, appearing to be 'Ian Martin', written over a horizontal line.

Ian Martin
Chair of the Remuneration Committee
28 April 2025

Directors' report for the year ended 31 December 2024

The directors present their annual report and the audited financial statements of the Group for the year ended 31 December 2024 which should be read in conjunction with the Strategic Report on pages 5 to 18. The Corporate Governance Statement set out on pages 19 to 22 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 1.5p per share was paid on 19 November 2024 (2023: 1p). The directors are recommending a final dividend of 1.5p per share expected to be paid on 12 August 2025 (2023: 1.5p paid on 17 July 2024).

Purchase of own shares

There were no own shares purchased during 2024, previously purchased shares are being held in treasury and amount to 275,000 shares.

Shares issued during the year

No shares were issued in 2024 (2023: 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 £978,000 (2023: £972,000), of which £684,000 (2023: £583,000) 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' report for the year ended 31 December 2024 (continued)

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

As of 2 April 2024, 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
I P Martin	830,250	10.1%
Thomas William George Charlton	965,000	11.8%
Robert & Virginia Millington	568,000	6.9%
Mr Michael J Taylor	398,000	4.9%
R D McDougall	328,500	4.0%
Unicorn Asset Management	289,995	3.5%

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.

Directors' report for the year ended 31 December 2024 (continued)

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 2024 there were no significant concentrations of credit risk (2023: £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 2024		
Trade and other payables (note 24)	1,383	-
At 31 December 2023		
Trade and other payables	1,191	-

Directors' report for the year ended 31 December 2024 (continued)

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 2024 and 2023 were as follows:

	2024	2023
	£'000	£'000
Net debt	-	-
Total equity	3,436	3,263
Total capital	3,436	3,263
Gearing ratio	-%	-%

As at 31 December 2024, 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 (2023 - 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.

Directors' report for the year ended 31 December 2024 (continued)

Disclosure of information to auditors

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

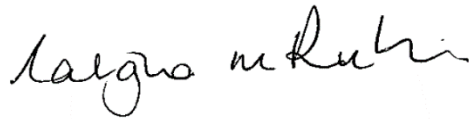
- so far as each director is aware, there is no relevant audit information (that is, information needed by the auditors in connection with preparing their report) of which the auditors are unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make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

On 19 November 2024 the company's auditor changed its name from Haysmacintyre LLP to HaysMac LLP. 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

A handwritten signature in black ink, appearing to read 'N M Rourke'.

N M Rourke
Company Secretary
28 April 2025

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.

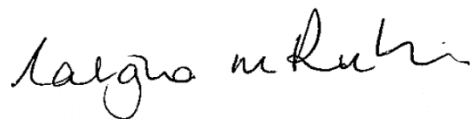
The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of directors' responsibilities in respect of the financial statements (continued)

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

A handwritten signature in black ink, appearing to read 'N M Rourke'.

N M Rourke
Company Secretary
28 April 2025

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 2024 which comprise the Consolidated income statement, the Consolidated and Company statements of financial position, the Consolidated and Company statement of changes in equity, the Consolidated and Company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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 2024 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we look at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud. We tailored the scope of our audit to ensure that we obtained sufficient audit evidence to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the account processes and controls, and the industry in which the group operates.

The Group comprises three financially significant companies; two principal trading companies and one holding company, all of which are based in the UK and constitute full scope audit components. We performed audits of the three components in the Group, giving us the evidence we need to form our opinion on the Group financial statements. All work was performed by the Group engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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) 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.

Independent auditors' report to the members of Touchstar plc (continued)

Key Audit Matter	How our scope addressed this matter
<p>Fraud in revenue recognition</p> <p>The Group recognised revenue of £6,893,000 (2023: £7,224,000) in the year.</p> <p>This is split between revenue recognised at a point in time and revenue recognised over time with the former being £3,842,000 (2023: £4,303,000). Q4 point in time revenue recognised was £1,151,000 (2023: 1,137,000).</p> <p>The cut off risk identified related to Q4 point in time revenue that could be recognised in an incorrect period.</p>	<p>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.</p> <p>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.</p> <p>We used data analytics to identify unusual double entry pairings involving revenue in the year. Unexpected entries were vouched to supporting documentation.</p>
<p>Capitalisation of development costs</p> <p>The Group capitalised development costs of £684,000 (2023: £583,000) 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'</p> <p>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.</p> <p>There is judgment involved in assessing the amount to be capitalised to the projects that are capitalised under IAS 38.</p>	<p>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.</p> <p>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.</p> <p>We critically assessed the commercial feasibility of projects by agreeing to supportive evidence such as invoices and future orders.</p> <p>We selected a sample of third party costs capitalised and vouched these to external invoices.</p> <p>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.</p>

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatement, both individually and in aggregate on the financial statements as a whole.

