touchstar

touchstar

Securing the Logistics of People and Product

INTERIM RESULTS ANNOUNCEMENT

Six months ended 30 June 2026

CAPABILITY CREATES PERFORMANCE

Performance is a lagging factor. Capability is a leading indicator.

Touchstar plc

(the “Company”, “Touchstar” or the “Group”)

Interim results for the six months ended 30 June 2026

The Board of Touchstar plc (AIM: TST) ("Touchstar", the "Company" or the "Group"), a provider of technology that helps organisations secure and manage the movement of people and products through complex operational environments, is pleased to announce its results for the six months ended 30 June 2026 ("H1 2026" and the "Period").

H1 2026 at a glance

The Group entered 2026 with a clearer structure and a commitment to disciplined execution. During H1, the business focused on simplifying the organisation, strengthening leadership and redesigning the operating model required to support sustainable growth.

£3.409m	**£1.604m**	**£2.632m**	**£2.021m**
Revenue	**Recurring revenue**	**Order book**	**Net cash**
+£44k YoY	+4.6%	+4.4%	Balance sheet remains strong

Key financials

	H1 2026	H1 2025	Variance
Revenue	£3,409,000	£3,365,000	+ £44,000
Recurring revenue	£1,604,000	£1,533,000	+ 4.6%
Gross margin	46.4%	55.0%	-8.6 percentage points
Operating loss before exceptional costs*	£(133,000)	£(155,000)	+ £22,000
Adjusted EBITDA**	£29,000	£235,000	- £206,000
Cash net of overdraft	£2,021,000	£2,002,000	+ £19,000
Order book at end H1***	£2,632,000	£2,521,000	+ 4.4%
Pre-tax loss	£(125,000)	£(142,000)	+ £17,000
Basic EPS	(1.35)p	(1.222)p	
Proposed interim dividend per share	1.50p	1.75p	-0.25p

** Refer to note 3 for definition. ** Adjusted in 2025 for £21,000 exceptional costs. *** Includes booked recurring revenue.*

Highlights

- Order intake for H1 increased by £739,000 compared with the corresponding period last year.
- Recurring revenue represented 47% of total revenue, continuing the shift towards more predictable income.
- The Group maintained a strong balance sheet with net cash of approximately £2.0 million.
- Following the period end, the Group completed its review of the logistics software portfolio and is concentrating on future development around a more unified Touchstar platform strategy.
- The new Head of Engineering is now in post, providing clearer technical ownership and leadership of the Group's future development programme
- The commercial operating model was redesigned during the period and implementation is now underway, with clearer responsibility for customer ownership, new business and cross-selling.

Touchstar is building a simpler, more capable and more scalable business.

Commenting, Ian Martin, Chair of Touchstar, said:

"H1 2026 has been a period of disciplined execution. Turnover remained in line with H1 2025, while management has taken the decisions necessary to strengthen capability, focus investment and create a stronger foundation for sustainable growth. The Board remains focused on converting this improved capability into stronger financial performance and supporting the Group's return to profitability during FY2027."

For further information, please contact

Touchstar plc	www.touchstarplc.com Ian Martin / Lynden Jones 0161 874 5050
Zeus - Nominated Adviser & Broker	www.zeuscapital.co.uk Corporate Finance - Mike Coe / Darshan Patel 0203 829 5000

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

Chief Executive Officer's statement

Introduction

I am pleased to report a solid financial performance in the first half despite challenging market conditions and significant progress with the continuing transformation of the Group across all functions.

I have previously indicated 2026 would be a transitional and pivotal year for the Group as we build a simpler, more capable and more scalable business and look to return the Group to profitability in 2027. I am pleased with our progress in H1 as we continue the transformation started in H2 2025 and expect further progress in H2. We remain firmly on track with our strategic objective to rationalise the business, strengthen its operational foundations and create a platform capable of delivering sustainable revenue growth. The transformation has proved more extensive than initially anticipated, with additional legacy issues and organisational change requiring attention, which has inevitably affected the pace at which these improvements translate into near-term revenue; however, the actions taken are creating a stronger business, with improved capability, people and structure from which to deliver our longer-term growth ambitions.

Building capability

H1 2026 has been characterised by deliberate strategic decisions designed to strengthen the long-term capability of the Group. These decisions share a common objective: reducing dependency upon individuals, simplifying fragmented products and building stronger organisational and technical capability for sustainable growth

Following the period end, the Group completed a review of the PODStar product and decided to cease further standalone development and marketing of the product, while continuing to support existing customers. Existing functionality and customer requirements are being incorporated into the future Touchstar platform, allowing engineering resources and future investment to be concentrated on reusable capability and a more unified product architecture.

