



Titon Holdings Plc
Full Year Results 30 September 2023

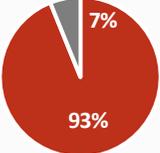
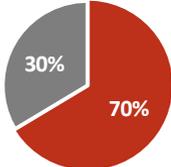
January 2024

1	Established market player	<ul style="list-style-type: none">• Supplying ventilation and door and window products• Over 50 years of experience and reputation• A strong voice into future market and regulatory developments
2	Structural market growth drivers and wider trends	<ul style="list-style-type: none">• Building regulations drive demand for natural and mechanical ventilation products• Increasing regulatory focus on high air quality in homes• Drive for energy efficiency means an increasing focus on ensuring buildings are adequately ventilated
3	Diversified product range and markets	<ul style="list-style-type: none">• Diversified revenue streams through exposure to both commercial and residential property markets as well as new build and RM&I projects in UK• Diversified product ranges covering both natural and mechanical ventilation as well as window and door hardware• Focus on footholds in Europe (85% of revenue), America (4%) and Korea (11%)
4	Marketing leading and diverse product	<ul style="list-style-type: none">• Strong investment in R&D ensures market leading product offering across all product ranges• Innovative, award winning products• Strong pipeline of new products to meet future market requirements
5	Strong balance sheet	<ul style="list-style-type: none">• £2.2m net cash balance at 30 September 2023 (no financial debt)• Net assets of £14.8m at 30 September 2023
6	Strengthened leadership team	<ul style="list-style-type: none">• Chief Executive, Tom Carpenter, joins the team in April 2024• Other key roles in the leadership team filled, significant progress made on business improvement• Jamie Brooke joined as new Chair, January 2024



Business Overview



Division	Window & Door Hardware (47% of revenues)		Ventilation Systems (53% of revenues)													
Products	<p><i>Natural ventilation and window and door hardware</i></p> <ul style="list-style-type: none"> 74% of sales are manufactured in-house 13% of sales derived from third party branded products 13% of sales from externally sourced own-branded products 		<p><i>Integrated mechanical ventilation systems</i></p> <ul style="list-style-type: none"> Mechanical ventilation systems and fans including: <ul style="list-style-type: none"> Mechanical Ventilation with Heat Recovery Central Mechanical Extract Decentralised and intermittent mechanical extract fans Range of ancillary products and ducting including the Titon FireSafe® Air Brick 84% own manufacture; 16% bought in 													
Market	<ul style="list-style-type: none"> UK residential new-build and RM&I 	<ul style="list-style-type: none"> UK commercial new-build 	<ul style="list-style-type: none"> Focused on UK and European residential new-build markets under building regulations 													
Route to market	<ul style="list-style-type: none"> Customers are door and window fabricators in the UK In Europe, products are normally sold via distributors 		<ul style="list-style-type: none"> In the UK, systems are sold direct to customers (housebuilders and contractors) In Europe, systems are sold via OEMs and distributors 													
FY23 Revenue 	<p>Total: £9.6m</p>  <table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>UK</td><td>93%</td></tr> <tr><td>Export</td><td>7%</td></tr> </table>		Category	Percentage	UK	93%	Export	7%	<p>Total: £9.8m</p>  <table border="1"> <tr><th>Category</th><th>Percentage</th></tr> <tr><td>UK</td><td>70%</td></tr> <tr><td>Export</td><td>30%</td></tr> </table>		Category	Percentage	UK	70%	Export	30%
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Continued focus on investment in research and development, which enables the company to keep its products both innovative and cost effective with leading technology

Mechanical ventilation products

			
<p>MEV – CME Range</p>	<p>HRV – MVHR Range</p>	<p>Titon FireSafe® Air Brick</p>	<p>Titon Ultimate® dMEV</p>

Natural ventilation and hardware products

 <p>Compliant with ADR June 2022 Revision</p>			
<p>Trimvent® Select Xtra S13 Vent</p>	<p>SF Xtra Vent</p>	<p>Venture - Standard duty friction hinge</p>	<p>Asterion door cylinder</p>

We have recently launched several market leading and award-winning products



- Added to the range of Titon FireSafe® Air Brick in 2023 is the Titon FireSafe® 100m Round Push Through Wall Kit. Winner of the Ancillary Product of the Year at the prestigious HRV Awards 2023. This product extends the Titon range of FireSafe airbricks introducing a new kit ideal for residential applications in social housing, new build and refurbishment. Developed to work with Titon's energy efficient constant flow Ultimate® dMEV fan.