Independent auditors' report to the members of Touchstar plc (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	<i>Group financial statements</i>	<i>Company financial statements</i>
Overall materiality	£120,000 (2023: £145,000)	£37,000 (2023: £25,750)
Performance materiality	£89,600 (2023: £87,000)	£27,750 (2023: £15,450)
How we determined it	1.75% of forecasted revenue (2023: 2% of forecasted revenue)	5% of forecasted equity (2023: 5% of forecasted equity)
Rational for benchmark	Revenue has been used as the benchmark of materiality as we consider this to be the financial metric of most interest to shareholders and other users of the financial statements.	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 is used to detect errors at a higher precision level and has been based on 75% (2023: 60%) of overall materiality.	Performance materiality is used to detect errors at a higher precision level and has been based on 75% (2023: 60%) of overall materiality.

Conclusions relating to going concern

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

- Obtaining and reviewing the cash flow forecasts and budgets produced by management;
- Reviewing the mathematical accuracy of the budgets;
- Reviewing the management's forecasts in light of our understanding of the business and current wider economic conditions;
- Considering and assessing the appropriateness of management's sensitivities and testing resilience of these to an unfavourable future operation scenario.

The key observations of our assessment are that the Group has generated sufficient cash resources to counter the impact of reasonably adverse financial performance scenarios. This ensures that it can continue its operations as a going concern without recourse to external funding.

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 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.

Independent auditors' report to the members of Touchstar plc (continued)

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 set out on page 34, 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:

Independent auditors' report to the members of Touchstar plc (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the company and trade regulations such as health and safety and employment law, and regulatory requirements for AIM listed companies, and 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, income tax, payroll tax and sales tax.

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 journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

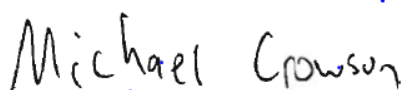
- Inquiries with nominated advisors for any known non-compliance;
- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- 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;
- Identifying and testing accounting journal entries, in particular journal entries posted which exhibited certain characteristics which we had identified as possible indicators of fraud or irregularity; and
- Challenging assumptions and judgements made by management in their critical 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 Financial Reporting Council'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 (Senior Statutory Auditor)
For and on behalf of HaysMac LLP, Statutory Auditors
28 April 2025

10 Queen Street Place
London
EC4R 1AG

Consolidated income statement for the year ended 31 December 2024

		2024 £'000	2023 £'000
	Note		
Revenue	4	6,893	7,224
Cost of sales		(2,743)	(2,937)
Gross profit		4,150	4,287
Distribution costs		(43)	(51)
Administrative expenses		(3,785)	(3,637)
Operating profit before exceptional costs and share-based payment provision		408	658
Exceptional costs	5	(57)	-
Share-based payment provision included in administrative expenses	8(b)	(29)	(59)
Operating profit	6	322	599
Finance income	11(a)	79	85
Finance costs	11(b)	(13)	(9)
Profit before income tax		388	675
Income tax charge	12	(22)	(36)
Profit for the year attributable to the owners of the parent		366	639

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

	2024	2023
Basic	4.47p	7.63p
Adjusted	5.16p	7.63p
Diluted	4.43p	7.58p

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

	Note	Share capital £'000	Treasury shares £'000	Share premium account £'000	Share based payment Reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2023		424	-	1,119	58	1,332	2,933
Dividend		-	-	-	-	(82)	(82)
Purchase of own shares		-	(252)	-	-	-	(252)
Cost of capital reduction in subsidiary		-	-	-	-	(34)	(34)
Share based payment charge		-	-	-	59	-	59
Transactions with shareholders		-	(252)	-	59	(116)	(309)
Total comprehensive income (profit for the year)		-	-	-	-	639	639
Capital reduction		-	-	(1,119)	-	1,119	-
At 31 December 2023		424	(252)	-	117	2,974	3,263
Dividend to shareholders		-	-	-	-	(246)	(246)
Repatriation of unclaimed dividends		-	-	-	-	24	24
Share based payment charge	27	-	-	-	29	-	29
Transactions with shareholders		-	-	-	29	(222)	(193)
Total Comprehensive income (profit for the year)		-	-	-	-	366	366
At 31 December 2024		424	(252)	-	146	3,118	3,436

The notes on pages 43 to 76 are an integral part of these Group financial statement.

