

13 May 2021

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Titon Holdings Plc

Unaudited Interim Results for the six months to 31 March 2021

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 Interim Results for the six months ended 31 March 2021.

Financial Results

	Six months ended 31 March 2021	Six months ended 31 March 2020	% Change
Net revenue	£11.68m	£11.22m	+4.1%
EBITDA	£1.13m	£0.32m	+253%
Profit/(Loss) before tax	£0.55m	£(0.27)m	n/a
Basic earnings/(loss) per share	4.29p	(2.73)p	n/a
Interim dividend per share	1.5p	0p	n/a
Cash balance	£4.63m	£3.69m	+25.5%

Financial highlights

- Net revenue increased by 4.1% due to stronger trading conditions as the impact of the COVID-19 pandemic reduced and activity picked-up in our UK and European end markets with sales in these markets up 16.6%
- EBITDA increased to £1.13 million (2020: £0.32m) and was slightly ahead of budget, reflecting the growth in revenues as well as higher gross margins (31.9% in H1 2021 against 27.3% in H1 2020)
- Profit before tax of £0.55m after depreciation and amortisation charges of £0.51m
- Cash balance of £4.63m at the end of the period (2020: £3.69m) after the resumption of dividends paid to Titon shareholders as well as further dividend payments to minority shareholders of Titon Korea
- Interim dividend of 1.5p per share approved by the Board to be paid on 25 June 2021 reflecting the improved trading results

Operational highlights

- Continued recovery in trading in the UK after the impact of the first national lockdown in 2020 and improvement in European markets
- UK Ventilation Systems sales rose by 15% against 2020, and UK Window and Door Hardware sales rose by 9%
- European sales increased by 52.1% as construction markets returned to more normal patterns after the impact of Brexit and Covid-19 in 2020
- UK and European businesses both returned to segmental profitability in the period
- Trading conditions in South Korea remained challenging due to a weak housing market and the movement to mechanical ventilation products, which our colleagues in South Korea are addressing

Outlook

- The Bank of England has forecast a strong rebound in economic growth in 2021 of 7.25% and Experian have forecast an increase of 19% in new build housing expenditure in 2021 in the UK
- H2 2021 has started positively, with April 2021 trading slightly ahead of management’s expectations. However, procurement of certain raw materials and components may become more of a challenge in the second half, as is being widely reported

- Uncertainty remains about the potential levels of unemployment in the UK and the high levels of Government debt as well as any measures that may need to be taken by the UK Government to combat any further spread of Covid-19
- European construction markets are expected to remain open in 2021 but the levels of economic activity remain subject to any country-specific measures taken to combat Covid-19
- The Board of Titon remains confident in the long-term prospects of the Group given the broad product spread, encouraging trading in H1 2021 and the Group's strong balance sheet which included cash of £4.63m at the period end.

Executive Chairman Keith Ritchie said: "We are pleased with the trading performance of the Group over the six months period to 31 March 2021, which has seen good levels of sales in our main UK and European markets for our products and allowed both our UK and European segments to return to profitability, driving a significant improvement in EBITDA for the period. We remain positive about trading prospects for the second half of the year but we remain aware of the potential for constraints in the supply of raw materials and components to continue for the remainder of 2021, which could have the effect of slowing down our activities.

At all times, the health and safety of our staff and stakeholders is one of our priorities and we continue to follow the UK Government's guidance on social distancing. The benefit of the vaccination programme is now really being shown in the Covid-19 data released daily by the UK Government, and we hope that the Government's roadmap out of lockdown continues on track, which will help to restore consumer confidence and support the UK economic recovery.

As always we take comfort from the strength of our balance sheet, the cash resources that we have, 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."

For further information please contact

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Titon Holdings PLC

Interim results for the six months to 31 March 2021

Chairman's statement

I am pleased to report that we are in a much better position both as a business and a country this year than we were at this time last year. In the UK, the data on the impact of the Covid-19 pandemic has improved significantly since the start of 2021. This is due to the vaccination programme, which is proving very successful in protecting so many people and the gradual lifting of restrictions from the third national lockdown imposed in January 2021. From Titon's perspective we have remained open throughout the period, along with the construction sector, and we have seen a sustained recovery in demand since the middle of 2020. As a result, I can report a return to profitability in H1 2021 as trading since our 30 September 2020 financial year end has been slightly ahead of budget. We have continued to follow the Government's guidelines for safe working in our factory in Haverhill and our office based staff have continued to work from home where they can. We are now turning our attention to introducing on-going flexible working for our office-based employees so that they can both spend time in the office and also work from home, which we will commence gradually over the next few months.

