

19 May 2023

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THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

Titon Holdings Plc

Unaudited Interim Results for the six months to 31 March 2023 and Investor Presentation via Investor Meet Company

Titon Holdings Plc ("Titon", the "Group" or the "Company"), a leading international manufacturer and supplier of ventilation systems and window and door hardware, today announces its unaudited interim results for the six months ended 31 March 2023 ("H1 2023").

Financial Results

	Six months ended 31 March 2023	Six months ended 31 March 2022	%Change
Net revenue	£12.08m	£11.48m	5.2%
EBITDA	£0.18m	£0.28m	(35.7)%
Loss before tax	£0.45m	£0.25m	(80.0)%
Basic loss per share	2.86p	1.46p	(96.0)%
Interim dividend per share	0.5p	1.5p	(66.7)%
Cash balance	£1.61m	£3.73m	(56.8)%

Financial highlights

- Group net revenue rose by 5.2% due to stronger trading in the UK and Europe, which was slightly ahead of the Board's expectations
- EBITDA was £0.18 million (2022: £0.28m), reflecting lower gross margins (26% in H1 2023 against 28% in H1 2022) as the Group continued to manage labour, material and energy cost inflation
- Loss before tax of £0.45m after depreciation and amortisation charges of £0.49m (H1 2022 loss before tax £0.25m)
- Cash balance of £1.6m at the end of the period (30 September 2022: £1.7m) after the payment of dividends to Titon shareholders. The balance includes a receipt of a dividend from the Group's Associate, Browntech Sales Co. Ltd
- Interim dividend of 0.5p per share approved by the Board to be paid on 7 July 2023.

Operational highlights

- Ventilation Systems sales rose by 31% against H1 2022, driven by a strong European performance where sales rose by 124% as component shortages eased and production caught up with demand
- Window and Door Hardware sales fell by 9%. We continue to develop a new product partnership, whilst sales of Titon manufactured products increased by 16%
- Good progress made against all 2023 key business imperatives, having caught up on our order backlog and improved management of stock levels for the main product lines
- Trading conditions in South Korea remained challenging due to the weak housing market and the movement to mechanical ventilation products. Sales were marginally lower against the same period last year and losses were higher
- New product development is continuing with a number of new mechanical and hardware product launches planned, targeting specific applications and market opportunities.

Current trading and outlook

- In March 2023 the Office for Budget Responsibility forecast two quarters of negative growth in GDP before the economy starts growing again in Q3 2023. The Construction Products Association now forecasts that private housebuilding output will fall by 17% in 2023 before recovering by 4% in 2024 and with falls in RM&I of 9% in 2023 and rising by 2% in 2024 in the UK
- The Board remains committed to achieving all of its business imperatives for the rest of the year and continues to

focus on managing the cost base and improving efficiency throughout the business

- Against the macro-economic backdrop, the Group anticipates that H2 revenues from the UK and Europe will be slightly lower than H1 as the slowdown in the housing market activity occurs. On a full year basis, we continue to expect trading at our UK and European businesses to be in line with our prior expectations, supported by the H1 performance
- In South Korea we anticipate that trading conditions will remain difficult and we expect that losses will continue in H2. As a result of the weaker trading in South Korea, we anticipate that the Group's full year results will be lower than previously expected. As previously reported, we intend to streamline the corporate structure and operations of the Korean business
- The Board of Titon remains confident in the long-term prospects of the Group given the broad product spread and the Group's strong balance sheet at the period end, together with the growth opportunities available to the Group, supported by recent regulatory changes and new product development.

Non-executive Chair Keith Ritchie said:

"The trading performance of the Group over the six months period to 31 March 2023 generated good levels of sales in our main UK and European markets for our products. Trading in South Korea remained difficult as the construction market saw projects delayed, and losses were higher than we expected. Although our full year performance in the UK and Europe is expected to be consistent with our prior expectations, our Group results for the full year to 30 September 2023 will be lower than we previously expected as a result of the weak trading in South Korea that we continue to suffer from. We have continued to invest in our products and people during the period, with a number of new hires as we seek to change and improve the business. We have started a recruitment process to hire a new Chief Executive after the departure of Alexandra French and will update shareholders at the appropriate time.

We continue to benefit from the strength of our balance sheet, the range of products that we manufacture and sell and markets in which we trade. The Group is well capitalised with a strong balance sheet and no debt. We remain confident in the long-term prospects of the business."