- The Titon Ultimate® dMEV launched in 2021 achieved the accolade of 'Highly Commended' at the recent Energy Saving Awards for Domestic Product of the Year. We developed this product to meet new June 2022 building regulations Part F and comply with new strict test procedures from Building Research Establishment (BRE). The Titon Ultimate® dMEV was one of the first products listed when the new SAP10 database went live, initially being one of only two options. In 2023 we have developed an upgraded version, the Ultimate dMEV "I" which replaces the original unit. This adds new features demanded by the UK market and others aimed at success in Europe.



- 2023 has seen the launch and first sales of Hexalok, a lock for sliding doors and the first door lock developed by us in-house. It features six locking points for added security in the increasingly popular aluminium residential sliding door market and has been designed to replace business products, formerly bought in, at a more competitive price point.



- We have developed new advanced control systems, including Wi-Fi connectivity and control of MVHR units using a mobile phone App (Android and Apple). Our industry standard MODBUS interface also allows interfacing with Building Control Systems (BMS), enabling building owners to monitor the entire site for maintenance and fault detection purposes. In 2023 we have seen new Titon HRV and dMEV products added to those already supported by the mobile phone App.



- During 2023, our popular range of MVHR units were upgraded with the introduction of models HRV4 and HRV4.25. These are compact units which offer cutting edge performance, high airflow coupled with extremely low Specific Fans Power and high efficiency heat exchange capabilities. These support connectivity via the Titon App and to facilitate installation into complex whole-house systems, a MODBUS interface is now provided as an option.



Market Overview

UK Building Regulations

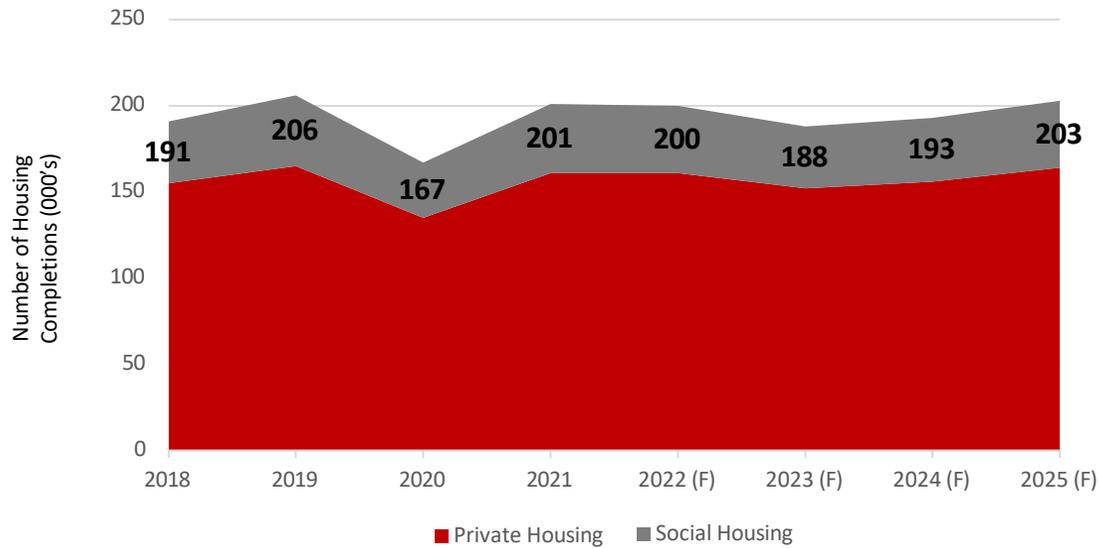
	Natural Ventilation	Continuous mechanical ventilation	Mechanical ventilation with heat recovery
System type	<ul style="list-style-type: none"> Background (trickle) ventilators and intermittent extract fans 	<ul style="list-style-type: none"> Continuous mechanical extract ventilation 	<ul style="list-style-type: none"> Continuous mechanical supply and extract with heat recovery
Share of new housing starts – Pre June 2023	<ul style="list-style-type: none"> c.56% 	<ul style="list-style-type: none"> c. 22% 	<ul style="list-style-type: none"> c. 22%
Share of new housing starts – Post June 2023	<ul style="list-style-type: none"> c.30% 	<ul style="list-style-type: none"> c. 48% 	<ul style="list-style-type: none"> c. 22%
Titon product	<ul style="list-style-type: none"> ✓ Background ventilators 	<ul style="list-style-type: none"> ✓ Ultimate dMEV ✓ CME Q Plus (MEV) 	<ul style="list-style-type: none"> ✓ MVHR units
Cost of installation (per unit/system)	<ul style="list-style-type: none"> c. £300 	<ul style="list-style-type: none"> c. £500 	<ul style="list-style-type: none"> c. £1,500