Income Statement

In the six months to 31 March 2021, Titon's net revenue (which excludes inter-segment activity) increased by 4.1% to £11.7 million (2020: £11.2 million). We have been pleased with the levels of activity in the construction sector both here in the UK and in Europe and we have also weathered the impact of the UK leaving the EU's single market and customs union on 31 December 2020. We can report an increase in UK and European sales of 16.6% against the six months to 31 March 2020.

Gross margin rose to 31.9% (2020: 27.3%) due to the higher contributions from all of our operations in the UK and Europe. EBITDA was 259% higher at £1.13 million (2020: £0.32 million), whilst we made an operating profit of £0.62 million (2020 loss: £0.23 million). The results from the Group's associate, Browntech Sales Co. Ltd (BTS) in South Korea, amounted to a loss of £59,000 (2020 loss: £39,000) as a result of the continuing weak housing market in Korea and the Korean market shift towards mechanical ventilation. In aggregate, the Group made a profit before tax of £0.55 million (2020 loss: £0.27 million).

The earnings per share was 4.29 pence (2020 loss: 2.73 pence) with the total statutory profits of £0.48m (2020 loss: £0.30m) and an apportionment to minority shareholders lower at £2,000 (2020: £49,000) which reflected the weaker trading incurred by the Group's 51% owned subsidiary, Titon Korea.

As a result of the continued recovery in trading the Board has approved the payment of an interim dividend in respect of the 6 months ending 31 March 2021 of 1.5 pence per share (2020: nil pence per share). The interim dividend is payable on 25 June 2021 to shareholders on the register at 21 May 2021. The ex-dividend date is 20 May 2021.

Balance sheet and cash flow

Net assets including non-controlling interests rose by 1.2% or £0.2 million to £16.5 million (31 March 2020: £16.3 million) with net cash of £4.63 million (31 March 2020: £3.69 million) which is equivalent to 28.0% of net assets (31 March 2020: 22.7%). The Group had no financial indebtedness at 31 March 2021.

During the period a further dividend of £0.4 million was paid by Titon Korea to the Company in respect of our 51% shareholding, with £0.4 million also being paid to our Korean partners who are the 49% minority shareholders. The cash held by Titon Korea has remained consistent at £0.3 million at 31 March 2021 (31 March 2020: £0.3 million).

The half year saw cash used in operations of £0.13 million (2020: generated £0.54 million), primarily due to working capital components rising in line with the increased levels of activity. Capital expenditure in the period was £0.19 million (2020: £0.19 million) as we continued to carefully manage expenditure on major items of capital equipment. Capital expenditure will be higher in the second half as we have recently purchased a new Amada punch press to increase capacity in our factory, at a total cost of £0.3m. Net current assets were £9.2 million at 31 March 2021 (2020: £8.8 million) with a Quick Ratio¹ of 2.19 (2020:1.97). Asset Turn was 2.11 (2020: 1.87).

Segmental and operational review

The contrast with last year is stark with the recovery in activity continuing throughout the period under review. With our total revenue increasing 4.1% on 2020, we have recorded strong growth in revenue for every part of our UK and European businesses but saw reductions in revenue in both the USA and South Korea.

This revenue growth, when combined with a 4.6% increase in Group gross margin, lower operating costs due to a reduction in business activities such as travel and marketing and a lower bad debt provision has resulted in a significant improvement in Group operating profits.