Notice of Investor Presentation

Titon is pleased to announce that Keith Ritchie (Non-executive Chair) and Carolyn Isom (Chief Financial Officer) will provide a live presentation relating to the Interim Report via Investor Meet Company on 26 May 2023 at 9.30am.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet Titon via:
<https://www.investormeetcompany.com/titon-holdings-plc/register-investor>

Investors who already follow Titon on the Investor Meet Company platform will automatically be invited.

For the purposes of UK MAR and Article 2 of the binding technical standards published by the Financial Conduct Authority in relation to MAR as regards Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Keith Ritchie, Non-executive Chair.

For further information please contact

Titon Holdings Plc

Keith Ritchie

+44 (0) 7748 146834

Shore Capital - Nominated Adviser and Broker

Daniel Bush

+44 (0)20 7408 4090

Tom Knibbs

Titon Holdings PLC

Interim results for the six months to 31 March 2023

Chair's statement

Chair's Statement

As we anticipated and set out in the Group's 2022 Annual Report, the business environment has remained challenging for us in the six months to 31 March 2023 as the pressure on our margins continued, resulting in a reported Group loss before tax for the period of £0.45m (2022 loss before tax: £0.25m). However, I am pleased to report that sales were 5% higher than in the period to 31 March 2022 although, as we had forecast, our gross margins are lower compared to last year due to the cost increases we have continued to suffer. I am pleased that in this period we received a dividend from our Associate Company in South Korea of £0.3m, which has benefited our cash position. As indicated in the Group's AGM trading update, overall revenues in the six months to 31 March 2023 were slightly in line with the Board's expectations.

We identified a number of key business imperatives that we wanted to deliver on in 2023 and I am pleased to report that progress has been made in all of these. I can also report that our new ERP system, which caused us some significant challenges in 2022 is working well and we now seek to enhance this system to bring further process improvement and automation where we can. We are committed to achieving all the business imperatives for the rest of the year and these will be replaced by our next set of objectives which will be separate from the work required to set out our medium-term strategic plan, which we will commence this year.

Income Statement

In the six months to 31 March 2023, Titon's net revenue (which excludes inter-segment activity) increased by 5.2% to £12.1 million (2022: £11.5 million). Sales of Window and Door Hardware products fell by 9% in the period due to the lower sales of bought-in hardware products following the ending of a distributor relationship, which benefited the prior year revenues, offset somewhat by growth in sales of Titon manufactured hardware products. Sales of Ventilation Systems products rose by 31% as the backlog of orders from both our UK and European customers were manufactured and despatched. Sales in Titon Korea, our 51% owned subsidiary fell slightly by 1% reflecting the continuing difficult trading conditions and market dynamics in South Korea.

Gross margins fell to 26.1% (2022: 28.0%) due mainly to the cost increases we have been unable to reflect in our own pricing to customers, but also the lower contribution from Titon Korea. EBITDA was 36% lower at £0.18 million (2022: £0.28 million), whilst we made an operating loss of £0.39 million (2022 loss: £0.21 million). The results from the Group's associate, Browntech Sales Co. Ltd (BTS) in South Korea, amounted to a loss of £54,000 (2022 loss: £29,000) as a result of the continuing weak new build market in Korea and the Korean market shift towards mechanical ventilation. In aggregate, the Group made a loss before tax of £0.45 million (2022 loss before tax: £0.25 million).

The Group's loss per share for the period was 2.86 pence (2022: loss per share of 1.46 pence) with the total loss after tax of £0.39m (2022 loss: £0.21m) and an apportionment to minority shareholders of a loss of £93,000 (2022: loss of £47,000) which reflected the weak trading incurred by Titon Korea.

Whilst it is always disappointing to make a loss in the period, the Group continues to maintain a strong balance sheet and the Board has therefore approved the payment of an interim dividend in respect of the 6 months ending 31 March 2023 of 0.5 pence per share (2022: 1.50 pence per share). The interim dividend is payable on 7 July 2023 to shareholders on the register at 26 May 2023. The ex-dividend date is 25 May 2023.

Balance sheet and cash flow

Net assets including non-controlling interests fell by 3.3% or £0.5 million to £15.4 million (30 September 2022: £16.0 million) with net cash (excluding lease liabilities) of £1.6 million (30 September 2022: £1.7 million) which is equivalent to 11.1% of net assets (30 September 2022: 10.8%). The Group had no financial indebtedness at 31 March 2023, other than lease liabilities. The cash held by Titon Korea reduced to £0.05 million at 31 March 2023 (30 September 2022: £0.07 million).