The new Head of Engineering is now in post, providing the leadership required to support the next phase of development and strengthening the Group's ability to establish clearer technical ownership, roadmap discipline and delivery. The structural decisions taken during H1 are now being implemented. Leadership responsibilities are clearer, engineering resources are being concentrated on the future platform, and the commercial model is being reorganised around clearer ownership and accountability.

Taken together, these actions demonstrate Touchstar moving from diagnosis into execution and from dependency towards capability. The work undertaken in H1, together with the progress made since the period end, has strengthened the Group's ability to deliver sustainable shareholder value over time.

Capability creates performance.

A clearer basis for decisions

Strategic priorities are now clearer, allowing the business to allocate resources more effectively, decline distractions and act with greater confidence. The central test is increasingly straightforward: does the decision improve the capability of the business?

Strategic progress

During the period the Group advanced five areas of strategic capability:

- **Product focus:** future investment is being concentrated around a more unified Touchstar platform strategy.

- **Engineering leadership:** clearer technical ownership and development leadership are now established.
- **Commercial resilience:** the new commercial structure is being implemented with clearer responsibility for customer ownership, new business and cross-selling.
- **Customer engagement:** customer communication and quotation processes are being simplified to improve responsiveness and scalability.
- **Decision discipline:** resources are increasingly being concentrated on agreed strategic priorities.

Operational and organisational progress

Commercial capability

The Group has redesigned its commercial operating model around an office-based internal sales structure. The new model is intended to improve customer coverage, strengthen account management and cross-selling, and provide greater resilience when individual employees are unavailable.

Technical site requirements will increasingly be captured by suitably qualified engineers, with office-based commercial staff coordinating customer communication, proposals, and quotations. This separation of responsibilities is expected to improve technical accuracy, response times, and future scalability.

Product and engineering

The Group is increasingly concentrating development resources on reusable platform capability rather than separate legacy product development. Existing customers will continue to receive appropriate support, while future development is intended to reduce duplication, simplify maintenance and create greater commonality across Touchstar's technologies. The new Head of Engineering is now in post, providing clearer technical ownership and strengthening roadmap discipline, release predictability and the ability to make product decisions from a Group-wide perspective.

Culture and ownership

Ownership is more visible across the organisation. Leadership responsibilities are clearer; decisions are easier to place and the connection between individual actions and business outcomes is becoming more visible.

Strategic capability and outlook

Theme	Status	Position & direction	Current assessment
Leadership	**Green**	Strengthened – Leadership in place – transition underway	The new Head of Engineering is now in post, providing clearer technical ownership and materially strengthening the Group's leadership capability.
Engineering	**Amber**	Improving – capability being embedded	Roadmap ownership and development priorities are clearer. The next requirement is to translate this into consistent delivery, release discipline and accountability.
Commercial	**Amber**	Building - implementation underway	The redesigned commercial model is being implemented with clearer responsibility for customer ownership, new business and cross-selling. The performance benefits remain to be demonstrated consistently.

Product portfolio	**Green**	Strengthened – execution underway	Future investment is increasingly concentrated around a more unified Touchstar platform strategy, improving focus and creating a clearer basis for reusable capability and future product development.
Customer retention	**Green**	Stable - resilient and established	Recurring revenue and support of the installed customer base remain strong, providing resilience while broader commercial capability is strengthened.
Culture	**Amber**	Emerging - adoption remains uneven	Accountability and ownership are becoming more visible across the organisation. Further work is required to embed these behaviors consistently throughout the business.

Outlook

During the second half, the Group's focus will move from organisational change towards execution. Priorities include embedding the strengthened engineering leadership, implementing the redesigned commercial structure and reinforcing accountability across the business.

Product development is increasingly being concentrated on reusable platform capability, reducing unnecessary complexity and creating greater commonality across Touchstar's technologies. The Board believes this approach provides a stronger foundation for improved customer outcomes, greater scalability and the natural expansion of the Group's capabilities over time.

The structural actions undertaken during 2026 have strengthened the operating model and provided a clearer platform for sustainable growth. The Board remains focused on converting this improved capability into stronger financial performance and supporting the Group's return to profitability during FY2027.

Touchstar is building a simpler, more capable and more scalable business.

L N Jones
Chief Executive Officer
25 September 2026

Chief Financial Officer's review

Financial performance

Revenue for H1 2026 was £3.409m, broadly in line with H1 2025 revenue of £3.365m. Recurring revenue increased by 4.6% to £1.604m and represented 47% of total revenue, reinforcing the movement towards a more predictable income base. The Group's full-year expectations remain consistent with the trading update issued earlier in September 2026.