UK and Continental Europe

Sales in our UK Window and Door Hardware business were 9% up on the same period last year as the new build and replacement window markets both grew due to the improved market conditions in 2021 against the uncertainty caused by the 2019 General Election and Brexit in the prior period. The increase in home DIY activity in 2020 and 2021 has been well documented and our UK business has been a beneficiary of this recovery and growth trend. The new build market has also contributed to a good performance from Ventilation Systems in the UK, which saw sales of mechanical ventilation products rise by 15% over the same period last year. One particular feature was increased sales of the Titon FireSafe® Air Brick, which was designed as a response to the Hackitt review of building safety following the Grenfell fire. Total UK revenues increased 8.6% on 2020.

Sales to Europe performed strongly in the six months to 31 March 2021, up 52.1% on the same period in 2020. Export sales of Ventilation Systems products rose by 67.4% in the period under review as our network of European customers increased and we introduced new products. Despite the well-publicised logistics difficulties that arose in January 2021 after the UK finally left the EU single market and customs union, sales have continued at a very similar rate in our Q2 against our Q1 numbers. This reflects the continuing construction activity in the EU despite the Covid-19 pandemic. We have continued to invest time and money in developing new products for our customers in Europe and are hopeful that sales will continue to grow in the second half. Export sales of Window and Door Hardware products also improved in the period and were up by 19% against the same period in 2020.

I can report that our UK and European segments both returned to segmental profitability in the six months to 31 March 2021, after generating losses in 2020.

South Korea

We noted in the Group's 2020 Annual Report that sales in South Korea had been badly impacted by the reduction in house building and the delay of a number of building projects. This has continued to be the situation in South Korea for the period under review. We have also been affected by the trend towards mechanical ventilation in domestic buildings. This has resulted in the contribution from Titon Korea falling significantly in this period compared to last year. Our partners in South Korea are working hard to introduce new natural and mechanical ventilation products to address the market trends. The contribution from Browntech Sales Co. Limited (BTS), the Group's associate company, which primarily distributes ventilation products in South Korea, was also affected by lower sales in the half year and this resulted in BTS making a small loss for the period. BTS has, subsequent to the end of this half year, sold another of its investment properties.

In terms of the segmental contribution from South Korea, the two businesses, Titon Korea and BTS are added together. The revenue, which is solely that from Titon Korea (the Group's share of BTS's profits/losses are accounted for as an associate) was 27% lower at £2.1 million (2020: £2.8 million). The segment contribution, which includes the pre-tax profit of Titon Korea plus 49% of the post-tax loss of BTS, was a loss of £54,000 (2020 profit: £42,000).

United States

Sales in our US business remain a very small portion of the Group's overall sales and fell 26% from the same period last year at £294,000 (2020: £397,000). This is largely due to a fall in the construction of multi-occupancy housing requiring trickle vents, in favour of single houses not requiring trickle vents in our key market areas. This is again disappointing and we have seen few signs of the situation changing rapidly. Although Titon Inc. made a small pre-tax loss in the period, when we include the inter-segmental profits made at our Haverhill factory on products sold in the US, the contribution to Group profit before tax was positive.

Board

Since the end of the period under review David Ruffell, Chief Executive Officer, has left Titon. David worked for Titon for over 33 years and I thank him for the contribution he has made to the Group. As we have already announced we have recruited a new Chief Executive, Matthew Norris, who is due to start in July 2021.

We were saddened to hear during this period of the death of Professor Patrick O'Sullivan who was a Non-Executive Director of the Group for many years until he retired from the Board in 2013. Professor O'Sullivan was a highly respected academic and civil servant who helped introduce ventilation into the Building Regulations and was a source of guidance to the Board on the direction of travel for ventilation regulations in the UK.

Once again, I personally would like to thank all of my colleagues on the Board for their hard work and counsel during these extraordinary times.

Employees

Our employees have continued to show a high level of dedication to the business. As noted above, we have followed the Government guidelines for safe working in the Haverhill factory to ensure they are protected as much as possible and our Colchester based staff have been largely working from home. I have seen how much they have contributed to the results for the period and I offer my and the Board's thanks for all their efforts.

Investors

Following the recovery in trading that we noted in the 2020 Annual Report and the strong cash position of the Group we were able to pay a final dividend for the period ended 30 September 2020. I am pleased that due to

the strong cash position of the Group and the trading results in the first half year we will pay an interim dividend of 1.5 pence per share for the period.