The half year saw cash generated by operations of £0.02 million (2022: cash used in operations £0.29 million), primarily due to actively improving our working capital management through accurate targeting of stock levels for the main product lines. Capital expenditure in the period was £0.26 million (2022: £0.39 million) as we continue investing in plant and machinery and tooling. We were pleased to receive a dividend from BTS in March 2023 amounting to £0.3 million (net of withholding tax) (2022: nil).

Net current assets were £8.0 million at 31 March 2023 (30 September 2022: £7.6 million) with a Quick Ratio¹ of 1.23 (30 September 2022: 1.2). Asset Turn was 1.85 (30 September 2022: 1.65).

Segmental and operational review

As we noted in the Annual Report, we had identified a number of business imperatives that we wanted to deliver on in the current financial period to stabilise the UK and European businesses and to return the Group to growth. The key imperative

that we identified was to catch up with backlog of orders caused by the initial implementation issues of the new ERP system in May 2022 and the previous supply chain challenges we had faced and I am pleased to report that we have achieved that. The other key imperative is to reduce the site inventory held and I am pleased to see that this has also started to improve and will continue throughout the rest of this financial year. Revenues in South Korea have stabilised although new building projects continue to be delayed and sales in Titon Inc. have fallen slightly compared to last year.

Gross margins have fallen by 1.9% compared to the same period last year due mainly to the material, labour and energy cost increases we have experienced that we haven't been able to pass on, as previously reported, and the lower contribution from Titon Korea. The reduction in gross margin and an increase in overheads, resulting from enhancing our management team and technology, has meant that our operating result is a loss of £0.39m versus an operating loss of £0.21m in 2022. Titon Korea contributed £0.19m of this loss (2022 loss: £0.12m).

UK and Europe

I am pleased to report that sales in the UK and Europe have increased over the same period last year, rising by 6% as we worked hard to reduce the backlog of orders. Sales in UK Window and Door Hardware have fallen by 9%. Sales of Titon manufactured products rose by 16% against the same prior period but sales of bought-in products fell by 51% due to the lower sales of hardware products following the ending of our distributor relationship with Sobinco, which benefited the prior year's H1 revenues, whilst we develop our new distribution partnership with Roto in order to replace some of those products.

In our Ventilation Systems division, sales in the UK have risen by 6% against the same period last year as sales of Mechanical Ventilation with Heat Recovery products grew. However, sales of ducting bought-in products fell as the production back-log resulted in lower enquiries for whole house systems in the period. Sales of the new [Titon Ultimate® dMEV](#) extract fan started to increase with revenues growing by approximately four times in the period as some initial production issues were resolved. We expect sales of this product to continue to increase in the second half of the year. Sales of the Titon FireSafe® Air Brick range continue at healthy levels as demand continues for this safety product.

In Europe, Ventilation Systems sales rose by 124% as the production backlog eased and outstanding orders for our Export customers were delivered. Exports of our Window and Door Hardware products were up 15% in the period.

South Korea

Revenues from South Korea were marginally lower than in 2022. This reflects the difficult conditions for new build in Korea and the continuing delays in starting new projects. In terms of the segmental contribution from South Korea, the two businesses, Titon Korea and BTS are aggregated. The revenue in the Group's accounts, which is solely that from Titon Korea (the Group's share of BTS's profits/losses are accounted for as an associate) was flat at £1.5 million (2022: £1.5 million).

The segment contribution, which includes the pre-tax loss of Titon Korea plus 49% of the post-tax loss of BTS, was a loss of £245,000 (2022 loss: £152,000) which was higher than we previously expected.

United States

Sales in our US business remain a very small portion of the Group's overall sales and were broadly flat against the same period last year at £279,000 (2022: £290,000). Titon Inc. made a small pre-tax profit in the period.

Board

As we announced on 6 April 2023, Alexandra French stepped down from her role as Chief Executive and left the Board with immediate effect. I thank Alexandra for all her hard work over the 11 months that she was Chief Executive. We have started a recruitment process for her successor and will update shareholders in due course.

I am pleased to say that there have been no other changes to the Board in the period under review.

I personally thank my colleagues on the Board for their hard work and counsel over recent months.

Employees

As usual our employees have continued to show a high level of dedication to the business. In the period under review, we have managed to catch up on our backlog of customer orders which has now meant we can return to the high customer service levels our customers had previously enjoyed. We have trained our factory employees to be flexible so that they can be allocated to wherever our production need is which has greatly assisted us in achieving the position we are in now. Our office staff have also worked tirelessly to ensure that business as usual has been resumed. I offer my, and the Board's, thanks for all their efforts.

Investors

Despite the recent weak trading performance, we will pay an interim dividend of 0.5 pence per share for the period.