Gross margin reduced to 46.4% in H1 2026 from 55.0% in H1 2025, a movement of 8.6 percentage points. Cost of sales includes not only components and subcontractor costs, but also direct salaries including service, production, R&D and application/software development.

Adjusted EDITDA for the Period was £29,000 down from £235,000 in the H1 2025.

Review of trading in the period

Order intake during H1 2026 was £2.399m, an increase of £739,000 compared with £1.660m in H1 2025. The order book, including booked recurring revenue, stood at £2.632m at 30 June 2026, compared with £2.521m at 30 June 2025. This represents a stronger position than at the corresponding point last year and reflects the increased commercial focus introduced since the second half of 2025.

While the improved order intake and closing order book provide a sound base for future trading, the timing of order conversion, customer deployment and revenue recognition means that first-half order intake should not be viewed as a direct indicator of revenue in the second half. Customer decision-making and order timing continue to be influenced by the wider economic environment, resulting in an inherently variable trading pattern.

Since the beginning of 2026, the Group has been implementing an intentional change to its commercial operating model, moving from a predominantly field-based structure towards a more scalable office-based internal sales model.

As explained in the Commercial capability section, the new structure is designed to broaden customer coverage, improve responsiveness and cross-selling, and reduce dependency on individual account managers. The transition has moderated the rate of order intake in the short term as responsibilities, processes and resources are realigned. This is an anticipated consequence of the change and is intended to increase the Group's longer-term capacity to generate sustainable revenue.

Gross margin bridge

The principal reason for the reduced margin is the change in accounting estimate following the 2025 impairment of intangible assets and the revised approach to future development expenditure. From 1 December 2025, development salaries are now expensed as incurred unless they relate to a significant, separately identifiable enhancement expected to generate new revenue streams and meet the IAS 38 recognition criteria.

In H1 2025, £215,000 of development salaries were capitalised. Had that capitalisation not occurred, those costs would have been included in cost of sales. This accounts for approximately 6.3 percentage points of the 8.6 percentage point reduction in gross margin. The remaining movement of approximately 2.3 percentage points reflects inflationary pressures on salary costs and the increase in employer National Insurance contributions from April 2025.

On a like-for-like basis, reflecting the expensing of development costs in both periods, the H1 2025 comparative gross margin was approximately 48%, as presented in the September trading update.

Gross margin bridge	Approx. impact
H1 2025 gross margin	55.0%
Cessation of capitalisation of development salaries (£215k in H1 2025)	(6.3) percentage points
Salary inflation and employers' National Insurance increase	(2.3) percentage points
H1 2026 gross margin	46.4%

The revised treatment provides a clearer reflection of the current development model. While it reduces reported gross margin compared with prior periods, it does not reflect a deterioration in underlying product pricing or component margin of the same magnitude. The Group continues to maintain a strong balance sheet, with net cash of £2.021m at 30 June 2026.

Outlook

The Group continues to identify and pursue commercial opportunities. However, customer decision-making and the timing of orders continue to be influenced by the wider economic environment, resulting in an inherently variable trading pattern. Accordingly, the Board remains appropriately cautious regarding the timing with which current opportunities will convert into orders and recognised revenue during the remainder of the year.

As communicated in the trading update issued earlier in September 2026, revenue in the second half of the year is expected to be slightly lower than in the first half. However, continued cost discipline and the measured timing of investment mean that the anticipated loss for the full year is expected to be lower than the previous market expectation.

Investment in the Group's capability will continue in a measured manner. Management is assessing both the resources required and the appropriate timing of appointments, ensuring that additional capacity is introduced where it can deliver the greatest benefit. The Group continues to monitor its cost base closely and retains flexibility over the timing of planned expenditure. This disciplined approach is intended to mitigate the effect of any movement in the timing of revenue while maintaining investment in the capabilities required to support sustainable growth and the planned return to profitability in 2027.