Source: Management estimates, Beama, ONS

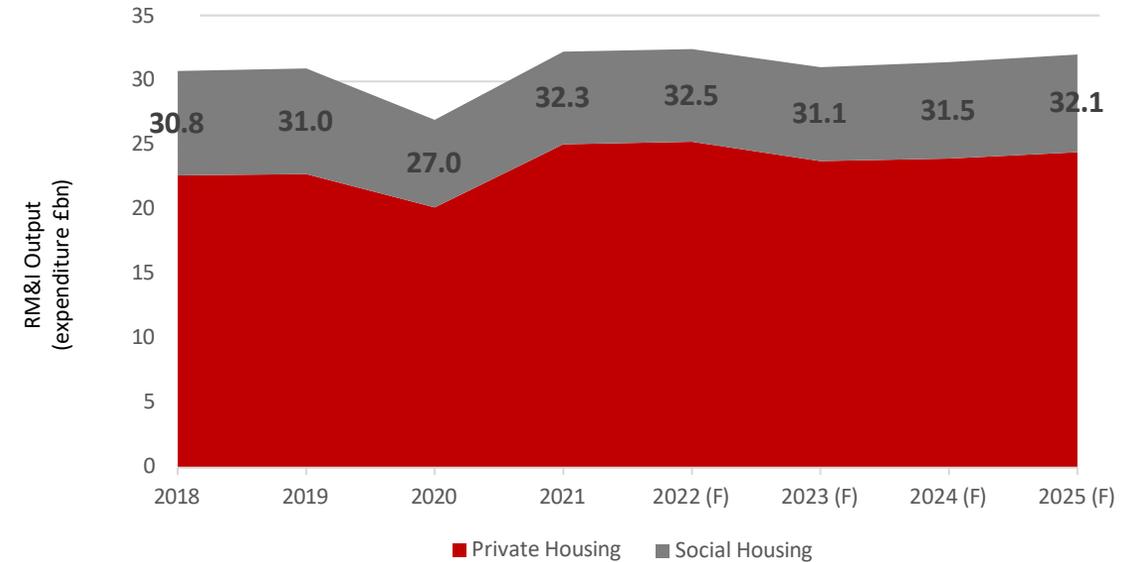
- Regulations continue to drive demand for higher margin spend on mechanical products
- All new build properties and replacement windows are required by regulation to have ventilation
- Titon's export markets similarly driven by regulations which are met by Titon's products

New Build and RM&I markets are expected to rise slightly in 2024

Residential New Build Completions



RM&I Output



Source: Experian
Jan 2023 forecast



FY23 Financial Performance



Financial summary*: Income Statement

	2023	2022	Change (%)
Net revenue	£22.33m	£22.09m	1.1%
Underlying** EBITDA	£0.43m	£0.14m	207.1%
Group loss before tax	£(0.84)m	£(0.95)m	12.0%
Underlying loss before tax	£(0.80)m	£(0.60)m	-33.3%
Loss per share	(6.01)p	(3.89)p	-54.5%
Total dividend for the year per share	1.0p	2.0p	-50.0%

