



2022



2022 Interim Statement

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Chairman's Statement

I am disappointed to report that trading conditions have been difficult for us during the six months to 31 March 2022. As we indicated in the trading update on 22 February 2022, whilst the year started as we expected and revenues in the first four months of the year were slightly higher than the six months to 31 March 2021, the shortages we have experienced of materials and components, and the cost increases for materials, components, labour and energy necessitated us to revise our expectations for the current financial year. Whilst supply shortages and input cost increases have persisted, we are optimistic that we will see some easing of some of the supply chain issues in the second half of the current financial year.

Despite these inflationary challenges, we have continued to carry on with key investments for our future. We have invested in strategic overhead to support growth of our higher margin Mechanical Ventilation Systems area of the business. We have continued to invest in our product software that will support qualified leads to grow our business in Europe. We have also executed select investments in additional talent within Finance, Supply Chain and HR. Our new ERP system implementation went live in May.

We have spent much of the last two years considering Covid-19 and the effect this has had on the economy and our own business. I am pleased to report that the impact of Covid-19 on our UK and European business and the wider construction industry generally in these areas has been greatly reduced and we have returned to normal pre-pandemic operations throughout the period. We have continued to follow Government guidelines for safe working and, whilst we have experienced some additional employee absence as a result of Covid-19, this has not had a significant impact on our business in the UK. All of our office-based employees have now returned to the office on a flexible working basis.

Income Statement

In the six months to 31 March 2022, Titon's net revenue (which excludes inter-segment activity) decreased by 1.7% to £11.5 million (2021: £11.7 million). All UK businesses saw an increase in sales over the period but sales of Ventilation Systems products to Europe fell as we suffered from shortages of components for mechanical products. Sales in Titon Korea, our 51% owned subsidiary fell by 27% reflecting the on-going difficult trading conditions and market dynamics in South Korea.

Gross margin fell to 28.0% (2021: 31.9%) due to higher raw material, labour and overhead costs in the UK and Europe and the lower contributions from Titon Korea. EBITDA was 75% lower at £0.28 million (2021: £1.13 million), whilst we made an operating loss of £0.21 million (2021 profit: £0.62

million). The results from the Group's associate, Browntech Sales Co. Ltd (BTS) in South Korea, amounted to a loss of £29,000 (2021 loss: £59,000) 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 loss before tax of £0.25 million (2021 profit: £0.55 million).

The Group's earnings per share for the period was a loss of 1.46 pence (2021: profit of 4.29 pence) with the total loss of £0.22m (2021 profit: £0.48m) and an apportionment to minority shareholders of a loss of £47,000 (2021: profit of £2,000) which reflected the weaker trading incurred by the Group's 51% owned subsidiary, Titon Korea.

Whilst trading conditions were more challenging than originally anticipated, the Group continues to maintain a strong balance sheet and cash position and the Board has therefore approved the payment of an interim dividend in respect of the 6 months ending 31 March 2022 of 1.5 pence per share (2021: 1.5 pence per share). The interim dividend is payable on 1 July 2022 to shareholders on the register at 27 May 2022. The ex-dividend date is 26 May 2022.

Balance sheet and cash flow

Net assets including non-controlling interests fell by 1.3% or £0.2 million to £16.3 million (31 March 2021: £16.5 million) with net cash of £3.7 million (31 March 2021: £4.6 million) which is equivalent to 23.0% of net assets (31 March 2021: 28.0%). The Group had no financial indebtedness at 31 March 2022, other than lease liabilities. The cash held by Titon Korea reduced to £0.1 million at 31 March 2022 (31 March 2021: £0.3 million).

The half year saw cash used in operations of £0.29 million (2021: used £0.13 million), primarily due to increasing our inventory to allow for component shortages – this has also required an increase in amounts paid in advance of receipt of goods. Capital expenditure in the period was £0.38 million (2021: £0.19 million) as we resume investing in plant and machinery and our new ERP system. Net current assets were £8.7 million at 31 March 2022 (2021: £9.2 million) with a Quick Ratio¹ of 1.97 (2021: 2.19). Asset Turn was 1.97 (2021: 2.11).

