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

26 March 2024

Titon Holdings Plc

AGM Trading Update

Titon Holdings Plc ("Titon", the "Group" or the "Company") is holding its Annual General Meeting ("AGM") at 10am today at the Group's premises at Falconer Road, Haverhill, CB9 7XU. This trading update is for the period from 1 October to 26 March 2024. The Group's current financial year end is 30 September 2024 ("FY24").

Current trading

UK and Europe

As previously disclosed at the time of our FY23 final results, sales in the first quarter of FY24 in UK and Europe were lower than Q1 of FY23, primarily attributed to the downturn in the new build market. This trend has persisted into the second quarter with the decline being most pronounced in our lower margin divisions, being our sales to mainland Europe in the ventilation systems division and in UK sales in the window and door hardware division.

However, we successfully offset some of these market challenges by capturing increased market share in the mechanical ventilation segment, our highest margin product line, driven by innovative new product introductions and enhanced sales efforts from the largely renewed sales team. Additionally, through careful overhead management and by pursuing margin enhancing opportunities, management has reduced the impact to profits arising from these sales shortfalls against expectations.

The balance sheet of the Group remains strong with our freehold ownership of the Haverhill site (valued at £5.4m in September 2022) and a net cash position of £2.1m as at 25 March 2024 and no financial debt. Working capital continues to be a continued focus of the Group.

Korea

As announced at the time of our FY23 final results, sales in the first quarter of the current financial year (FY24) in South Korea were in line with our expectations and this has continued. However, these sales were at lower-than-expected margins and additional overheads have been incurred. As a result, the Group now expects that the overall loss from Korea will be greater than previously expected for the remainder of FY24. The Board notes that the Group has not allocated capital to Browntech Sales Co. Ltd, its Korean associate, nor to subsidiary, Titon Korea since 2008, and it continues to review and evaluate our investment in Korea.

Outlook

The sales pipeline for our mechanical ventilation products has grown significantly in the past six months and we are hopeful that this will translate into an improving sales trend in H2 FY24. As a result, the Directors anticipate a return to profitability in H2 FY24 in the core UK and European business, however we expect continued losses from our Korean joint venture. The

Board remains confident in the prospects of the Group and is looking forward to welcoming incoming Chief Executive, Tom Carpenter, who starts on 23 April 2024.

Jamie Brooke, Non-Executive Chair, commented:

“Whilst sales have remained challenging, driven by the continued difficult market conditions, I am generally pleased with the improvements being made across the business. Progress is being made on enhancing margins, new product development, process improvements and strengthening of the sales coverage and talent – all of which are absolutely essential in ensuring we have a stable business with the ability to grow in the future to achieve the Group’s full potential.

Whilst the outlook for 2024 is uncertain, we are committed to ensuring we return to profitability in H2 FY24 and beyond. I would like to thank the senior leadership team for their dedication and commitment while we await the arrival of our new Chief Executive, Tom Carpenter. The Group will report more fully on the first six months’ trading at the time of our interim results which we expect to release in May 2024.”

For further information please contact:

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