



Titon Holdings Plc
Half Year Results 31 March 2024

May 2024

My initial thoughts:

- **Clearly work to do:**
 - We are not achieving the same growth or margins as our competitors
- **Not enough focus on the Window & Door Hardware Business Unit**
- **Lots of work already completed on internal processes by management team**
 - Further work to be done, but not holding the company back
- **Good indications that actions with Mechanical Ventilation Business Unit sales are working**
- **Culture is positive, team is flexible and open to change**
- **Team is managing cash well and actively driving inventory levels down**

- **My Immediate Priorities**
 - Complete revised strategy for the business
 - Making Titon a more outwardly focused business
 - Review our go-to-market methodologies with the Window & Door Hardware business
 - Build & reinforce work ongoing with Mechanical Ventilation Systems sales – focus on system level wins
 - Further improvements with customer service processes & systems
 - Reviewing the strategic fit of the Korean business

First Half 2024 Revenue:

- Sales (UK and Europe) decreased 28.6%
- Impact of new-build residential construction slowdown
- Prior year comparative included sales from order backlog following implementation of a new ERP system
- Sales from South Korea 13.8% lower than 2023
- Titon Inc sales up 65.2%

Strong Balance Sheet:

- Net assets £14.1m (£14.8m 31 March 2023)
- Net cash of £2.2m (£1.6m 31 March 2023)
- No indebtedness, other than lease liabilities
- Net current assets £7.4m (£8.0m 31 March 2023)

Positioned for Growth:

- Restructured operations, planning and sales support
- Resilient and motivated employees
- Strengthened sales force
- Growing Ventilation Systems UK sales pipeline

Total Sales:

£9.1m (-24.6%)

From £12.1m HY 2023

Gross Margin

25.1% (-1.1%)

From 26.2% HY 2023

Net Loss

£0.7m (-58.7%)

From loss £0.4m HY2023

Cash

£2.2m (+38.7%)

From £1.6m HY2023

Segment and Divisional analysis

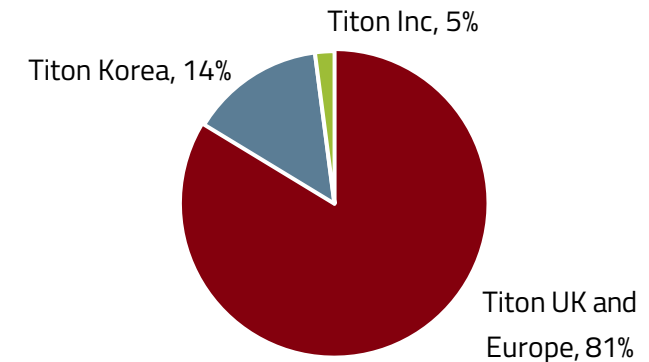
Window and Door Hardware Business Unit

- Revenue lower by 21%:
 - Sales in the UK were down 26%
 - Sales in Europe up 12%
 - Sales of plastic background ventilators decreased by 39% on the prior year with metal ventilators decreasing 9%
 - Sales of Titon branded bought-in products decreased by 10% with sales of our new Hexalok multi point lock offsetting reduced demand in other bought-in products

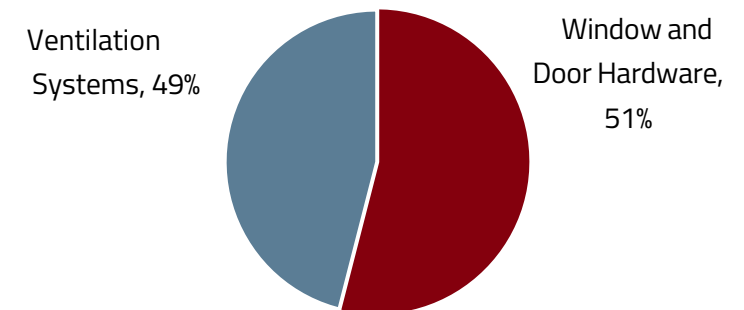
Mechanical Ventilation Systems Business Unit

- Revenues decreased by 34%:
 - Sales in the UK were down 21%
 - Sales in Europe down 58%
 - Bought-in ducting sales up 80% on prior year period
 - Titon Ultimate dMEV sales up 107% on prior year period

Half Year Revenue: £9.1m



UK and Europe product mix



Large multi-dwelling complex Southeast

- Mech. Ventilation Systems
- Over 450 apartments
- Ducting and newly released products:
- c. £500k in multiple phases

Orders coming in for new cooler unit

- First large HRV Cool Plus win
- Offering extra protection against overheating

High Volume Hexalok™ Customer

- Window & Door Hardware
- Highest volumes for our own design Hexalok™ award nominated door lock
- £150k p.a.