Segmental and operational review

We previously identified the shortages of certain materials and components and continuing cost increases for these items, as well as labour and energy cost inflation, were the biggest challenges in H1 2022 and these risks have certainly impacted us to date this year. Although our top-line sales revenue in the period is only marginally below 2020/21 the mix of products sold has meant that margins have reduced. Revenues in South Korea have continued to fall but sales in Titon Inc. have remained at the same level as last year.

Gross margins have fallen by 3.9% compared to the same period last year. The reduction in gross margin and an

increase in overheads has meant that our operating result is a loss of £0.25m versus an operating profit of £0.62m in 2021. The increase in overheads is mainly due to the expansion in our headcount to drive growth in our higher gross margin Mechanical Ventilation Systems area of the business and to increase the strength in teams such as Finance, HR and Research & Development, all areas of the business that required investment.

UK and Continental Europe

As noted above, revenues in the UK and Europe have increased slightly against the prior period, rising by 3.7%. Sales in UK Window and Door Hardware have risen by 8% due to increased demand for trickle vents and aluminium products. As noted in the 2021 Annual Report, our distributor relationship with Sobinco has now terminated but we did see an increase in sales as our aluminium customers ordered higher quantities of products before the change in their supply chain. Gross profit margins have fallen in the period for sales of both Titon manufactured products and bought-in products as we have suffered from raw material and labour cost increases.

In our Ventilation Systems division sales in the UK have risen by 13% against the same period last year as sales of the Titon FireSafe® Air Brick range continued to grow. Within this, sales of Titon manufactured mechanical products grew by 17% but sales of ducting bought-in products were 8% down against last year. Sales of the new Titon Ultimate® dMEV extract fan started to increase in the period as some initial production issues were resolved. We expect sales of this product to continue to increase in the second half of the year.

In Europe, sales fell by 33% in the period due to some component shortages and also due to one particular customer where we suspended sales to them until amounts owed to the Group were paid. These have now been settled and sales have resumed. We will ensure that product availability to our European customers will improve in the second half of the year. There are also several very interesting opportunities for our European sales in the next twelve months and we have spent considerable time and expense in developing our product software to meet the requirements to capitalise on these opportunities. Exports of our Window and Door Hardware products were up slightly in the period.

Our Window and Door Hardware division made a profit in the period but our Ventilation Systems division made a loss compared to the six months ended 31 March 2021.

On environmental measures we continue to invest in more energy efficient plant and vehicles and will update further on this at the year-end.

South Korea

Revenues from South Korea were weaker than expected

in the first half year. This has been caused by a number of factors, including on-going Covid-19 related challenges and delays in site construction projects in that market leading to sales being deferred. We have not yet seen any significant sales of mechanical products in South Korea but marketing is underway and we expect to see sales start to come through in financial year 2022/23. In terms of the segmental contribution from South Korea, the two businesses, Titon Korea and BTS are aggregated. The revenue in the Group's accounts, which is solely that from Titon Korea (the Group's share of BTS's profits/losses are accounted for as an associate) was 27% lower at £1.5 million (2021: £2.1 million).

The segment contribution, which includes the pre-tax loss of Titon Korea plus 49% of the post-tax loss of BTS, was a loss of £153,000 (2021 loss: £54,000).

United States

Sales in our US business remain a very small portion of the Group's overall sales and were flat against the same period last year at £292,000 (2021: £294,000). Titon Inc. made a small pre-tax loss in the period, but when we include the associated Haverhill production profit, the US contribution to Group profit before tax was positive.

Board

I am very pleased to report that we have now completed the recruitment process for the vacancies on the Board that have existed during the period. Paul Hooper and Jeff Ward, our two new independent Non-executive Directors, have both now started their appointments and are swiftly gaining an understanding of our business and the ventilation industry generally. Following Mat Norris leaving Titon in February 2022, I am delighted to welcome Alexandra French to the Board as our new CEO. As we announced, Alexandra brings a wealth of experience from her career with Johnson Matthey over 25 years and she is now meeting her new colleagues and developing her understanding of our products and processes.

The fourth new member of the Board this year is Carolyn Isom, who was promoted to the Board in December 2021 as the Chief Financial Officer. Carolyn has done a great job since she joined Titon in December 2019 and has taken on significant additional workload and day-to-day responsibilities, for which I am very grateful.

