

11 October 2018

Titon Holdings plc

Proposed cancellation of the Company's Ordinary Shares from the Official List, proposed admission to trading on AIM and Notice of General Meeting

Titon Holdings plc ("Titon", the "Group" or the "Company") announces that the Board is proposing to cancel the admission of the Company's ordinary shares of 10 pence each ("Ordinary Shares") from the premium segment of the Official List and from trading on the London Stock Exchange's Main Market for listed securities ("Cancellation") and is proposing to apply for the admission of the Company's Ordinary Shares to trading on the AIM market ("AIM") of the London Stock Exchange ("Admission"), such that Cancellation and Admission (together the "Move to AIM") will take place simultaneously. A circular containing details of the proposed Cancellation and Admission together with a notice convening a general meeting of shareholders (the "Circular") is expected to be posted to shareholders later today.

The Board considers that the Move to AIM is in the best interests of the Company and its shareholders. The Board believes that AIM provides a more suitable regulatory environment for a business of Titon's size and structure, and provides more flexibility in relation to corporate transactions and equity fundraising, should such opportunities or initiatives arise or become relevant to the Group in the future. Certain shareholders may also benefit from particular inheritance tax and stamp duty reserve tax exemptions in respect of their interests in the Company's Ordinary Shares which are not afforded to shares that are admitted to trading on the London Stock Exchange's Main Market. Further details of the rationale for the Move to AIM are set out in the extracts from the Circular below.

Under the Listing Rules, the Cancellation requires the prior approval of a resolution (the "Cancellation and Admission Resolution") by Shareholders in General Meeting, passed by not less than 75 per cent. of those Shareholders who vote in person or by proxy. If approved by Shareholders, it is anticipated that the effective date of the Move to AIM will be 10 December 2018, being not less than 20 business days from the passing of the Cancellation and Admission Resolution.

The Circular contains a notice convening a General Meeting of Shareholders to be held at 894 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ on 9 November 2018 at 11 a.m. at which the Cancellation and Admission Resolution will be proposed as a special resolution to approve the Move to AIM.

At the General Meeting, the Board is also proposing a resolution (conditional on the passing of the Cancellation and Admission Resolution) which, if passed, will give the Directors the authority to allot new equity securities for cash up to a nominal value of £165,000 (representing approximately 14.9 per cent of the issued ordinary share capital of the Company, excluding shares held in treasury) on a non-pre-emptive basis. The Directors consider that this authority, which is wider than that which shareholders approved at the last AGM, is more appropriate for an AIM quoted company and will allow the Board to issue a larger number of shares for cash on a non-pre-emptive basis, should the Board consider it beneficial in the context of the Group's growth strategy outlined below.

The Circular will be made available shortly on the Company's website at www.titonholdings.com and will be submitted to the National Storage Mechanism where it will shortly be available to view at www.morningstar.co.uk/uk/nsm.

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Unless otherwise stated, capitalised terms in this announcement have the same meaning as in the Circular.

Appendix 1 - Expected timetable of key events

Publication of this document	11 October 2018
Latest time and date for receipt of completed Forms of Proxy	11 a.m. on 7 November 2018
Time and date of General Meeting	11 a.m. on 9 November 2018
Last day of dealings in the Ordinary Shares on the Main Market	7 December 2018
Cancellation of the listing of the Ordinary Shares from the Official List effective	8:00 a.m. on 10 December 2018
Admission of, and commencement of dealings in, the Ordinary Shares on AIM	8:00 a.m. on 10 December 2018

Appendix 2 - Extracts from the Chairman's letter in the Circular

Background to and reasons for the Cancellation and Admission

As set out in further detail in the Company's annual report, the Group's stated strategic objectives are as follows:

Markets: Grow market share of natural and mechanical ventilation products and window and door hardware in the residential housing markets of the UK, Europe, US and South Korea.

Employees: Provide a challenging but rewarding and supportive environment for our employees which offers them long term careers.

Products: Offer products which are of high quality and that the "as built" performance is as expected.

Shareholders: Interact with shareholders and generate rising returns through a rising share price and a progressive dividend policy on a consistent basis.

Management: Set and maintain a high standard of management and business behaviour, which will ensure that employees, customers and suppliers are treated fairly.