We held our AGM in March 2023 in Haverhill and it was good to have the opportunity to meet some new shareholders and to show them around the factory and the progress we are making. We always appreciate their interest in Titon.

Principal risk and uncertainties

The key financial and non-financial risks faced by the Group are disclosed in the Group's Annual Report and Accounts for the year ended 30 September 2022 within the Strategic Report (page 6) available at www.titon.com. Assessments of exposure to financial and other risks are always difficult given the uncertainties about the inflationary risks in the UK economy. The Board has considered the potential impact of these matters on the Group's specific circumstances, including current and potential cash resources together with the diverse range of customers and suppliers, across different geographic areas and markets. Consequently, the Directors continue to believe that the Group is well placed to manage business risks successfully.

The Directors have reviewed the budgets, projected cash flows, principal risks and other relevant information for a period of 12 months from the period end date. Based on this review the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for a period of at least twelve months and beyond. For this reason, the Directors believe it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Outlook

The economic outlook for the UK has improved in recent months compared to the forecasts at the beginning of 2023 when most forecasts were that the UK would suffer a recession in 2023. The Office for Budget Responsibility forecast in March this year that there would be two quarters of falling GDP before the economy starts growing again in Q3 2023. The Construction Products Association (CPA) also expects that the UK economy will flat line in 2023 rather than entering a technical recession, so there is some positive news generally compared to earlier forecasts. However, the CPA expects to see private housing output to fall by 17% in 2023 due to the sharp rise in interest rates over the last 12 months before recovering in 2024 by 4% and for private repairs, maintenance and improvements to fall by 9% in 2023 before rising by 2% in 2024. These are significant forecast reductions in activities, and we will be impacted by them if they are on this scale. The changes to UK Building Regulations in 2022 have now all just about come into effect as the transition rules for house builders using mechanical ventilation expire in June 2023. We do expect to see a further shift by them in future away from natural ventilation to mechanical ventilation as they are required to build more tightly. This will certainly give us opportunities to sell higher value whole house systems, at the expense of some trickle vent sales, into new build.

Our new product development continues to progress well. We are in the process of launching our higher performing, easier to specify HRV4 unit, which will replace a number of existing MMHR variants in our range and will be attractive in both our UK and European markets. We exhibited this at the recent ISH show in Germany and received positive interest from our customers. Our new Ultimate dMEV fan is proving popular and we expect sales to continue to accelerate as the new build regulation revisions hit the market, with further versions of that product to come for the social housing sector. Also shown at the ISH exhibition was the Ultimate Active vent prototype. As previously mentioned, we aim to gain interest and then specifications for its use, where it improves householder thermal comfort compared to standard trickle vents. We also continue to develop some new hardware products for specific market sectors and look forward to growth in the aluminium window and door sector through our new partnership with Roto.

In South Korea we still do not expect a rebound in profitability until the transition from natural ventilation products to mechanical products takes effect although we do hope to see a small increase in sales in 2023/24 as the transition starts to take effect. We are working with our partners in Korea to streamline the corporate structure and operations of the Korean business. We are forecasting a higher loss from our Korean operations than we previously indicated.

While we recruit a new Chief Executive, we are confident that our senior leadership team, led by Board members Carolyn Isom and Tyson Anderson will continue making progress to return the Group to profitability. Now we have cleared the backlog and our Operations Director is more embedded, having only joined in November 2022, we are pleased that we can now offer competitive lead times to our customers. We have also increased our capacity to be able to meet market demand. Our newly appointed Commercial Director joins us in this month as we look to enhance our sales strategies.

Current trading

I am pleased to report that the supply chain component issues I have flagged in recent financial statements have now largely eased and the CPA also recently noted that materials and product availability has improved recently.

H1 trading in the UK and Europe was slightly above the Board's expectations. We expect that revenues in the second half year will be slightly lower than the first half, which benefited from the backlog of orders that we had at the start of the financial year. As a result of this we have decided to slow down our hiring plans in the second half and to focus on reducing costs and

year. As a result of this we have decided to slow down our timing plans in the second half and to focus on reducing costs and improving efficiency throughout the business in the UK and Europe. In South Korea we anticipate that trading conditions will remain difficult and we expect that losses will continue in H2. As a result of the weak trading in South Korea we anticipate that the Group's full year results will be lower than previously expected.

Despite the challenges the business has faced, we continue to have a strong balance sheet, very talented employees and a good range of products in both our divisions that give us confidence in our medium-term future.

A list of current directors is maintained on the Group's website www.titon.com.