I look forward to the contributions of all four new Board members.

Tony Gearey has now left Titon after 36 years and I would like to thank him for everything he has done for Titon during those years. John Anderson has now stepped down from the Board and has accepted the position of president. He will remain involved in Titon's affairs from this new position.

The period under review has been challenging, and I

Business Review

personally would like to thank all of my colleagues on the Board for their hard work and counsel during these difficult times.

Employees

Our employees have continued to show a high level of dedication to the business. We have followed the Government guidelines and our own Covid Risk Assessment for safe working in the Haverhill factory to ensure all our employees are protected as much as possible and have removed restrictions when we have deemed it safe for our staff. We brought all of our Colchester based staff back into the office from February 2022 on a hybrid working basis, which is working well. Once again, I offer mine and the Board's thanks for all their efforts.

Investors

Due to the good trading performance of the Group in 2021 we paid a final dividend for the period ended 30 September 2021 of 3p per share. Despite the weak trading performance in this period I am pleased that, due to the strong balance sheet of the Group, we will pay an interim dividend of 1.5 pence per share for the period.

I was pleased that we were able to hold our AGM in February in person and it was good to have the opportunity to tour some shareholders around the factory and demonstrate the various modernization programmes. We always appreciate their interest in Titon.

Shore Capital, our Nominated Adviser and Broker has continued with its research coverage. Following the trading update in February they issued a research note with the headline "Significant dividend support despite update". I am pleased that our balance sheet allows us this protection against short term shocks.

Outlook

Only four months ago Experian forecasted UK GDP to grow by 5.4% in 2022. The Office for Budget Responsibility forecast a rate of GDP growth of 3.8% at the time of the March 2022 Budget, as the UK economy is affected by inflation and especially the rise in energy costs, and only 1.75% in 2023 and thereafter. It forecasts a significant reduction in earlier expectations. Experian were forecasting an increase in total housing output of 6.8% in 2022 and a further 4.7% in 2023 but this was before the reduction in GDP growth that is now expected. Given the increases in energy and other cost increases, and rising interest rates to compensate, the risks to these forecasts are on the downside. We also have to take into account the war in Ukraine and the impact that is already having on consumer confidence and growth prospects as costs increase. There have also been some very recent forecasts from the Bank of England that the UK will suffer a recession in 2023 as economic activity slows due to the inflationary pressures.

We have yet to witness any benefit from the changes to the UK Building Regulations for ventilation, as the effective date for implementation is 15 June 2022. The new regulations generally require increased rates of ventilation in new build properties and the inclusion of trickle vents in most replacement windows, which was not required under the old regulations. We have certainly seen greater interest in trickle vents from our window fabricator customers and we are anticipating an increase in our production of vents and canopies to reflect the higher demand from the RM&I market. For mechanical products in new builds we do expect to see an increase as the volume housebuilders are required to build more tightly, which forces them away from natural ventilation. We do not expect to see this change make any difference to sales of mechanical products in this financial period, but rather over the medium term. Of course, the need for good indoor air quality has been reinforced by the Covid-19 pandemic and we continue to promote this, particularly as the Government emphasises the "Fabric First" policy to reduce energy usage as part of its Net Zero policies.

In South Korea we do not expect a significant rebound in profitability until the transition from natural ventilation products to mechanical products takes effect over the next few financial years.

Current trading

We continue to be impacted by component shortages for our Ventilation Systems division and this has led to longer delivery times for customers. We have made strenuous efforts to improve this position and are hopeful that the supply chain will improve in the second half. As a consequence of the component shortages we have ensured that we now have long term orders in place with our suppliers until the end of 2023. We will continue to keep all of our supply chains under close scrutiny for the foreseeable future.

Consistent with the sector more generally, cost increases have been imposed by our suppliers as the general level of inflation increases. We have increased our prices during the first half and will do so again in the second half as conditions dictate. We are in competitive markets and cannot rely on pricing alone to regain profitability so we will also focus closely on our ways of working and manufacturing and production planning efficiencies. We have made a number of new hires in manufacturing recently and expect to see the benefits of this being reflected in the second half and in 2023. We are excited by the appointment of Alexandra French as our new CEO and expect her and the senior team to make improvements to our business in all areas.