N M Rourke
Chief Financial Officer
25 September 2026

Unaudited consolidated income statement for the six months ended 30 June 2026

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Revenue	3,409	3,365	6,821
Cost of sales	(1,828)	(1,515)	(2,889)
Gross profit	**1,581**	**1,850**	**3,932**
Distribution costs	(12)	(14)	(27)
Administrative expenses	(1,702)	(2,012)	(5,302)
Operating loss before share-based payment provision and exceptional costs	**(133)**	**(150)**	**2**
Exceptional costs	-	(21)	(1,393)
Share-based payment provision included in administrative expenses	-	(5)	(6)
Operating loss	**(133)**	**(176)**	**(1,397)**
Finance income	25	46	76
Finance costs	(17)	(12)	(20)
Loss before income tax	**(125)**	**(142)**	**(1,341)**
Income tax credit	18	43	260
Loss for the period attributable to owners of the parent	**(107)**	**(99)**	**(1,081)**

Earnings per ordinary share

	30 June 2026	30 June 2025	31 December 2025
Basic	(1.35)p	(1.222)p	(13.29)p
Adjusted	(1.35)p	(0.961)p	3.83p

The exercise price of all share options granted at 30 June 2026 were above the average market share of ordinary shares during the 12-month period to 30 June 2026 and therefore deemed anti-dilutive (30 June 2026: anti-dilutive) (31 December 2025: anti-dilutive).

Unaudited consolidated statement of changes in equity for the six months ended 30 June 2026

For the six months ended 30 June 2026	Share capital £'000	Treasury shares £'000	Share based payment reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2026	424	(467)	152	1,773	1,882
Total comprehensive income (loss for the period)	**-**	**-**	**-**	**(107)**	**(107)**
Balance at 30 June 2026	**424**	**(467)**	**152**	**1,666**	**1,775**

For the six months ended 30 June 2025	Share capital £'000	Treasury shares £'000	Share based payment reserves £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2025	424	(252)	146	3,118	3,436
Purchase of own shares	-	(20)	-	-	(20)
Share based payment charge	-	-	5	-	5
Transactions with shareholders	-	(20)	5	-	(15)
Total comprehensive income (loss for the period)	**-**	**-**	**-**	**(99)**	**(99)**
Balance at 30 June 2025	**424**	**(272)**	**151**	**3,019**	**3,322**

Unaudited consolidated statement of financial position at 30 June 2026

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Non-current assets			
Intangible assets	154	1,337	204
Property, plant, and equipment	195	119	151
Right of use asset	431	606	573
Deferred tax assets	111	9	111
Trade and other receivables	136	116	119
Total non-current assets	**1,027**	**2,187**	**1,158**
Current assets			
Inventories	640	880	708
Trade and other receivables	994	1,672	1,136
Current tax receivable	20	87	84
Cash and cash equivalents	2,040	2,002	2,493
Total current assets	**3,694**	**4,641**	**4,421**
Total assets	**4,721**	**6,828**	**5,579**

Current liabilities			
Trade and other payables	1,038	1,165	1,134
Borrowings	19	-	155
Contract liabilities	1,303	1,496	1,733
Lease liabilities	113	157	158
Total current liabilities	**2,473**	**2,818**	**3,180**
Non-current liabilities			
Deferred tax liabilities	8	127	8
Contract liabilities	145	121	101
Lease liabilities	320	440	408
Total non-current liabilities	**473**	**688**	**517**
Total liabilities	**2,946**	**3,506**	**3,697**

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Capital and reserves attributable to owners of the parent			
Share capital	424	424	424
Treasury shares	(467)	(272)	(467)
Share-based payment reserve	152	151	152
Profit and loss account	1,666	3,019	1,773
Total equity	1,775	3,322	1,882
Total equity and liabilities	**4,721**	**6,828**	**5,579**

touchstar

Unaudited consolidated cash flow statement for the six months ended 30 June 2026

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Operating loss	**(133)**	**(176)**	**(1,397)**
Depreciation	112	90	198
Amortisation	50	300	561
Impairment of intangible assets	-	-	1,182
Share-based payment provision	-	6	6
Inventories	68	112	284
Trade and other receivables	125	(53)	483
Trade and other payables	(482)	(766)	(581)
Cash used in / generated from operating activities	**(260)**	**(487)**	**736**
Interest received	25	46	76
Interest paid	(17)	(12)	(20)
Corporation tax received	82	-	-
Net cash used in / generated from operating activities	**(170)**	**(453)**	**792**
Purchase of intangible assets	-	(349)	(659)
Purchase of property, plant and equipment	(76)	(32)	(90)
Net cash used in investing activities	**(76)**	**(381)**	**(749)**
Dividend paid to shareholders	-	-	(264)
Purchase of own shares	-	(20)	(215)
Principal elements of lease payments	(71)	(62)	(144)
Net cash used from financing activities	**(71)**	**(82)**	**(623)**
Net decrease in cash and cash equivalents	**(317)**	**(916)**	**(580)**
Cash and cash equivalents at start of the period	2,338	2,918	2,918
Cash and cash equivalents at end of the period	**2,021**	**2,002**	**2,338**

Notes to the interim report and accounts

1. General information

Touchstar plc is a public company limited by share capital incorporated and domiciled in the United Kingdom. The Company has its listing on AIM. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

2. Status of interim report and accounts

The financial information comprises the consolidated interim balance sheet as of 30 June 2026, 30 June 2025 and the year ended 31 December 2025 along with related consolidated interim statements of income and cash flows for the six months to 30 June 2026 and 30 June 2025 and year ended 31 December 2025 of Touchstar plc.