On behalf of the Board

Keith A Ritchie

Chair

18 May 2023

Notes

1. *The Quick Ratio measures liquidity and is calculated by dividing Current Assets less inventories by Current Liabilities*

Titon Holdings Plc

Consolidated Interim Income Statement

for the six months ended 31 March 2023

	Note	6 months to 31.3.23	6 months to 31.3.22	Year to 30.9.22
		unaudited £'000	unaudited £'000	audited £'000
Revenue	2	12,077	11,478	22,087
Cost of sales		(8,918)	(8,261)	(16,270)
Gross profit		3,159	3,217	5,817
Distribution costs		(593)	(612)	(1,393)
Administrative expenses		(2,704)	(2,504)	(4,586)
Administrative expenses - exceptional		-	-	(349)
Research and development expenses		(261)	(330)	(629)
Other income		12	15	21
Operating loss		(387)	(214)	(1,119)
Finance expense		(10)	(7)	(16)
Finance income		3	-	9
Share of post-tax (loss) / profit from associates		(54)	(29)	173
Loss before tax		(449)	(250)	(953)
Income tax credit	3	57	37	410
Loss after income tax		(392)	(213)	(543)
Attributable to:				
Equity holders of the parent		(320)	(166)	(436)
Non-controlling interest		(72)	(47)	(107)
Loss for the period		(392)	(213)	(543)
Loss per share attributed to equity holders of the parent:				
Basic		(2.86p)	(1.46p)	(3.89p)
Diluted		(2.86p)	(1.44p)	(3.89p)

Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2023

	6 months to 31.3.23	6 months to 31.3.22	Year to 30.9.22
	unaudited £'000	unaudited £'000	Audited £'000
Loss for the period	(392)	(213)	(543)
<i>Other comprehensive income - items which may be reclassified to profit or loss in subsequent periods:</i>			
Exchange difference on re-translation of net assets of overseas operations	(114)	27	112
Total comprehensive expense for the period	(506)	(186)	(431)

<i>Attributable to:</i>			
Equity holders of the parent	(428)	(142)	(333)
Non-controlling interest	(79)	(44)	(98)
	(506)	(186)	(431)

Titon Holdings Plc

Consolidated Interim Statement of Financial Position

at 31 March 2023

	31.3.23	31.03.22	30.09.22
	unaudited	unaudited	audited
	£'000	£'000	£'000
Assets			
Property, plant and equipment	3,264	3,445	3,321
Right-of-use assets	573	613	553
Intangible assets	760	925	915
Investments in associates	2,482	2,668	2,909
Deferred tax assets	747	308	697
Total non-current assets	7,826	7,959	8,395
Inventories	6,917	5,320	6,571
Trade and other receivables	4,199	3,896	4,920
Cash and cash equivalents	1,610	3,728	1,726
Total current assets	12,726	12,944	13,217
Total Assets	20,556	20,903	21,612
Liabilities			
Lease liabilities	409	430	378
Total non-current liabilities	409	430	378
Trade and other payables	4,500	3,937	5,051
Lease liabilities	230	229	232
Total current liabilities	4,730	4,166	5,283
Total Liabilities	5,139	4,596	5,661
Equity			
Share capital	1,122	1,119	1,122
Share premium reserve	1,091	1,077	1,091
Capital redemption reserve	56	56	56
Treasury shares	-	(27)	-
Foreign exchange reserve	90	120	198
Retained earnings	12,831	13,603	13,179
Total Equity attributable to the equity holders of the parent	15,190	15,948	15,646
Non-controlling Interest	227	359	305
Total Equity	15,417	16,307	15,951
Total Liabilities and Equity	20,556	20,903	21,612

Titon Holdings Plc

Consolidated Interim Statement of Changes in Equity

at 31 March 2023

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total £'000	Non- controlling interest £'000	Total Equity £'000
At 30 September 2021	1,119	1,077	56	96	(27)	14,093	16,414	403	16,817
Translation differences on overseas operations	-	-	-	24	-	1	25	3	28
Profit for the period	-	-	-	-	-	(166)	(166)	(47)	(213)