I am pleased to say that we have now implemented a new internal ERP system for the UK and European operations and this will allow greater automation of production and sales processes and better management information for the business in the future.

We expect that material shortages and cost increases will continue in the second half and this will impact our profitability. However, we are optimistic that we will see some easing to the supply chain constraints as the second half of the current financial year progresses. Despite these challenges we continue to have a strong balance sheet, very talented employees and a good range of products in both our divisions that give us confidence in our medium-term future.

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 2021 within the Strategic Report (page 6) available at www.titon.com. Assessments of exposure to financial and other risks are always difficult given the uncertainties about the inflationary risks in the UK economy, especially the rise in energy costs, which will impact many people and the effects of the Ukraine war. The impact of Covid-19 has significantly reduced as a risk since last year. 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
11 May 2022

Notes

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

Consolidated Interim Income Statement

for the six months ended 31 March 2022

	Note	6 months to 31.3.22 unaudited £'000	6 months to 31.3.21 unaudited £'000	Year to 30.9.21 audited £'000
Revenue	2	11,478	11,684	23,412
Cost of sales		(8,261)	(7,973)	(16,070)
Grant Income		-	13	8
Gross profit		3,217	3,724	7,350
Distribution costs		(612)	(575)	(1,144)
Administrative expenses		(2,504)	(2,280)	(4,521)
Research and development expenses		(330)	(256)	(582)
Other income		15	4	16
Operating (loss) / profit		(214)	617	1,119
Finance costs		(7)	(9)	(16)
Share of post-tax (loss) from associates		(29)	(59)	(28)
(Loss) / profit before tax		(250)	549	1,075
Income tax credit / (expense)	3	37	(71)	(72)
(Loss) / profit after income tax		(213)	478	1,003
Attributable to:				
Equity holders of the parent		(166)	476	1,028
Non-controlling interest		(47)	2	(25)
(Loss) / profit for the period		(213)	478	1,003
Earnings per share attributed to equity holders of the parent:				
	Basic	5	(1.46p)	4.29p
	Diluted	5	(1.44p)	4.26p

Consolidated Interim Statement of Comprehensive Income

for the six months ended 31 March 2022

		6 months to 31.3.22 unaudited £'000	6 months to 31.3.21 unaudited £'000	Year to 30.9.21 audited £'000
(Loss) / profit for the period		(213)	478	1,003
<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		27	(195)	(284)
Total comprehensive (expense) / income for the period		(186)	283	719
<i>Attributable to:</i>				
Equity holders of the parent		(142)	330	793
Non-controlling interest		(44)	(47)	(74)
		(186)	283	719

Consolidated Interim Statement of Financial Position

at 31 March 2022

	31.3.22 unaudited £'000	31.03.21 unaudited £'000	30.09.21 audited £'000
Assets			
Property, plant and equipment	3,445	3,244	3,476
Right-of-use assets	613	619	546
Intangible assets	925	808	925
Investments in associates	2,668	2,739	2,681
Deferred tax assets	308	284	278
Total non-current assets	7,959	7,694	7,906
Inventories	5,320	4,278	5,042
Trade and other receivables	3,896	4,453	4,224
Cash and cash equivalents	3,728	4,633	4,794
Total current assets	12,944	13,364	14,060
Total Assets	20,903	21,058	21,966
Liabilities			
Lease liabilities	430	379	402
Total non-current liabilities	430	379	402
Trade and other payables	3,937	3,889	4,554
Lease liabilities	229	258	193
Total current liabilities	4,166	4,147	4,747
Total Liabilities	4,596	4,526	5,149
Equity			
Share capital	1,119	1,119	1,119
Share premium reserve	1,077	1,077	1,077
Capital redemption reserve	56	56	56
Treasury shares	(27)	(27)	(27)
Foreign exchange reserve	120	180	96
Retained earnings	13,603	13,697	14,093
Total Equity attributable to the equity holders of the parent	15,948	16,102	16,414
Non-controlling Interest	359	430	403
Total Equity	16,307	16,532	16,817
Total Liabilities and Equity	20,903	21,058	21,966