- The Group managed to:
 - Grow revenues and increase gross margins to 26.5% (2022: 26.4%)
 - Increase underlying** EBITDA to £0.43m (2022: £0.14m)
 - Efficiently control labour, material and energy cost inflation
- Within the Group loss before tax, Korea total loss was £0.65m, 77.4% of the total Group loss
- Proposed final dividend of 0.5p per share which would give a total dividend for the year of 1.0 pence per share

*Non IFRS measures included

**Excludes exceptional items of £0.04m for restructuring costs

Financial summary: Balance Sheet

	2023	2022	Change (%)
Non-current assets	£7.23m	£8.40m	-13.9%
Inventories	£6.14m	£6.57m	-6.5%
Cash and cash equivalents	£2.24m	£1.73m	29.5%
Other net current assets	£(0.42)m	£(0.36)m	-14.0%
Non-current liabilities	£(0.43)m	£(0.38)m	-12.7%
Net assets	£14.76m	£15.95m	-7.5%

- Strong balance sheet with no financial debt
- Freehold property with fair value of £5.4m at September 2022 (NBV £1.71m at 30 September 2023)
- Net cash increased by £0.5 million. Cash generated by operations £0.9m (2022: cash used in operations £1.8m) due to careful working capital management
- Capital expenditure in the period was £0.64 million (2022: £0.67 million)
- Dividend received from BTS in March 2023 of £0.3 million (net of withholding tax) (2022: nil)

Segment and Divisional analysis

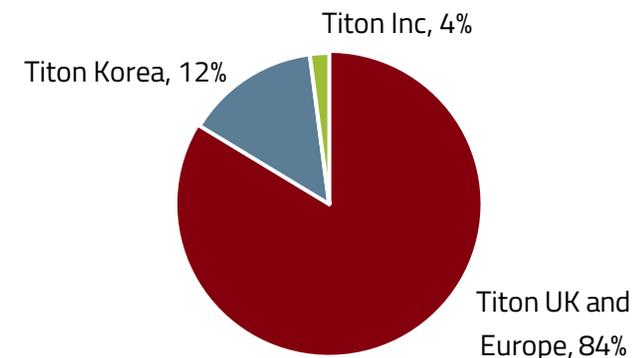
Window and Door Hardware division

- Revenue lower by 8%:
 - UK sales of background ventilators increased by 1% on the prior year
 - Sales of window and door hardware products fell by 12% as our supplier agreement with Sobinco ended
 - Sales of Titon manufactured products rose by 3%
 - Sales of Titon branded bought-in products rose by 5% as the Asterion II range launched in 2022 continues to be recognised for its home security attributes

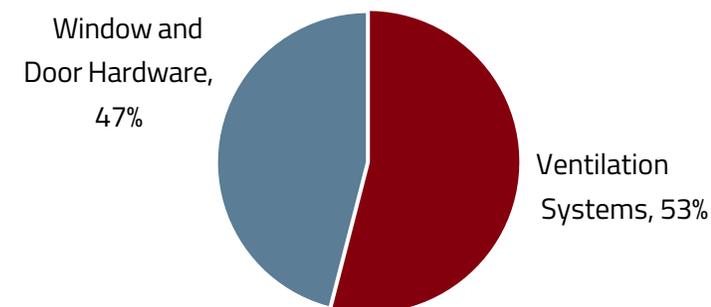
Ventilation Systems division for mechanical ventilation products

- Revenues increased by 17% as we improved our manufacturing processes
- Sales in the UK were up by 3%
 - Sales in Europe up 71%
 - Recently launched Mechanical Ventilation with Heat Recovery Products, one of which won the Domestic Ventilation Product of the Year at the Energy Savings Awards 2023

