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Titon Holdings PLC

24 October 2024

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This announcement contains inside information for the purposes of Article 7 of the UK version of the Market Abuse Regulation (EU) No.596/2014, which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018.

24 October 2024

## **Titon Holdings Plc**

### **Commencement of Process to Dispose of Interests in South Korean Operations**

Titon Holdings Plc ("Titon", the "Group" or the "Company") is pleased to announce that it has entered into a conditional agreement to commence a process for the disposal of its interests in its 51% owned South Korean subsidiary company, Titon Korea Co. Ltd ("Titon Korea"), and its 49% owned South Korean associate company, Browntech Sales Co. Limited ("BTS"), (together, the "Disposal") for a total gross cash consideration of £750,000.

As previously announced, market conditions in South Korea have proven very challenging in recent years and the Group has been working with its partners in South Korea to consider various options to streamline the corporate structure and operations of the South Korean business, which has led to the proposed Disposal. The Disposal, if completed, will allow Titon to further focus on the Group's strategic initiatives within its core UK and European geographies to return the Group to profitability and growth. The proceeds of the Disposal will be used by the Group to invest in the key strategic actions identified as part of the review of Titon's strategic approach which were identified in the announcement of 11 July 2024.

#### **Current trading**

Revenue in the UK and Europe has been in line with previously reported expectations and has achieved a slightly better operating loss than forecast. The Group results are yet to be finalised as we await the results from Korea. The Group intends to publish its final results for the year to 30 September 2024 on 23 January 2025.

#### **Disposal terms**

Titon has entered into a conditional sale agreement with BTS which provides that the Disposal will be affected by way of: (i) an acquisition by BTS of Titon's 51% interest in the share capital of Titon Korea, and (ii) a share repurchase by BTS of Titon's 49% interest in the share capital of BTS, for a total consideration of £750,000, minus local taxes, payable in cash on completion. The

agreement commences a process to effect the Disposal, which is conditional on the completion of a transfer rights process by BTS and receipt of funds into a third party lawyer's escrow account in Korea.

Subject to the completion of the Disposal, the Group will cease to have any interest in Titon Korea or BTS, which together represent all of the Group's interests in South Korea, and will no longer have an operating and reportable South Korean business segment.

In aggregate, Titon Korea and BTS made a negative contribution of £645,000 to the Group's loss before tax for the year to 30 September 2023, and in the Group's balance sheet as at 31 March 2024, Titon Korea and BTS had aggregate net assets of £2.1m.

The Disposal is subject to the satisfaction of the Conditions, which are outside of Titon's control, and as such completion and its timing are uncertain. The Company will make a further announcement in due course.

### **Related Party Transaction**

As BTS is a company whose directors are considered to customarily act in accordance with the directions of one of the directors and a substantial shareholder, Mr Hong Sung Hoon, of a subsidiary of the Group, Titon Korea, the Disposal is classified as a related party transaction pursuant to Rule 13 of the AIM Rules for Companies. Accordingly, the Directors of the Company consider, having consulted with the Company's Nominated Adviser, Shore Capital, that the Disposal is fair and reasonable insofar as Titon's shareholders are concerned.

### **Tom Carpenter, Chief Executive, commented:**

*"Titon originally invested in BTS and Titon Korea over 13 years ago during which time the returns to Titon have been positive. However, in the past few years, the performance of this investment has declined to a loss. This, coupled with the divergence from our strategic direction, gives us an attractive opportunity to refocus the Group on its core markets. We will update shareholders in due course as to the progress of the Disposal process."*

For further information please contact:

**Titon Holdings Plc**

Tel: +44 (0)1206 713 800

Tom Carpenter

Carolyn Isom

**Shore Capital (Nominated Adviser and Broker)**

Daniel Bush

Tom Knibbs