Glass & Glazing
INSTALLER AWARDS 2024
SHORT LISTED



FY24 Interim Financial Performance



Financial summary*: Income Statement

	H1 2024	H1 2023	Change (%)	H2 2023	Change (%)	Full year 2023
Net revenue	£9.11m	£12.08m	-24.6%	£10.25m	-11.1%	£22.33m
Gross Profit	£2.28m	£3.16m	-27.8%	£2.76m	-17.4%	£5.92m
Gross Margin	25.1%	26.2%	-1.1%	26.9%	-1.8%	26.5%
Group loss before tax	£(0.71)m	£(0.45)m	-58.9%	£(0.39)m	-82.1%	£(0.84)m
Loss per share	(5.46)p	(2.86)p	-91.0%	(3.15)p	-73.3%	(6.01)p
Total dividend for the period per share	-	0.5p	-100.0%	0.5p	-100.0%	1.0p

- The Group managed to offset some of the impact to our results from the downturn in the new build market by:
 - Focus on growing our highest margin product lines
 - Strengthening Mechanical Ventilation Systems sales team
 - Our order book for Mechanical Ventilation Systems is recovering
 - Introduction of new innovative products
 - Remaining focused on careful cost management
- Within the Group loss before tax, Korea total loss was £0.12m, (2023 loss £0.25m) 16.9% of the total Group loss
- No dividend declared for the period

*Non IFRS measures included

Financial summary: Balance Sheet

	H1 2024	H1 2023	Change (%)
Non-current assets	£6.95m	£7.83m	-11.2%
Inventories	£5.79m	£6.92m	-16.3%
Cash and cash equivalents	£2.23m	£1.61m	38.5%
Other net current assets	£(0.59)m	£(0.53)m	-11.3%
Non-current liabilities	£(0.33)m	£(0.41)m	-19.5%
Net assets	£14.05m	£15.42m	-8.9%

- Strong balance sheet with no financial debt, cash increased c. £600k
- Continued focus on reducing inventory levels
- Freehold property with fair value of £5.4m at September 2022 (NBV £1.71m at 30 September 2023)
- Capital expenditure in the period was £0.02 million (2023: £0.26 million)
- The cash held by Titon Korea remained consistent at £0.03 million at 31 March 2024 (30 September 2023: £0.03 million)

H1 Trading Below Expectations

- Internally focussed business in limbo awaiting new CEO
- Transitional sales team with little focus on WDH
- Poor market conditions

Sales down c.£3m but loss reduction limited to c.£300k

- Good cost control
- Sales reduction principally in lower margin products

Good work done fixing internal issues and developing the team

- Solid platform for growth with good processes (ERP system now working well)
- Revitalised sales team. Senior new hires in Sales, Production and R&D

Medium Term Prospects are good with some encouraging early indicators

- Significant growth in Mechanical Ventilation pipeline
- Strong growth in ducting sales (MV), first sales of new MV product ranges

The Board remains confident in the prospects of the Group

- Anticipate a return to profitability in H2 FY24 in the core UK businesses



Appendices





1	Established market player	<ul style="list-style-type: none">• Two Business Units supplying Mechanical Ventilation Systems and Window & Door Hardware• Over 50 years of experience and reputation• A strong voice into future market and regulatory developments
2	Structural market drivers	<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	Broad product range	<ul style="list-style-type: none">• Revenue streams principally focused on New Build residential property markets• Sales in Europe (85% of revenue), America (4%) and Korea (11%)
4	Innovation	<ul style="list-style-type: none">• Strong investment in R&D ensures market leading product offering across all product ranges• 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 31 March 2024 (no financial debt)• Net assets of £14.1m at 31 March 2024
6	Strengthened leadership team	<ul style="list-style-type: none">• Chief Executive, Tom Carpenter, joined 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

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

			
MEV – CME Range	HRV – MVHR Range	Titon FireSafe® Air Brick	Titon Ultimate® dMEV

Natural ventilation and hardware products

			
Trimvent® Select Xtra S13 Vent	SF Xtra Vent	Venture - Standard duty friction hinge	Asterion door cylinder

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



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.



T Carpenter
Chief Executive Officer

Tom has a track record of growing businesses both organically and inorganically, and has experience of working in publicly listed companies having joined Belden Inc. in 2016. Tom has held leadership positions within Belden including Vice President of Strategy and Business Development, and as Managing Director of PPC Broadband Inc., a subsidiary of Belden. Prior to this, Tom held various leadership positions including as Chief Executive Officer at M2FX Limited. Tom holds a Master in Business Administration from Loughborough University and a Degree in Manufacturing Systems Engineering from Nottingham Trent University.



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.



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

Total share capital in issue 11,248,750

All Shareholders exceeding 3%

Shareholder		
Harwood Capital LLP	3,150,000	28.00%
J N Anderson	868,902	7.74%
P E Anderson	868,902	7.74%
C Ritchie	764,280	6.79%
R Anderson	593,750	5.28%
D J Barry	561,500	4.99%

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Chief Financial Officer

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