Total comprehensive income / (loss) for the period	-	-	-	24	-	(165)	(141)	(44)	(185)	
Dividends paid	-	-	-	-	-	(335)	(335)	-	(335)	
Share-based payment credit	-	-	-	-	-	10	10	-	10	
At 31 March 2022	1,119	1,077	56	120	(27)	13,603	15,948	359	16,307	
Translation differences on overseas operations	-	-	-	78	-	-	78	-	78	
Loss for the year	-	-	-	-	-	(270)	(270)	(54)	(324)	
Total comprehensive income / (loss) for the period	-	-	-	78	-	(270)	(192)	(54)	(246)	
Dividends paid	-	-	-	-	-	(167)	(167)	-	(167)	
Share-based payment credit	-	-	-	-	-	13	13	-	13	
Exercise of share options	3	14	-	-	-	-	-	17	-	17
Transfer of treasury shares					27		27		27	
At 30 September 2022	1,122	1,091	56	198	-	13,179	15,646	305	15,951	
Translation differences on overseas operations	-	-	-	(108)	-	-	(108)	(6)	(114)	
Loss for the period	-	-	-	-	-	(320)	(320)	(72)	(392)	
Total comprehensive income / (loss) for the period	-	-	-	(108)	-	(320)	(428)	(78)	(506)	
Dividends paid	-	-	-	-	-	(56)	(56)	-	(56)	
Share-based payment credit	-	-	-	-	-	28	28	-	28	
At 31 March 2023	1,122	1,091	56	90	-	12,831	15,190	227	15,417	

Titon Holdings Plc

Consolidated Interim Statement of Cash Flow

for the six months ended 31 March 2023

	Note	6 months to 31.3.23	6 months to 31.3.22	Year to 30.09.22
		unaudited £'000	unaudited £'000	Audited £'000
Cash generated from operating activities				
Loss before tax		(449)	(250)	(953)
Depreciation of property, plant & equipment		308	279	518
Depreciation of right-of-use assets		100	85	232
Amortisation of intangible assets		163	126	298
Profit on sale of plant & equipment		(10)	22	(19)
Share based payment - equity settled		28	10	23
Finance Income		(3)	-	(9)
Finance costs		10	7	16
Share of associate's post-tax loss / (profit)		54	29	(173)
		201	308	(67)
Increase in inventories		(264)	(270)	(1,529)
(Increase) / decrease in receivables		1,203	367	(696)
(Decrease) / increase in payables and other current liabilities		(1,116)	(690)	498
Cash generated by / (used in) operations		24	(285)	(1,794)

Cash flows from investing activities

Cash flows from investing activities			
Purchase of plant & equipment	(258)	(256)	(386)
Purchase of intangible assets	(8)	(126)	(288)
Proceeds from sale of plant & equipment	42	42	44
Finance income	3	-	9
Dividends received from associate company	290	-	-
Net cash generated by / (used) in investing activities	69	(340)	(621)
Cash flows from financing activities			
Dividends paid to equity shareholders of the parent	4	(56)	(335)
Payment of lease liability		(114)	(109)
Finance costs		(10)	(7)
Exercise of Share Options		-	44
Net cash used in financing activities	(180)	(451)	(700)
Net decrease in cash	(87)	(1,076)	(3,115)
Foreign exchange		(29)	10
Cash at beginning of the period	1,726	4,794	4,794
Cash at end of the period	1,610	3,728	1,726

**Notes to the Condensed Consolidated Interim Statements
at 31 March 2023**

1 Accounting policies

a) General information

Titon Holdings Plc (the 'Company') is incorporated and domiciled in England and its shares are publicly traded on AIM. The registered office address is 894 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ. The company's registered number is 1604952. The principal activities of the Group are as described in Note 2.

The Board considers the principal risks and uncertainties relating to the Group for the next six months to be the same as detailed in the last Annual Report and Financial Statements to 30 September 2022. The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2022.

b) Basis of preparation

These condensed consolidated interim financial statements of the Group for the six months ended 31 March 2023 comprise the Company and its subsidiaries (together referred to as the 'Group').

The condensed consolidated interim financial statements have been prepared in accordance with the AIM rules. Neither the six months results for 2023 nor the six months results for 2022 have been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. This condensed Interim Group financial Statements do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 30 September 2022 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006, but they have been derived from the audited Report and Accounts for that year, which have been filed with the Registrar of Companies. The independent auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

This report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 September 2022, which have been prepared in accordance with International Financial Reporting Standards and Interpretations (collectively IFRSs) as adopted in the UK.

These unaudited interim Group Financial Statements were approved for issue on 18 May 2023. Copies will be sent to shareholders within the next few weeks and will be available on the Group's website at www.titon.com/uk/investors/ and from the Company's registered office at 894 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ.

c) Accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with the recognition and measurement requirements of the UK adopted international accounting standards.

In preparing these condensed consolidated interim financial statements the Board have considered the impact of new standards which will be applied in the 2023 Annual Report and Accounts.

There are not expected to be any changes in the accounting policies compared to those applied at 30 September 2022.

A full description of accounting policies is contained with our 2022 Annual Report and Financial Statements, which is available on our website.