In light of the Group's strategic objectives, in particular with respect to the desire to grow market share and deliver long-term Shareholder returns, the Board has carefully considered whether the listing of its Ordinary Shares on the premium listing segment of the Official List and to remain admitted to trading on the Main Market is in the best interests of Shareholders. As a result of this consideration, the Board is proposing the Move to AIM and for the following reasons believes that it is in the best interests of the Company and its Shareholders as a whole:

- AIM, which is operated and regulated by the London Stock Exchange, has an established reputation with investors and analysts and is an internationally recognised market. It was launched in June 1995 as the London Stock Exchange's market specifically designed for smaller companies, with a more flexible regulatory regime. For smaller companies, such as Titon, AIM provides a more suitable market and environment that should simplify the ongoing administrative and regulatory requirements of the Company, which could also reduce ongoing annual costs;
- AIM will offer greater flexibility with regard to corporate transactions, and should therefore enable the Company to agree and execute certain transactions more quickly and cost effectively than a company on the Official List. AIM will also provide the Company with continuing access to the public equity capital market should it be appropriate to obtain equity funding in the future. Should such opportunities or initiatives arise or become relevant to the Group, they could entail significant additional complexity and larger transaction costs if the Company were to remain on the Official List;
- the Company should continue to appeal to institutional investors following the Move to AIM and in light of the possible tax benefits mentioned below, the Directors hope that being admitted to AIM will make the Company's shares more attractive to retail investors. In particular, since 5 August 2013, shares traded on AIM can be held in ISAs;
- companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following the Move to AIM, individuals who hold Ordinary Shares may, after two years, therefore be eligible for certain inheritance tax benefits. Given the make-up of the Company's register of members, the Board believe that this taxation environment may be attractive for individuals who are Shareholders. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether the tax benefit referred to above is available to them; and
- the UK government's abolition of stamp duty on shares traded on AIM with effect from 28 April 2014 may help increase liquidity in the trading of the Company's Ordinary Shares.

If the Move to Aim is approved by Shareholders, the Board intends to operate the Company's business, including its reporting and governance, in substantially the same manner and with the same objectives as at present. Thus, the Board sees the Company as being attractive to specialist institutional investors while the AIM tax regime, referred to in more detail below, will also make the Company potentially attractive to AIM specific funds as well as to retail investors.

Importantly, AIM will provide current Shareholders with a continuing market quotation and represents a market on which they may potentially trade their Ordinary Shares. AIM will also provide the Company with continuing access to the public equity capital market should it be appropriate to obtain funding in the future.

Any of these initiatives may feature in the implementation of the Company's future strategy, and the Board considers that AIM represents the most appropriate financial market for the Ordinary Shares as it seeks to create value for Shareholders.

For these reasons, the Board considers that it is in the Company's interests to seek approval to effect the Cancellation and Admission. However, Shareholders should note that following the Cancellation becoming effective:

- The regulatory regime which applies solely to companies such as the Company with shares admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities will no longer apply, including the requirement for shareholder approval under the Listing Rules to approve transactions above a certain size not in the ordinary course of business or with related parties. Further details regarding certain aspects of the regulatory regime that would no longer apply to such transactions are provided in the Circular.
- The Cancellation may have implications for Shareholders holding Ordinary Shares in a Self-Invested Personal Pension (SIPP). For example, shares in unlisted companies may not qualify for certain SIPPs under the terms of that SIPP and, if in any doubt, Shareholders should consult with their SIPP provider immediately. Following Admission, the Company will be categorised for these purposes as unlisted.

Details of the Cancellation and Admission

In order to effect the Move to AIM, the Company will require, inter alia, Shareholder approval of the Cancellation and Admission Resolution at the General Meeting. The Cancellation and Admission Resolution, which is set out in the Notice of General Meeting at the end of this document, will authorise the Board to cancel the listing of the Ordinary Shares on the Official List, remove such Ordinary Shares from trading on the Main Market and to apply for admission of the Ordinary Shares to trading on AIM.

Conditional upon the Cancellation and Admission Resolution being approved at the General Meeting, the Company (i) will apply to cancel the listing of the Ordinary Shares on the Official List and their admission to trading on the London Stock Exchange's Main Market for listed securities; and (ii) will apply to the London Stock Exchange for the admission of the Ordinary Shares to trading on AIM. It is anticipated that the last day of dealings of the Ordinary Shares on the Main Market will be 7 December 2018. Cancellation of the listing of the Ordinary Shares on the Official List is expected to take effect at 8.00 a.m. on 10 December 2018, being not less than 20 Business Days from the passing of the Resolution.