We have continued to work closely with Shore Capital, our Nominated Adviser and Broker and they have recommenced research coverage, including forecasts on the Group. Their most recent publication in January 2021 emphasised Titon's "rock-solid balance sheet and exposure to the green economy".

Outlook

At this point we are expecting the UK economy to rebound strongly as the national lockdowns ease, reinforced by the Bank of England upgrading its UK economic growth forecast for 2021 to 7.25%, which should be positive for our own business in the UK. Experian have recently forecasted a continuing rebound in construction activity in 2021 of 11.3% in 2021 and 5.2% in 2022 following the fall of 14% in 2020. They are also forecasting an increase of 18.5% in UK new build housing expenditure in 2021 and a 10% increase in public and private housing repairs, maintenance and improvements. Against this is the considerable uncertainty due to the potential levels of unemployment when the Government's Job Retention Scheme expires in the autumn and the very high levels of Government debt that will be around for the foreseeable future, as well as lingering uncertainty about the UK Government's on-going public health approach to controlling the spread of Covid-19.

We have also now seen the proposed changes to the UK Building Regulations for ventilation, which we believe will be positive for us as the need to ventilate is linked more closely with the introduction of energy efficiency measures that the Government is pushing to reduce the carbon footprint of the housing stock.

Current trading

We are positive about the prospects for our business in the UK for the second half year but caution that we have experienced some procurement difficulties and an element of scarcity in recent months for basic materials, such as plastics, cardboard and metals, all of which are vital to our production. We are also seeing price increases imposed by our suppliers, which will impact on our margins but will be mitigated by our own pricing strategies. The shortages of building materials including components is industry wide and now being more widely reported.

In Europe, the impact of the pandemic has been felt at different times to the UK and the outlook is less positive as the roll-out of vaccinations has been more haphazard. However, we have some very loyal customers in Europe, who continue to show interest in our mechanical ventilation products and we are cautiously optimistic that the second half year will continue to show good sales.

In South Korea, the economy is forecast to grow this year by 3.0%, according to the Bank of Korea. However, we are anticipating that revenues for the remainder of the fiscal year will continue to be significantly affected by the transition to mechanical ventilation from our natural ventilation products in South Korea as our partners work hard to re-position the business.

As I continue to observe, we can take comfort from the strength of our balance sheet and the cash resources that we have, which at 31 March 2021 stood at £4.6m. The Group remains well capitalised with a strong balance sheet and no debt. As a result, we remain confident in the long-term prospects of the business.

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 2020 within the Strategic Report (page 6) available at www.titon.com. Assessments of exposure to financial and other risks remain significantly more difficult currently given the uncertainties about the impact of Covid-19, the extent and duration of social distancing measures, government support measures and the overall impact on the global 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. As a consequence 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. On the basis of 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.

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

On behalf of the Board

KA Ritchie
Chairman

13 May 2021

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 2021

		6 months to 31.3.21	6 months to 31.3.20	Year to 30.9.20
		unaudited £'000	unaudited £'000	audited £'000
	Note			
Revenue	2	11,684	11,224	20,652
Cost of sales		(7,973)	(8,157)	(15,200)
Grant Income		13	-	202
Gross profit		3,724	3,067	5,654
Distribution costs		(575)	(747)	(1,289)
Administrative expenses		(2,280)	(2,293)	(4,305)
Research and development expenses		(256)	(259)	(446)
Grant Income		-	-	326
Other income		4	5	21
Operating profit / (loss)		617	(227)	(39)
Finance income		-	7	10
Finance costs		(9)	(11)	(36)
Share of post-tax (loss) / profit from associates		(59)	(39)	83
Profit / (loss) before tax		549	(270)	18
Income tax (expense) / credit	3	(71)	16	104
Profit / (loss) after income tax		478	(254)	122
Attributable to:				
Equity holders of the parent		476	(303)	58
Non-controlling interest		2	49	64
Profit/ (loss) for the period		478	(254)	122
Earnings per share attributed to equity holders of the parent:				
Basic	5	4.29p	(2.73)p	0.52p
Diluted	5	4.26p	(2.73)p	0.52p

Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2021

		6 months to 31.3.21	6 months to 31.3.20	Year to 30.9.20
		unaudited £'000	unaudited £'000	Audited £'000
Profit / (loss) for the period		478	(254)	122
<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		(195)	(162)	(62)
Total comprehensive income / (expense) for the period		283	(416)	60
<i>Attributable to:</i>				
Equity holders of the parent		330	(428)	(17)
Non-controlling interest		(47)	12	77
		283	(416)	60

Titon Holdings Plc

Consolidated Interim Statement of Financial Position

at 31 March 2021

	31.3.21	31.3.20	30.9.20
	unaudited	unaudited	audited
	£'000	£'000	£'000
Assets			
Property, plant and equipment*	3,244	3,865	3,469
Right-of-use assets*	619	567	772
Intangible assets	808	630	753
Investments in associates	2,739	2,753	2,877
Deferred tax assets	284	266	333
Total non-current assets	7,694	8,081	8,204
Inventories	4,278	4,688	4,367
Trade and other receivables	4,453	4,583	3,779
Income tax receivable	-	33	-
Cash and cash equivalents	4,633	3,695	5,572
Total current assets	13,364	12,999	13,718
Total Assets	21,058	21,080	21,922
Liabilities			
Lease liabilities	379	550	531
Total non-current liabilities	379	550	531
Trade and other payables	3,889	3,949	4,303
Lease liabilities	258	259	277
Income tax payable	-	14	-
Total current liabilities	4,147	4,222	4,580
Total Liabilities	4,526	4,772	5,111
Equity			
Share capital	1,119	1,113	1,113
Share premium reserve	1,077	1,049	1,049
Capital redemption reserve	56	56	56
Treasury shares	(27)	(27)	(27)
Foreign exchange reserve	180	277	327
Retained earnings	13,697	13,039	13,425
Total Equity attributable to the equity holders of the parent	16,102	15,507	15,943
Non-controlling Interest	430	801	868
Total Equity	16,532	16,308	16,811
Total Liabilities and Equity	21,058	21,080	21,922

*Reclassification of assets at 31 March 2020 due to first time adoption of IFRS16.

Titon Holdings Plc

Consolidated Interim Statement of Changes in Equity

at 31 March 2021

	Share capital	Share premium reserve	Capital redemption reserve	Foreign exchange reserve	Treasury Shares	Retained earnings	Total	Non-controlling interest	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 30 September 2019 (as restated)	1,113	1,049	56	402	(27)	13,669	16,262	1,459	17,721
Accounting policy change IFRS 9	-	-	-	-	-	(19)	(19)	(2)	(21)
At 1 October 2019	1,113	1,049	56	402	(27)	13,650	16,243	1,457	17,700
Translation differences on overseas operations	-	-	-	(125)	-	-	(125)	(37)	(162)
Loss for the period	-	-	-	-	-	(303)	(303)	49	(254)
Total comprehensive expense for the period	-	-	-	(125)	-	(303)	(428)	12	(416)
Dividends paid	-	-	-	-	-	(332)	(332)	-	(332)
Dividends paid to NCI in subsidiary	-	-	-	-	-	-	-	(668)	(668)
Share-based payment credit	-	-	-	-	-	24	24	-	24
At 31 March 2020	1,113	1,049	56	277	(27)	13,039	15,507	801	16,308
Accounting policy change IFRS 9	-	-	-	-	-	3	3	2	5
Translation differences on overseas operations	-	-	-	50	-	-	50	50	100
Profit for the period	-	-	-	-	-	361	361	15	376
Total comprehensive income for the period	-	-	-	-	-	361	411	65	476
Share-based payment credit	-	-	-	-	-	22	22	-	22
At 30 September 2020	1,113	1,049	56	327	(27)	13,425	15,943	868	16,811
Translation differences on overseas operations	-	-	-	(147)	-	-	(147)	(49)	(196)
Profit for the period	-	-	-	-	-	476	476	2	478
Total comprehensive income for the period	-	-	-	(147)	-	476	329	(47)	282
Dividends paid	-	-	-	-	-	(223)	(223)	-	(223)
Dividends paid to NCI in subsidiary	-	-	-	-	-	-	-	(391)	(391)
Share-based payment credit	-	-	-	-	-	19	19	-	19
Exercise of share options	6	28	-	-	-	-	34	-	34
At 31 March 2021	1,119	1,077	56	180	(27)	13,697	16,102	430	16,532