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

Note	Share capital £'000	Treasury shares £'000	Share premium account £'000	Share based payment Reserves £'000	Retained earnings £'000	Total £'000
At 1 January 2023	424	-	1,119	58	(2,376)	(775)
Dividend	-	-	-	-	(82)	(82)
Purchase of own shares	-	(252)	-	-	-	(252)
Cost of capital reduction	-	-	-	-	(34)	(34)
Share based payment charge	-	-	-	59	-	59
Transactions with shareholders	-	(252)	-	59	(116)	(309)
Total Comprehensive income (profit for the year)	-	-	-	-	1,591	1,591
Capital reduction	-	-	(1,119)	-	1,119	-
At 31 December 2023	424	(252)	-	117	218	507
Dividend to shareholders	-	-	-	-	(246)	(246)
Repatriation of unclaimed dividends	-	-	-	-	24	24
Share based payment charge 27	-	-	-	29	-	29
Transactions with shareholders	-	-	-	29	(222)	(193)
Total Comprehensive income (profit for the year)	-	-	-	-	576	576
At 31 December 2024	424	(252)	-	146	572	890

The notes on pages 43 to 76 are an integral part of these Group financial statement.

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

	Note	Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Non-current assets					
Intangible assets	15	1,288	1,137	-	-
Investments	16	-	-	119	95
Property, plant and equipment	17	108	66	-	-
Right-of-use assets	18	180	225	-	-
Deferred tax assets	20	9	20	9	2
Trade and other receivables	22	88	-	-	-
		1,673	1,448	128	97
Current assets					
Inventories	21	992	1,153	-	-
Trade and other receivables	22	1,650	1,199	2	239
Corporation tax receivable		87	18	-	-
Cash and cash equivalents	23	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	24	1,383	1,191	480	121
Contract liabilities	25	2,018	1,938	-	-
Lease liabilities	26	91	149	-	-
		3,492	3,278	480	121
Non-current liabilities					
Deferred tax liabilities	20	170	90	-	-
Contract liabilities	25	148	130	-	-
Lease liabilities	26	74	62	-	-
		392	282	-	-
Total liabilities		3,884	3,560	480	121

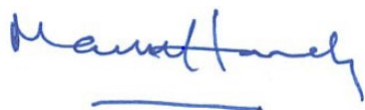
Consolidated and Company statement of financial position as at 31 December 2024 (continued)

		Group		Company	
		2024	2023	2024	2023
Note		£'000	£'000	£'000	£'000
Capital and reserves attributable to owners of the parent					
		3,118	2,974	572	218
Retained earnings					
Share capital	28	424	424	424	424
Treasury shares	27	(252)	(252)	(252)	(252)
Share based payment reserve	27	146	117	146	117
Share premium	27	-	-	-	-
Total equity		3,436	3,263	890	507
Total equity and liabilities		7,320	6,823	1,370	628

The notes on pages 43 to 76 are an integral part of these Group financial statements.

The Company reported a profit for the financial year of £576,000 (2023: £1,591,000).

The Group and Company financial statements on pages 37 to 76 were approved by the Board of Directors on 28 April 2025 and were signed on its behalf by:



M W Hardy

Director

Registered number Scotland: SC005543

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

		Group		Company	
	Note	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Operating activities					
Operating Profit/(loss)		322	599	(31)	(8)
<i>Adjustments for:</i>					
Depreciation	16,17	243	205	-	-
Amortisation	15	534	532	-	-
Share-based payment provision	8(b)	29	59	5	11
<i>Movement in:</i>					
Inventories	21	161	(187)	-	-
Trade and other receivables	22	(539)	(224)	237	176
Trade and other payables and contract liabilities	24,25	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	15	(684)	(583)	-	-
Purchase of property, plant and equipment	16	(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	27	-	(252)	-	(252)
Cost of capital reduction	27	-	(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)
Cash and cash equivalents at end of the year	23	2,918	3,005	1,240	292

Notes to the Group financial statements for the year ended 31 December 2024

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 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).