FY23 Revenue: £22.3m



UK and Europe product mix



- **System improvements**
 - Continued development of ERP system to deliver further improvements to business processes
 - Order backlog resolved. Returned to delivering on time in full (OTIF) in H2
 - Continual enhancement in sales, operational and manufacturing processes to increase demand and output to support future growth
 - Focus on H&S and cultural improvements
- **Leadership Team**
 - New CEO and Chairman post year end
 - Recruitment completed for key leadership roles in Operations, Commercial, and Research and Development
 - Strengthened and grew our sales teams in all markets, now at capacity. Growing pipeline
- **Product development**
 - Continued focus on product development. Further investment will drive increased focus
 - Launched award winning HRV4 and HRV4.25, the Titon FireSafe® 100m Round Push Through Wall Kit and the Hexalock door lock product
- **Cost and working capital controls**
 - Significant improvement in cash generation through careful working capital management
 - Careful cost control: 13% reduction in employees
- **Financial Performance**
 - Excluding Korea, sales grew by 4.2% YOY
 - Strong Ventilation System sales in UK (+17%)
 - European sales increased (+71%) driven by delivery of order backlogs
 - USA sales increased (+58%) as market improved
 - Third party products: Sobinco supplier relationship negatively affected sales but new relationship with Roto established
 - Korea sales down 18% due to weak new build market and market move to mechanical ventilation



Short-term business focus and outlook



Short term focus in 2024 is a return to profitability followed by a clear strategy for growth

- | | | |
|---|---|---|
| 1 | Delivery short term business imperatives | <ul style="list-style-type: none"> Continuing delivery of revised business imperatives Return to profitability |
| 2 | Margin improvements | <ul style="list-style-type: none"> Continue to develop and implement strategies that will deliver margin improvements including product range rationalisation Continue to implement price increases to achieve maximum price realisation Strong supplier management with improved material/component costs and terms Continue to introduce higher value products e.g. Titon FireSafe® Air Brick |
| 3 | Market penetration | <ul style="list-style-type: none"> Increase penetration into the residential ventilation market through increased sales to new and existing customers - revised regulations mean a likely move towards continuous running products such as Titon's CME, MVHR and Ultimate® dMEV Increase our sales by refining our strategy for the social housing market with existing products Increase sales of natural ventilation in the UK - revised regulations now require trickle vents to be fitted on all virtually all replacement windows |
| 4 | Strengthen the organisation | <ul style="list-style-type: none"> Strong leadership team in place: new Chief Executive joining in April 2024 Recruitment completed for key new leadership roles in Operations, Commercial, and Research and Development Strengthened our external sales team in several key areas to increase our market presence |
| 5 | Review of the business and growth strategy | <ul style="list-style-type: none"> Develop our Group strategy which will include a committed focus on ESG Streamline the corporate structure and operations of the Korean business |

Our business imperatives have been refined and will be used to guide us through 2024



Our business imperative	Why it is important for us
<p>Environmental Health & Safety</p> 	<ul style="list-style-type: none"> • to ensure the health, safety and wellbeing of all our employees
<p>People</p> 	<ul style="list-style-type: none"> • enhance the employee experience • create an environment where everyone can bring their best to work • recognise effort, contribution and achievement
<p>Customer</p> 	<ul style="list-style-type: none"> • grow revenue and margin • improve customer experience • win new business
<p>Delivery</p> 	<ul style="list-style-type: none"> • deliver quality products and processes • deliver on time and in full • reduce inventory to generate cash • reduce inventory to generate cash
<p>Innovation</p> 	<ul style="list-style-type: none"> • provide technical leadership • develop innovative products • improve business processes

The Board remains confident in the prospects of the Group. Continued strong balance sheet