New accounting standards

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

2 Revenue and segmental information

In identifying its operating segments, management generally follows the Group's reporting lines, which represent the main geographic markets in which the Group operates. The segment reporting below is shown in a manner consistent with the internal reporting provided to the Board, which is the Chief Operating Decision Maker (CODM). These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The Group operates in four main business segments which are:

Segment	Activities undertaken include:
United Kingdom	Sales of passive and powered ventilation products to housebuilders, electrical contractors and window and door manufacturers. In addition to this, it is a leading supplier of window and door hardware
South Korea	Sales of passive ventilation products to construction companies
North America	Sales of passive ventilation products to window and door manufacturers
All other countries	Sales of passive and powered ventilation products to distributors, window manufacturers and construction companies

Inter-segment revenue is transacted on an arm's length basis and charged at prevailing market prices for a specific product and market or cost plus where no direct comparative market price is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Research and development entity-wide financial expenses are allocated to the business activities for which R&D is specifically performed. Administration Expenses are currently allocated to operating segments in the Group's reporting to the CODM and include central and parent company overheads relating to Group management, the finance function and regulatory requirements.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The Group recognises revenue at a single point in time in its UK and US subsidiary. The nature of business practice at its South Korean subsidiary means that the Group recognises revenue there over time, this being at first fix and second fix stages. As invoicing for both first fix and second fix components usually takes place at the first fix stage, the revenue on the second fix products is deferred in the Financial Statements until the point that those second fix products are accepted by the customer.

The total assets for the segments represent the consolidated total assets attributable to these reporting segments. Parent company results and consolidation adjustments reconciling the segmental results and total assets to the consolidated financial statements are included within the United Kingdom segment figures stated.

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
6 months ended 31 March 2023					
Segment revenue	8,240	1,489	279	2,303	12,311
Inter-segment revenue	(234)	-	-	-	(234)
Total Revenue	8,006	1,489	279	2,303	12,077
Segment (loss) / profit	(211)	(245)	6	-	(450)
Income tax credit					57
Loss for the period					12021

LOSS FOR THE PERIOD		(£'000)			
Depreciation and amortisation	400	39	-	-	439
Depreciation of Right-of-use-assets	78	22	-	-	100
Total assets	16,131	4,205	220	-	20,556
Total assets include:					
Investments in associates	2,482	-	-	-	2,482
Additions to non-current assets (other than financial instruments and deferred tax assets)	251	15	-	-	266

The South Korean Segment loss includes the Group's share of the post-tax loss from the Group's associate undertaking, Browntech Sales Co. Ltd. Sales to Browntech Sales Co. Ltd. of £1.49 million represent 12% of Group revenue. There are no other concentrations of revenue above 10% during the year (see Note 6 - Related party transactions).

IFRS 8 requires entity-wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

	United Kingdom	Europe	USA and Canada	Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	10,309	-	279	1,489	-	12,077
by country from which derived	8,006	2,303	279	1,489	-	12,077
Non-current assets						
By entities' country of domicile	4,869	-	35	2,926	-	7,830

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
6 months ended 31 March 2022					
Segment revenue	8,655	1,501	290	1,181	11,627
Inter-segment revenue	(149)	-	-	-	(149)
Total Revenue	8,506	1,501	290	1,181	11,478
Segment (loss) / profit	87	(153)	(18)	(166)	(250)
Income tax credit					37
Loss for the period					(213)
Depreciation and amortisation	366	39	-	-	405
Depreciation of right-of-use-assets	62	23	-	-	85
Total assets	16,270	4,399	234	-	20,903
Total assets include:					
Investments in associates	2,668	-	-	-	2,668
Additions to non-current assets (other than financial instruments and deferred tax assets)	367	15	-	-	382

The South Korean Segment loss includes the Group's share of the post-tax profit from the Group's associate undertaking, Browntech Sales Co. Ltd. Sales to Browntech Sales Co. Ltd. of £1.50 million represent 13% of Group Revenue. There are no other concentrations of revenue above 10% during the year (see Note 6 - Related party transactions).