Admission is expected to take place and dealings in Ordinary Shares are expected to commence on AIM at 8.00 a.m. on 10 December 2018. As the Ordinary Shares have been listed on the Official List for more than 18 months, the AIM Rules do not require an admission document to be published by the Company in connection with Admission. However, subject to the passing of the Cancellation and Admission Resolution at the General Meeting, the Company will publish an announcement which complies with the requirements of Schedule One to the AIM Rules for Companies, comprising information required to be disclosed by companies transferring their securities from the Official List, as an AIM Designated Market, to AIM.

Following Cancellation and Admission, Ordinary Shares that are held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Ordinary Shares held in certificated form will continue to be valid and no new Ordinary Share certificates will be issued.

In accordance with the Listing Rules, the Cancellation and Admission Resolution is subject to approval being obtained from not less than 75 per cent. of all Shareholders voting in person or by proxy. If the requisite percentage of Shareholders does not approve the Cancellation and Admission Resolution, the Ordinary Shares will not be admitted to AIM and will continue to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities.

Implications of the transfer to AIM

AIM is the UK's leading stock market for smaller companies. Since AIM was established in 1995, more than 3,800 companies have been admitted to AIM and over £100 billion has been raised collectively. Liquidity on AIM is in part provided by market makers, who are member firms of the London Stock Exchange and are obliged to quote a share price for each company for which they make a market between 8.00a.m. and 4.30p.m. on Business Days.

Following Admission, the Company will be subject to the regulatory and disciplinary controls of the AIM Rules. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. Shareholders should note that the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies such as a company listed on the premium segment of the Official List. Under the AIM Rules, a Nominated Adviser and broker is required to be engaged by the Company at all times and a Nominated Adviser has ongoing responsibilities to both the Company and to the London Stock Exchange. Conditional on Admission, the Company has appointed SCC as its Nominated Adviser and SCS as its broker. The obligations of a company whose shares are traded on AIM are broadly similar to those of companies whose shares are listed on the premium segment of the Official List. However there are certain exceptions, including those referred to below:

- i. Under the Listing Rules, a company listed on the premium segment of the Official List is required to appoint a 'sponsor' for the purposes of certain corporate transactions, such as when undertaking a large transaction or capital raising. The responsibilities of the sponsor include providing assurance to the FCA when required that the responsibilities of the listed company have been met. Under the AIM Rules, a Nominated Adviser is required to be engaged by the Company at all times and has ongoing responsibilities to both the Company and the London Stock Exchange. Conditional on Admission, the Company has appointed SCC as the Company's Nominated Adviser.
- ii. Corporate transactions for companies whose shares are listed on the premium segment of the Official List often require shareholder approval and the engagement of a sponsor to oversee the process and liaise with the UK Listing Authority. In particular, on a proposed acquisition, where the size of the target represents 25 per cent. or more of the listed company on the basis of certain comparative size tests (for example, consideration for the acquisition as a percentage of market capitalisation of the listed company), a circular to shareholders approved by the UKLA is required explaining the transaction and seeking the approval of shareholders. For the Company, such transactions may result in significant additional complexity and large transaction costs and lengthier timescales to meet the requirements of the Listing Rules and, therefore, prove prohibitive.

Under the AIM Rules, prior shareholder approval is required only for transactions with a much larger size threshold, being: (i) reverse takeovers (being an acquisition or acquisitions in a 12 month period which either (a) exceed 100 per cent. on various comparative size tests, such as the ratio of the transaction consideration to the market capitalisation of the AIM company, or (b) result in a fundamental change in the Company's business, board or voting control); and ii) disposals that result in a fundamental change of business (being disposals that exceed 75 per cent.

of various size tests, such as the ratio of the transaction consideration to the market capitalisation of the AIM company). Under the Listing Rules, companies listed on the premium segment of the Official List require shareholder approval for a broader range of transactions including related party transactions. Furthermore, the AIM Rules contain less stringent obligations with regard to a company's purchase of its own securities compared with the Listing Rules.