This financial information for the half year ended 30 June 2026 has neither been audited nor reviewed and does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. This financial information was approved by the Board on 25 September 2026.

The figures for the year ended 31 December 2025 have been extracted from the audited annual report and accounts that have been delivered to the Registrar of Companies. The auditors, HaysMac LLP, reported on those accounts under section 495 of the Companies Act 2006. Their report was unqualified and did not contain a statement under section 498 of that Act.

3. Basis of preparation

The interim report and accounts have been prepared in accordance with IAS 34 Interim Financial Reporting, using accounting policies to be applied in the annual report and accounts for the year ending 31 December 2026. These are consistent with those included in the previously published annual report and accounts for the year ended 31 December 2025, which have been prepared in accordance with IFRS as adopted by the European Union.

Non – GAAP financial measures

For the purposes of this interim announcement and annual report and accounts, the Group uses alternative non-Generally Accepted Accounting Practice ('non-GAAP') financial measures which are not defined within IFRS. The Directors use the measures in order to assess the underlying operational performance of the Group and as such, these measures are important and should be considered alongside the IFRS measures.

The following non-GAAP measure referred to in the interim announcement relates to operating profit/(loss) before exceptional costs.

'Operating loss before exceptional costs' is separately disclosed, being defined as operating profit/(loss) adjusted to exclude restructuring costs and impairment of intangible assets (note 5). These exceptional costs related to items which the management believe did not accurately reflect the underlying trading performance of the business in the period. The Directors believe that the trading profit/(loss) is an important measure of the underlying performance of the Group.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future, and for this reason they have adopted the going concern basis of preparation in the consolidated interim financial statements. The financial statements may be obtained from Touchstar plc, 7 Commerce Way, Trafford Park, Manchester, M17 1HW or online at www.touchstarplc.com.

4. Critical accounting estimates and assumptions

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

(a) Development expenditure

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

(b) Impairment of intangibles

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

(c) Stock provisions

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

5. Exceptional costs

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Cost of the Strategic review	-	-	(3)
Impairment of intangible assets	-	-	1,181
Restructuring and integration costs	-	21	215
Total exceptional costs	**-**	**21**	**1,393**

6. Income tax credit

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Corporation tax			
Current tax credit	(20)	-	-
Adjustment in respect of prior years	2	-	4
Deferred tax (credit)/charge	-	(43)	(264)
Income tax credit	**(18)**	**(43)**	**(260)**

The deferred tax charge release for the period ended 30 June 2025 and year ended 31 December 2025 relates to brought forward losses surrendered against the tax charge. For the current period ended 30 June 2026 the tax credit relates to the expected RDEC claim.

7. Earnings per share

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Loss after tax attributable to the owners of Touchstar plc – for Basic EPS	(107)	(99)	(1,081)
Exceptional costs (note 5)	-	21	1,393
Adjusted earnings attributable to owners of the parent – for adjusted EPS	**(107)**	**(78)**	**312**

	30 June 2026 £'000	30 June 2025 £'000	31 December 2025 £'000
Weighted average number of shares used in calculating basic earnings per share	7,921,494	8,149,577	8,129,096
Number of considered dilutive shares	-	17,639	13,887
Weighted average number of shares used in calculating dilutive earnings per shares	**7,921,494**	**8,167,216**	**8,142,983**

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

Earnings per share	30 June 2026	30 June 2025	31 December 2025
Basic	(1.35)p	(1.222)p	(13.29)p
Adjusted	(1.35)p	(0.961)p	3.83p
Diluted	(1.35)p	(1.222)p	(13.29)p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financial costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

During the period 30 June 2026 no options were issued (30 June 2025: nil) (year ended 31 December 2025: nil).

8. Purchase of own shares

At 30 June 2026 the Group held 553,583 of its own shares with a fair value of £467,000, which are being held in treasury (30 June 2025: 299,161 with a fair value of £272,000). There were no shares repurchased during the period to 30 June 2026 (30 June 2025: 24,161 at a fair value of £20,800).