Consolidated Interim Statement of Changes in Equity

at 31 March 2022

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Foreign exchange reserve £'000	Treasury Shares £'000	Retained earnings £'000	Total £'000	Non-controlling interest £'000	Total Equity £'000
At 30 September 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/(loss) 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
Translation differences on overseas operations	-	-	-	(84)	-	(4)	(88)	-	(88)
Profit/(loss) for the period	-	-	-	-	-	552	552	(27)	525
Total comprehensive income/(loss) for the period	-	-	-	(84)	-	548	464	(27)	437
Dividends paid	-	-	-	-	-	(167)	(167)	-	(167)
Share-based payment credit	-	-	-	-	-	15	15	-	15
At 30 September 2021	1,119	1,077	56	96	(27)	14,093	16,414	403	16,817
Translation differences on overseas operations	-	-	-	24	-	1	25	3	28
Loss for the period	-	-	-	-	-	(166)	(166)	(47)	(213)
Total comprehensive income/(loss) for the period	-	-	-	24	-	(165)	(141)	(44)	(185)
Dividends paid	-	-	-	-	-	(335)	(335)	-	(335)
Share-based payment credit	-	-	-	-	-	10	10	-	10
At 31 March 2022	1,119	1,077	56	120	(27)	13,603	15,948	359	16,307

Consolidated Interim Statement of Cash Flow

for the six months ended 31 March 2022

	Note	6 months to 31.3.21 unaudited £'000	6 months to 31.3.20 unaudited £'000	Year to 30.9.20 audited £'000
Cash generated from operating activities				
(Loss) / profit before tax		(250)	549	1,075
Depreciation of property, plant & equipment		279	235	479
Depreciation of right-of-use assets		85	161	164
Amortisation of intangible assets		126	118	240
Profit on sale of plant & equipment		22	-	(7)
Share based payment – equity settled		10	19	34
Finance costs		7	17	16
Share of associate's post-tax loss		29	59	28
		308	1,158	2,029
(Increase) / decrease in inventories		(270)	89	(640)
(Increase) / decrease in receivables		367	(745)	(428)
(Decrease) / increase in payables and other current liabilities		(690)	(635)	206
Cash generated (used in) / by operations		(285)	(133)	1,167
Income taxes paid		-	(22)	(22)
Net cash (used in) / generated by operating activities		(285)	(155)	1,145
Cash flows from investing activities				
Purchase of plant & equipment		(256)	(14)	(502)
Purchase of intangible assets		(126)	(173)	(412)
Proceeds from sale of plant & equipment		42	-	25
Net cash used in investing activities		(340)	(187)	(889)
Cash flows from financing activities				
Dividends paid to equity shareholders of the parent	4	(335)	(223)	(390)
Dividends paid to non-controlling shareholders of a subsidiary		-	(391)	(391)
Payment of lease liability		(109)	-	(198)
Finance costs		(7)	(17)	(16)
Exercise of Share Options		-	34	34
Net cash used in financing activities		(451)	(597)	(961)
Net decrease in cash		(1,076)	(894)	(705)
Foreign exchange		10	(45)	(73)
Cash at beginning of the period		4,794	5,572	5,572
Cash at end of the period		3,728	4,633	4,794

Notes to the Condensed Consolidated Interim Statements

at 31 March 2022

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 2021. 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 2021.

b) Basis of preparation

These condensed consolidated interim financial statements of the Group for the six months ended 31 March 2022 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 2022 nor the six months results for 2021 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 2021 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 2021, which have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs) as adopted by the UK in conformity with the requirements of the Companies Act 2006.

These unaudited interim Group Financial Statements were approved for issue on 11 May 2022. 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 2022 Annual Report and Accounts.

There are not expected to be any changes in the accounting policies compared to those applied at 30 September 2021.

A full description of accounting policies is contained with our 2021 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.

Notes to the Condensed Consolidated Interim Statements

at 31 March 2022

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.