Titon Holdings Plc

Consolidated Interim Statement of Cash Flow

for the six months ended 31 March 2021

		6 months to 31.3.21	6 months to 31.3.20	Year to 30.9.20
		unaudited	unaudited	audited
	Note	£'000	£'000	£'000
Cash generated from operating activities				
Profit / (loss) before tax		549	(270)	18
Depreciation of property, plant & equipment		235	273	559
Depreciation of right-of-use assets		161	151	257
Amortisation of intangible assets		118	118	236
Profit on sale of plant & equipment		-	(20)	(16)
Share based payment – equity settled		19	24	46
Finance income		-	(7)	(10)
Finance costs		17	11	36
Share of associate's post-tax loss / (profit)		59	39	(83)
		1,158	319	1,043
Decrease in inventories		89	180	519
(Increase) / decrease in receivables		(745)	796	1,667
(Decrease) / increase in payables and other current liabilities		(635)	(751)	(468)
Cash generated (used in) / by operations		(133)	544	2,761
Income taxes paid		(22)	(83)	(43)
Net cash (used in) / generated by operating activities		(155)	461	2,718
Cash flows from investing activities				
Purchase of plant & equipment		(14)	(158)	(246)
Purchase of intangible assets		(173)	(30)	(271)
Proceeds from sale of plant & equipment		-	30	46
Finance income		-	7	10
Net cash (used in) / generated by investing activities		(187)	(151)	(461)
Cash flows from financing activities				
Dividends paid to equity shareholders of the parent	4	(223)	(332)	(332)
Dividends paid to non-controlling shareholders of a subsidiary		(391)	(668)	(668)
Payment of lease liability		-	(191)	(261)
Finance costs		(17)	(11)	(36)
Exercise of Share Options		34	-	-
Net cash (used in) / generated by financing activities		(597)	(1,202)	(1,297)
Net (decrease) / increase in cash **		(894)	(865)	960
Foreign exchange		(45)	(27)	25
Cash at beginning of the period		5,572	4,587	4,587
Cash at end of the period		4,633	3,695	5,572

**The net decrease in Group cash since 30 September 2020 is £939,000 (2020: £892,000) after allowing for foreign exchange movements.

Notes to the Condensed Consolidated Interim Statements

at 31 March 2021

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 2020. 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 2020.

b) Basis of preparation

These condensed consolidated interim financial statements of the Group for the six months ended 31 March 2021 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 2021 nor the six months results for 2020 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 2020 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 2020, which have been prepared in accordance with IFRS's as adopted by the European Union.

These unaudited interim Group Financial Statements were approved for issue on 13 May 2021. 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 2021 Annual Report and Accounts.

There are not expected to be any changes in the accounting policies compared to those applied at 30 September 2020.

A full description of accounting policies is contained with our 2020 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 2021					
Segment revenue	7,910	2,051	294	1,598	11,853
Inter-segment revenue	(169)	-	-	-	(169)
Total Revenue	7,741	2,051	294	1,598	11,684
Segment (loss) / profit	517	(54)	22	64	549
Income tax expense					(71)
Profit for the period					478
Depreciation and amortisation	336	17	-	-	353
Depreciation of Right-of-use-assets	68	93	-	-	161
Total assets	16,168	4,705	185	-	21,058
Total assets include:					
Investments in associates	2,739	-	-	-	2,739
Additions to non-current assets (other than financial instruments and deferred tax assets)	181	6	-	-	187

The South Korean Segment profit 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 £2.05 million represent 18% 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	9,339	-	294	2,051	-	11,684
by country from which derived	7,741	1,565	294	2,051	33	11,684
Non-current assets						
By entities' country of domicile	4,628	-	43	3,023	-	7,694