- The Board remains confident in the medium and long-term prospects of the Group as the drive for energy efficiency, combined with the need for better air quality via adequately ventilated buildings, remains a priority
- Our new CEO will enhance our strong leadership team. Management's focus is on driving efficiencies and improved customer service through the implementation of our business imperatives and the delivery of lean principles and practices which we believe will enable the Group to return to sustained profitability
- Subdued UK GDP of 0.7% forecast by OBR for 2024. In the housing markets the CPA is forecasting total housing expenditure including RMI to be flat in 2024 with a 3.2% improvement in 2025
- Operating profit in the first quarter FY24 was in line with the Board's expectations
 - Sales were lower than Q1 FY23 but profit performance was mitigated by improved gross margin and careful cost control.
 - South Korea trading not expected to materially improve but we are working to streamline corporate structure and operations, reducing costs



Appendices

Appendix 1



J Brooke
Chair

For the past 25 years, Jamie has worked in quoted fund management and private equity, originally starting out with 3i Plc. Most recently he worked with Hanover Investors and, prior to this, he spent twelve years with the Volantis team under the umbrellas of Lombard Odier, Henderson and Gartmore. Jamie is currently a Non-Executive Director at Flowtech Fluidpower Plc, Chapel Down Group Plc, Oryx International Growth Fund Plc, Triple Point Venture VCT Plc and Kelso Group Holdings Plc. He is also a member of the Investment Advisory Group to Rockwood Strategic Plc. He trained as an ACA with Deloitte.



T N Anderson
Deputy Chairman

Tyson Anderson has been with the Company since 1993, when he joined the Marketing team and was elected to the board of Titon Hardware Limited in 1999. Tyson joined the Board on 1 January 2004 as Marketing Director, was appointed Sales & Marketing Director on 1 February 2007 and now acts as Business Projects Director in Titon Hardware Limited. Tyson was appointed as a Non-executive Director and Deputy Chair in April 2022.



C Isom
Chief Financial Officer

Carolyn joined Titon in December 2019 as Finance Director of Titon Hardware and was appointed to the Titon Holdings Board as CFO in December 2021. She is ACCA qualified and has worked for a number of companies in the construction sector.



K A Ritchie
Non-executive Director

Keith Ritchie became Executive Chairman as of 1 July 2012. Keith has had a long career in the City of London working for a number of financial institutions, including Bank of America Merrill Lynch and Deutsche Bank and is a member of the Institute of Chartered Accountants in England and Wales. Keith became Non-executive Chair of Titon as of 1 October 2022 and is also a director of Beama Ltd.

(Retires 28 February 2024)



J Ward
Non-executive Director

Jeff Ward is currently CEO of Guardian Fall, one of the largest independent height safety companies in the world. He was previously CEO of Centurion Safety Products from December 2015 until July 2020 and before then held a number of leadership roles in hardware and safety businesses where he was responsible for a range of activities, including sales, marketing, supply chain and strategy. Jeff holds an MBA from Warwick Business School and also serves as a Director of the British Safety Industry Federation.



G P Hooper
Non-executive Director (Senior Independent Director)

Paul Hooper is currently Chief Executive of The Alumasc Group plc, a position he has held since April 2003. Alumasc is a UK-based supplier of sustainable building products and solutions. He joined Alumasc in April 2001 as Group Managing Director. His earlier career included a first Managing Director role with BTR plc in 1992. He subsequently joined Williams Holdings plc in Special Operations, implementing acquisitions in Europe and North America, prior to joining Rexam PLC as a Divisional Managing Director with responsibility for operations in Europe and South East Asia. Paul holds an MBA from Cranfield School of Management.



N C Howlett
Non-executive Director

Nick Howlett joined the Company in 1991 and has held a number of senior positions within the group since then. He was appointed to the Board in 2002 and became a Non-executive Director in October 2017. Nick is also a director of Federation of Environmental Trade Associations Limited

Appendix 2

Insofar as Titon is aware, the percentage of ordinary shares not held in public hands is currently 51.7%

All Shareholders exceeding 3%

Shareholder

Harwood Capital LLP	3,040,000	27.03%
J N Anderson	868,902	7.74%
P E Anderson	868,902	7.74%
K A Ritchie*	1,031,381	9.17%
R Anderson	593,750	5.28%
D J Barry	561,500	4.99%

* includes spouses' holdings

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Chief Financial Officer

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