Notes to the Condensed Consolidated Interim Statements

at 31 March 2022

2 - Revenue and segmental information (continued)

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

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

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

6 months ended 31 March 2021	United Kingdom £'000	Europe £'000	USA and Canada £'000	Asia £'000	All other regions £'000	Total £'000
Revenues						
by entities' country of domicile	9,687	-	290	1,501	-	11,478
by country from which derived	8,506	1,152	290	1,501	29	11,478
Non-current assets						
By entities' country of domicile	5,081	-	33	2,845	-	7,959

Notes to the Condensed Consolidated Interim Statements

at 31 March 2022

2 - Revenue and segmental information (continued)

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 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 2021	United Kingdom £'000	Europe £'000	USA and Canada £'000	Asia £'000	All other regions £'000	Total £'000
Revenues						
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

Notes to the Condensed Consolidated Interim Statements

at 31 March 2022

2 - Revenue and segmental information (continued)

For the year ended 30 September 2021	United Kingdom	South Korea	North America	All other countries	Consolidated
	£'000	£'000	£'000	£'000	£'000
Segment revenue	16,368	3,578	629	3,150	23,725
Inter-segment revenue	(313)	-	-	-	(313)
Total Revenue	16,055	3,578	629	3,150	23,412
Segment profit / (loss)	1,026	(41)	52	38	1,075
Tax expense					(72)
Profit for the year					1,003
Depreciation and amortisation	809	74	-	-	883
Total assets	17,181	4,592	193	-	21,966
Total assets include: Investments in associates	2,681	-	-	-	2,681
Additions to non-current assets (other than financial instruments and deferred tax assets)	893	21	-	-	914

The South Korea Segment loss includes the Group's share of the post-tax loss from Browntech Sales Co. Ltd., (BTS), the Group's associate undertaking in South Korea, of £28,000. Sales to BTS of £3.58m represented 15% of Group Revenue (2020: £4.92m - 24%). 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 2021	United Kingdom	Europe	USA and Canada	South Korea	All other regions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Revenues						
By entities' country of domicile	19,205	-	629	3,578	-	23,412
By country from which derived	16,055	3,088	629	3,578	62	23,412
Non-current assets						
By entities' country of domicile	4,996	-	32	2,878	-	7,906

Notes to the Condensed Consolidated Interim Statements

at 31 March 2022

3 - Taxation

	6 months to 31.3.22	6 months to 31.3.21	Year to 30.9.21
	£'000	£'000	£'000
Current income tax:			
Corporation tax expense	-	(22)	(22)
Adjustment in respect of prior years	-	-	-
	-	(22)	(22)
Deferred tax:			
Origination and reversal of temporary differences	37	(49)	(50)
Income tax (expense) / credit	37	(71)	(72)

Taxation for the interim period is credited at 11.2% (six months to 31 March 2021: charged at 12.9%) 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 31.3.22	6 months to 31.3.21	Year to 30.9.21
			£'000	£'000	£'000
Final 2020 dividend	12.03.21	2.00	-	223	-
Interim 2021 dividend	25.06.21	1.50	-	-	167
Final 2021 dividend	04.03.22	3.00	334	-	-
			334	223	167

5 - Earnings / loss 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 11,143,750 (six months ended 31 March 2021: 11,105,179; year ended 30 September 2021: 11,124,517).

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 11,219,391 at 31 March 2022, 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 2021: 11,168,179 and year ended 30 September 2021: 11,199,127.

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 31.3.22	6 months to 31.3.21	Year to 30.9.21	6 months to 31.3.22	6 months to 31.3.21	Year to 30.9.21
	£'000	£'000	£'000	£'000	£'000	£'000
Browntech Sales Co. Ltd	1,501	2,051	3,577	155	-	310

There have been no additional significant or unusual related party transactions to those disclosed in the Group's Annual Report for 30 September 2021

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)
C V Isom (appointed 22 December 2021)
M Norris (resigned 9 February 2022)
T N Anderson (Deputy Chairman)
T D Gearey (resigned 6 April 2022)
A C French (Chief Executive) (appointed 3 May 2022)

Non-executive

J N Anderson (resigned 1 April 2022)
N C Howlett
J Ward (appointed 1 April 2022)
GP Hooper (appointed 1 April 2022)

SECRETARY AND REGISTERED OFFICE

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