IFRS 8 requires entity-wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

6 months ended 31 March 2022	United Kingdom	Europe	USA and Canada	Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	9,687	-	290	1,501	-	11,478
by country from which derived	8,506	1,152	290	1,501	29	11,478
Non-current assets						
By entities' country of domicile	5,081	-	33	2,845	-	7,959

For the year ended 30 September 2022	United Kingdom	South Korea	North America	All other countries	Consolidated
	£'000	£'000	£'000	£'000	£'000
Segment revenue	16,497	3,037	538	2,303	22,375
Inter-segment revenue	(288)	-	-	-	(288)
Total Revenue	16,209	3,037	538	2,303	22,087
Segment (loss) / profit	(651)	(37)	160	(425)	(953)
Tax credit					410
Loss for the year					(543)
Depreciation and amortisation	920	42	-	-	962
Total assets	16,953	4,491	166	-	21,611
Total assets include:					
Investments in associates	2,910	-	-	-	2,910
Additions to non-current assets (other than financial instruments and deferred tax assets)	671	3	-	-	674

The South Korea Segment loss includes the Group's share of the post-tax profits from Browntech Sales Co. Ltd., (BTS), the Group's associate undertaking in South Korea, of £173,000. Sales to BTS of £4.71m represented 21% of Group Revenue (2021: £3.58m - 15%). There are no other concentrations of revenue above 10% during the year (see Note 6 - Related party transactions).

IFRS 8 requires entity wide disclosures to be made about the regions in which it earns its revenues and holds its non-current assets which are shown below.

For the year ended 30 September 2022	United Kingdom	Europe	USA and Canada	South Korea	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
By entities' country of domicile	18,512	-	538	3,037	-	22,087
By country from which derived	16,209	2,303	538	3,037	-	22,087
Non-current assets						
By entities' country of domicile	5,355	-	46	3,061	-	8,461

3 Taxation

	6 months to 31.3.23	6 months to 31.3.22	Year to 30.9.22
	£'000	£'000	£'000
Deferred tax			
Origination and reversal of temporary differences	57	37	410
Income tax credit	57	37	410

Taxation for the interim period is credited at 12.7% (six months to 31 March 2022: credited at 11.2%) representing the best estimate of the average annual income tax rate for the full financial year.

4 Dividends

The following dividends have been recognised and paid by the Company:

	Date Paid	Pence per share	6 months to 31.3.23 £'000	6 months to 31.3.22 £'000	Year to 30.9.22 £'000
Final 2021 dividend	04.03.22	3.00	-	334	-
Interim 2022 dividend	27.05.22	1.50	-		167
Final 2022 dividend	31.03.23	0.50	56	-	-
			56	334	167

5 Earnings per ordinary share

Basic earnings per share has been calculated by dividing the profits or losses attributable to shareholders of Titon Holdings Plc by the weighted average number of ordinary shares in issue during the period, being 11,197,707 (six months ended 31 March 2022: 11,124,517; year ended 30 September 2022: 11,196,627).

Diluted earnings per share (EPS) is calculated by dividing the profits or losses attributable to shareholders by the weighted average number of ordinary shares and potential dilutive ordinary shares during the period, being 11,213,324 at 31 March 2023, except that at this date, when the inclusion of potential ordinary shares (POSSs) in the calculation would increase the EPS, or decrease the loss per share, from continuing operations, then these POSSs are anti-dilutive and are ignored in diluted EPS. Potential dilutive ordinary shares at: six months ended 31 March 2022: 11,219,391 and year ended 30 September 2022: 11,214,800.

6 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between subsidiary companies and the associate company, which is a related party, were as follows:

6 months to 31.3.23	Sale of goods			Amount owed by related party		
	6 months to 31.3.22	Year to 30.9.22	6 months to 31.3.23	6 months to 31.3.22	Year to 30.9.22	
	£'000	£'000	£'000	£'000	£'000	
Browntech Sales Co. Ltd	1,489	1,501	3,037	108	155	180

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2022.

7 Liability statement

Neither the Group nor the Directors accept any liability to any person in relation to the interim statement except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

DIRECTORS**Executive**

C V Isom (Chief Financial Officer)
AC French (Chief Executive) (resigned 6 April 2023)

Non-executive

K A Ritchie (Group Non-Executive Chair)
T N Anderson (Deputy Chair)
N C Howlett
J Ward
G P Hooper

SECRETARY AND REGISTERED OFFICE

C V Isom
894 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

COMPANY REGISTRATION NUMBER

1604952 (Registered in England & Wales)

WEBSITE

www.titon.com/uk/investors

AUDITOR

MHA
6th Floor, 2 London Wall Place
London
EC2Y 5AU

NOMINATED ADVISER

Shore Capital and Corporate Ltd
Cassini House
57-58 St. James's Street
London
SW1A 1LD

BROKER

Shore Capital Stockbrokers Ltd
Cassini House
57-58 St. James's Street
London
SW1A 1LD

REGISTRARS AND TRANSFER OFFICE

Link Market Services Ltd
10th Floor
Central Square
29 Wellington Street

Leeds

LS1 4DL

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