Operating segment	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Total £'000
6 months ended 31 March 2020					
Segment revenue	7,139	2,819	397	1,033	11,388
Inter-segment revenue	(164)	-	-	-	(164)
Total Revenue	6,975	2,819	397	1,033	11,224
Segment (loss) / profit	(203)	66	27	(160)	(270)
Income tax credit					16
Loss for the period					(254)
Depreciation and amortisation	370	21	-	-	391
Depreciation of Right-of-use-assets	77	74	-	-	151
Total assets	14,837	6,046	197	-	21,080
Total assets include:					
Investments in associates	2,528	-	-	-	2,528
Additions to non-current assets (other than financial instruments and deferred tax assets)	139	240	-	-	379

The South Korean Segment profit 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 £2.8 million represent 25% 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 2020	United Kingdom	Europe	USA and Canada	Asia	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
by entities' country of domicile	8,008	-	397	2,819	-	11,224
by country from which derived	6,962	1,029	397	2,819	17	11,224
Non-current assets						
By entities' country of domicile	4,934	-	39	3,108	-	8,081

For the year ended 30 September 2020	United Kingdom £'000	South Korea £'000	North America £'000	All other countries £'000	Consolidated £'000
Segment revenue	12,570	4,919	777	2,751	21,017
Inter-segment revenue	(365)	-	-	-	(365)
Total Revenue	12,205	4,919	777	2,751	20,652
Segment profit	(205)	222	182	(181)	18
Tax expense					104
Profit for the year					122
Depreciation and amortisation	891	161	-	-	1,052
Total assets	15,555	6,058	309	-	21,922
Total assets include: Investments in associates	2,877	-	-	-	2,877
Additions to non-current assets (other than financial instruments and deferred tax assets)	481	297	-	-	778

The South Korea Segment profit includes the Group's share of the profits from Browntech Sales Co. Ltd., (BTS), the Group's associate undertaking in South Korea, of £83,000. Sales to BTS of £4.92m represented 24% of Group Revenue (2019: £8.33m - 31%). 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 2020	United Kingdom £'000	Europe £'000	USA and Canada £'000	South Korea £'000	All other regions £'000	Total £'000
Revenues						
By entities' country of domicile	14,956	-	777	4,919	-	20,652
By country from which derived	12,205	2,694	777	4,919	57	20,652
Non-current assets						
By entities' country of domicile	4,903	-	40	3,261	-	8,204

3 Taxation

	6 months to 31.3.21	6 months to 31.3.20	Year to 30.9.20
Current income tax:	£'000	£'000	£'000
Corporation tax expense	(22)	(52)	(38)
Adjustment in respect of prior years	-	-	7
	(22)	(52)	(31)
Deferred tax:			
Origination and reversal of temporary differences	(49)	68	135
Income tax (expense) / credit	(71)	16	104

Taxation for the interim period is charged at 12.9% (six months to 31 March 2020: credited at 5.9%) 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 31.3.21 £'000	6 months to 31.3.20 £'000	Year to 30.9.20 £'000
Final in respect of the year end 30.09.19	21.02.20	3.00	-	332	332
Final in respect of the year end 30.09.20	12.03.21	2.00	223	-	-
			223	332	332

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 11,105,179 (six months ended 31 March 2020: 11,083,750; year ended 30 September 2020: 11,083,750).

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 11,168,179 at 31 March 2021, except that at this date, when the inclusion of potential ordinary shares (POSS) in the calculation would increase the EPS, or decrease the loss per share, from continuing operations, then these POSS are anti-dilutive and are ignored in diluted EPS. Potential dilutive ordinary shares at: six months ended 31 March 2020: 11,200,107 and year ended 30 September 2020: 11,167,125.

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:

	Sale of goods			Amount owed by related party		
	6 months to 31.3.21 £'000	6 months to 31.3.20 £'000	Year to 30.9.20 £'000	6 months to 31.3.21 £'000	6 months to 31.3.20 £'000	Year to 30.9.20 £'000
Browntech Sales Co. Ltd	2,051	2,819	4,919	-	827	293

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2020.

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 and Advisers

DIRECTORS

Executive

KA Ritchie (Chairman)
D A Ruffell (Chief Executive) resigned 30 April 2021
T N Anderson
T D Gearey

Non-executive

J N Anderson (Deputy Chairman)
K Sargeant
N C Howlett
B Ratzke

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