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

2 Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

Going concern (continued)

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.

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 2023, and in the opinion of the Directors will not have a material impact on the Group's financial statements:

- Disclosure of Accounting Policies
(Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

Notes to the Group financial statements for the year ended 31 December 2024 (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):

- At the date of authorisation of these financial statements the following standards and amendments to standards, which have not been applied in these financial statements, were in issue, but not yet effective:
- Amendment to IFRS 16 'Leases on sale and leaseback' (effective for accounting periods beginning on or after 1 January 2024).
- Amendment to IAS 1 'Non-current liabilities with covenants' (effective for accounting periods beginning on or after 1 January 2024).
- Amendment to IAS 7 and IFRS 7 'Supplier finance' (effective for accounting periods on or after 1 January 2024 – with transitional reliefs in the first year).
- Amendments to IAS 21 'Lack of Exchangeability' (effective for accounting periods on or after 1 January 2024 – early adoption is available).

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 2024 (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 2024 (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).

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 2024 (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 2024 (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 2024 (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 2023. 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 2024 (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 25 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 on 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 2024 (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 2024 (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 2024 (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

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 (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).

(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) (note 22).

Notes to the Group financial statements for the year ended 31 December 2024 (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.

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 37 to 40.

All revenue is generated within the UK.

4.1 Geographical information

	2024 £'000	2023 £'000
UK	6,568	6,512
Europe	311	694
Rest of World	14	18
	6,893	7,224

4.2 Major customers

During the year ended 31 December 2024 approximately £683,000 (2023: £743,000) of the consolidated entity's external revenue was derived from sales to one customer.

4.3 Analysis of revenue

	2024 £'000	2023 £'000
Recognised at a point in time	3,842	4,303
Recognised over time (recurring revenue) – note 25	3,051	2,921
	6,893	7,224

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

5 Exceptional costs

	2024 £'000	2023 £'000
Cost of the Strategic review	57	-

Details of the Strategic Review can be found in the Chairman's Statement, the total cost incurred was £77,500 reduced by the release of a historical exceptional liability £20,500 no longer required.

6 Operating profit

	2024 £'000	2023 £'000
Operating loss is stated after charging/(crediting):		
Depreciation:		
Owned assets (note 17)	47	46
Leased assets (note 18)	196	159
Development expenditure amortisation (note 15)	534	532
Share-based payment provision (note 8(b))	29	59
Research and development expenditure	294	390
Cost of inventories recognised as an expense	1,690	1,894
Write down of inventory as an expense	74	45
Staff costs (note 8(a))	2,674	2,668
Loss/(Profit) on foreign exchange	3	4

7 Auditors' remuneration

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

	2024 £'000	2023 £'000
Audit services:		
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	45	40
Fees payable to the Company's auditors for other services:		
Audit of subsidiaries pursuant to legislation	30	25
Other assurance services	2	4
	77	69

Notes to the Group financial statements for the year ended 31 December 2024 (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	
	2024	2023
	Number	Number
Administrative, management and sales	39	40
Production and technical	15	16
	54	56

	2024	2023
	£'000	£'000
Staff costs for the above persons were:		
Wages and salaries	2,643	2,518
Social security costs	293	279
Other pension costs – defined contribution plans	149	120
Share-based payments provision	29	59
	3,114	2,976

As at 31 December 2024 the Group and Company had accrued pension costs of £22,000 (2023: £19,000). Staff costs are inclusive of capitalised salaries amounting to £440,000 (2023: £308,000).