- iii. Unlike the Listing Rules, the AIM Rules do not specify any required structures or discount limits in relation to further issues of securities.
- iv. There is no requirement under the AIM Rules to publish a prospectus or an admission document for further issues of securities, except when the further issue of securities is deemed a public offer, when seeking admission for a new class of securities or as otherwise required by law.
- v. Whilst a company's appropriateness for AIM is, in part, dependent on it having sufficient free float in order that there is a properly functioning market in the shares, there is no specific requirement for a minimum number of shares in an AIM quoted company to be held in public hands. A company listed on the Official List must, however, maintain a minimum of 25 per cent. of its issued ordinary share capital in public hands.
- vi. Certain securities laws will no longer apply to the Company if Admission occurs, for example, certain of the Disclosure Guidance and Transparency Rules ("DTRs") (save that DTR Chapter 5 in respect of significant shareholder notifications and those DTRs applicable to issuers subject to the EU Market Abuse Regulation (EU No 596/2014) (relating to, inter alia, market abuse and insider dealing) will continue to apply to the Company). This is because AIM is not a regulated market for the purposes of the European Union's directives relating to securities.
- vii. The Company is currently required to comply with the UK Corporate Governance Code, or to explain any area of non-compliance. AIM companies are not required to comply with this code, but can choose to adopt an alternative recognised corporate governance code. It is the Group's intention to appoint an additional independent Non-executive Director to the Board within six months of Admission in order to increase the level of independent oversight and challenge on the Board.
- viii. The requirement under section 439A of the Act to submit a remuneration policy for a binding vote by shareholders is only applicable to companies listed on the Main Market. A company whose shares are traded on AIM is not subject to the same obligation to submit its remuneration policy to a binding vote of shareholders. However, as already stated, the Directors intend to operate the Company's business in substantially the same manner as at present.
- ix. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following Admission, individuals who hold Ordinary Shares may, in certain circumstances, therefore be eligible for certain tax benefits. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether a tax benefit referred to above may be available to them.

Once admitted to AIM, Shareholders should continue to be able to trade Ordinary Shares in the usual manner through their stockbroker or other suitable intermediary.

It is emphasised that the transfer to AIM will have no impact on the assets and liabilities of the Group and it will continue to have the same business and operations following Admission. In addition, as a public limited company incorporated and registered in England and Wales, following Admission, the

Company will remain subject to the applicable provisions of the Act, FSMA, the Prospectus Rules, the City Code on Takeovers and Mergers and the EU Market Abuse Regulation (EU No 596/2014).

Outlook and current trading

In May this year I reported that Titon had enjoyed a very good first half result with a 13% increase in profit before tax. I also commented that the outlook for the second half was positive and that I expected to see further progress in line with expectations.

I am pleased to report now that trading in the second half of the year has continued to be positive, with another strong performance from South Korea and also from UK Hardware. I am confident that the full year results will be in line with our expectations.

Irrevocable Undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolutions from those Directors who hold Ordinary Shares and certain other Shareholders holding, in total, 5,512,343 Ordinary Shares, representing, in aggregate, 49.7 per cent. of the Company's issued Ordinary Shares.

Recommendation

The Board considers the terms of the Move to AIM to be in the best interests of the Company and its Shareholders as a whole. It also considers that the resolution to give the Directors the authority to allot new equity securities for cash up to a nominal value of £165,000 on a non-pre-emptive basis is in the best interests of the Company and its Shareholders. Accordingly, the Board recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, as those Directors who hold Ordinary Shares have irrevocably undertaken to do in respect of their own beneficial holdings amounting, in aggregate, to 3,496,764 Ordinary Shares and representing approximately 31.5 per cent. of the Company's issued share capital.

IMPORTANT INFORMATION

The distribution of this announcement in or into certain jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions.

This announcement contains (or may contain) certain forward-looking statements with respect to the Company and certain of its goals and expectations relating to its future financial condition and performance which involve a number of risks and uncertainties. No forward-looking statement is a guarantee of future performance and actual results could differ materially from those contained in any forward-looking statements. All statements, other than statements of historical facts, contained in this announcement, including statements regarding the Group's future financial position, business strategy and plans, business model and approach and objectives of management for future operations, are forward-looking statements. Generally, the forward-looking statements in this announcement use words such as "aim", "anticipate", "target", "expect", "estimate", "plan", "goal", "believe", "will", "may", "could", "should", "future", "intend", "opportunity", "potential", "project", "seek" and other words having a similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, economic and business conditions, the effects of changes in interest rates and foreign exchange rates, changes in legislation, changes in customer habits and other factors outside the control of the Company, that may cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. All forward looking statements contained in this announcement are based upon information available

to the Directors at the date of this announcement and access to this announcement shall not give rise to any implication that there has been no change in the facts set forth herein since such date. The forward-looking statements in this announcement are based on the relevant Directors' beliefs and assumptions and information only as of the date of this announcement, and the forward-looking events discussed in this announcement might not occur. Therefore, Shareholders should not place any reliance on any forward-looking statements. Except as required by law or regulation (including, without limitation, as a consequence of the Prospectus Rules, EU Market Abuse Regulation, Listing Rules, the AIM Rules and/or the Disclosure Guidance and Transparency Rules), the Directors undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future earnings or otherwise.

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