(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 2024 (continued)

8 Employee remuneration (continued)

(b) Share-based employee remuneration (continued)

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

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

The options granted during the year did not achieve one of the two set criteria and are therefore void. The assessed fair value at grant date of options granted during the year ended 31 December 2023 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 2024:

Grant date	18 Nov 2021	18 Nov 2021	21 Sep 2022	21 Sep 2022
	Term A	Term B	Term A	Term B
Vesting period ends	30 Jun 2023	30 Jun 2024	30 Jun 2024	30 Jun 2025
No of shares granted	105,500	105,500	105,500	105,500
Share price at date of grant	£0.85	£0.85	£0.775	£0.775
Volatility	50%	50%	33%	33%
Risk-free rate	1%	1%	3.3%	3.3%
Exercise price at date of grant	£0.85	£0.85	£0.775	£0.775
Exercise period ends	17 Nov 2031	17 Nov 2031	20 Sep 2032	20 Sep 2032
Weighted average remaining contractual life	6.06 years	6.06 years	6.15 years	6.15 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, £29,000 (2023: £59,000) 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 2024 (continued)

9 Directors' emoluments

	2024 £'000	2023 £'000
Aggregate emoluments	394	296
Pension costs – defined contribution plans	29	-
	423	296

All three Directors are remunerated through the parent company.

The emoluments of the individual Directors were as follows:

	2024 £'000	2023 £'000
Salaries and bonuses:		
I P Martin	53	52
M W Hardy	216	212
J L Christmas	29	29
N M Rourke	96	3
	394	296

Salaries and fees are inclusive of car allowance for M W Hardy of £9,000 (2023: £9,000).

N M Rourke is accruing pension contributions at a rate of 10% of salary.

There were no bonuses awarded during the year. The bonus awarded to M W Hardy for the year ended 31 December 2023 of £18,000 was paid in March 2024.

211,000 share options were granted during the year however one of the two criteria were not met thereby these options were cancelled. Of the 422,000 valid share options granted 76,000 were granted to M W Hardy and 40,000 to N M Rourke. The share-based provision recognised during the year relating to the options granted to the directors amounted to £5,000 (2023: £11,000).

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

10 Key management compensation

Key management consists of the directors and three key departmental managers (2023: three).

	2024 £'000	2023 £'000
Wages and salaries	613	582
Social security costs	72	68
Pension costs – defined contribution plans	49	28
	734	678

During the year the bonuses awarded to key management, not paid at 31 December 2024 was £10,000. (31 December 2023: £24,000).

11 Finance income and costs

	2024 £'000	2023 £'000
(a) Finance income		
Bank interest received	79	85
(b) Finance costs		
Lease interest paid	13	9

12 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.

Notes to the Group financial statements for the year ended 31 December 2024 (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:

	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.

13 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).

Notes to the Group financial statements for the year ended 31 December 2024 (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.

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

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

15 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			
At 31 December 2024	-	1,288	1,288
At 31 December 2023	-	1,137	1,137
At 1 January 2023	-	1,087	1,087

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

Notes to the Group financial statements for the year ended 31 December 2024 (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.

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.

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

16 Investments

Shares in
subsidiary
undertakings
£'000

Cost	
At 1 January 2023	11,672
Addition	48
At 31 December 2023	11,720
Addition	24
At 31 December 2024	11,744
Accumulated amortisation	
At 1 January and 31 December 2024	11,720
Net book value	
At 31 December 2024	119
At 31 December 2023	95
At 1 January 2023	47

The additions in 2023 and 2024 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 2024 (continued)

17 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.

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

18 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.

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

19 (a) Financial instruments by category

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

		Group		Company	
	note	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial assets					
Trade and other receivables	22	1,407	957	2	1
Cash and cash equivalents	23	2,918	3,005	1,240	292
Total		4,325	3,962	1,242	293

		Group		Company	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial liabilities					
Trade and other payables (excluding tax and social security payable)	24	903	827	447	71

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 (2023: 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 2024 (continued)

20 Deferred tax

20.1 Deferred tax asset

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
At 1 January	20	46	2	3
(Charged)/credited to income statement	(11)	(26)	7	(1)
At 31 December	9	20	9	2

The deferred tax asset for the Group relates to unused tax losses of £600,000 (2023: £800,000).

The Group has an unrecognised deferred tax asset of £123,000 (2023: £162,000) 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

	2024 £'000	2023 £'000
At 1 January	90	80
Charged to income statement	80	10
At 31 December	170	90

Deferred tax (liability)/asset analysis:

	2024 £'000	2023 £'000
Amount in respect of fixed assets	(170)	(90)
Amount in respect of losses	9	20

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

21 Inventories

	2024 £'000	2023 £'000
Raw materials and consumables	708	662
Finished goods and goods for resale	357	558
Provision	(73)	(67)
	992	1,153

The cost of inventories recognised as an expense amounted to £1,690,000 included within cost of sales (2023: £1,894,000). Provision expenses of £74,000 were recognised in the income statement within cost of sales (2023: £45,000). No finished goods are held at fair value less cost to sell (2023: £nil).

22 Trade and other receivables

22.1 Amounts receivable within one year

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables	1,407	957	2	1
Amounts owed by subsidiary undertakings	-	-	-	238
Prepayments and accrued income	243	242	-	-
	1,650	1,199	2	239

22.2 Amounts receivable within more than one year

Prepayments and accrued income	88	-	-	-
--------------------------------	----	---	---	---

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 (2023: £nil).

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2024, trade receivables of £nil (2023: £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 2024 (continued)

22 Trade and other receivables (continued)

The ageing analysis of these trade receivables is as follows:

	2024	2023
	£'000	£'000
Up to 3 months past due	20	1

As of 31 December 2024, £nil of trade receivables (2023: £nil) were impaired and provided for. No bad debt expenses (2023: £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	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Sterling	1,358	957	2	239
Euros	49	-	-	-
	1,407	957	2	239

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 2024 (continued)

23 Cash and cash equivalents

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'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) in Note 23.

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

24 Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade payables	620	479	107	4
Other taxes and social security	480	364	33	50
Amounts owed to subsidiary undertakings	-	-	300	-
Other payables	29	44	8	-
Customer deposits	29	42	-	-
Accruals	225	262	32	67
	1,383	1,191	480	121

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

24 Trade and other payables (continued)

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

A balance of £230 (2023: £nil) was owed to a key manager as at the year end, and £1,186 (2023: £nil) was owed to a related party by virtue of common directorship for Factis Ltd. Transactions in the year amounted to total payments made £2,809 to the key manager, and total payments of £4,838 to Factis Ltd.

The transactions were made at an arm's length basis.

Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables.

25 Contract liabilities

	2024 £'000	2023 £'000
At beginning of year	2,068	2,166
Invoiced	3,149	2,823
Released to income statement	(3,051)	(2,921)
At end of year	2,166	2,068

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

Due to be released within one year	2,018	1,938
Due to be released in more than one year	148	130

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 2024 (continued)

26 Leases

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

26.1 Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Notes	2024 £'000	2023 £'000
Right-of-use assets		
Buildings	-	101
Vehicles	180	124
18	180	225
	2024 £'000	2023 £'000
Lease liabilities		
Current	91	149
Non-current	74	62
	165	211

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:

	2024 £'000	2023 £'000
Lease liabilities (undiscounted)		
Not later than one year	99	156
Between one year and five years	76	74
	175	230

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 2024 (continued)

26 Leases (continued)

26.2 Amounts recognised in the statement of profit or loss

	Notes	2024 £'000	2023 £'000
Depreciation charge of right-of-use assets			
Buildings		92	82
Vehicles		104	77
	6	196	159

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

	2024 £'000	2023 £'000
Interest expense (included in finance cost)	13	9
Expense relating to short-term leases (included in administrative expenses)	8	25

27 Reserves

27.1 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.

Notes to the Group financial statements for the year ended 31 December 2024 (continued)

27 Reserves (continued)

27.2 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 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).

28 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.

Group Information

Registered Number in Scotland SC005543

Touchstar plc

7 Commerce Way
Trafford Park
Manchester
M17 1HW
T: +44 (0) 1274 741860
E: investor@touchstar.com
www.touchstar.com

Independent Statutory Auditors

HaysMac LLP
10 Queen St Place
London
EC4R 1AG

Solicitors

Harrison Clark Rickerbys Limited
Overcross House
Ross Park
Ross-On-Wye
Herefordshire
HR9 7US

Registrars

Nevilles Registrars Ltd
Neville House
Steelpark Road
Halesowen
B62 8HD

Secretary and Registered Office

N M Rourke
1 George Square
Glasgow
G2 1AL

Bankers

Barclays Corporate Bank
2nd Floor
1 Park Row
Leeds
LS1 5AB

Stockbroker and Financial Advisors

Zeus Capital
125 Old Broad Street
London
EC2N 1AR