2021

Titon®

Annual Report & Financial Statements

Overleaf: Titon’s new Amada punch press, MVHR schematic and our staff at London Build Exhibition in November 2021.

Annual Report and Financial Statements

for the year ended 30 September 2021

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Titon®

Chairman's Statement

We are now emerging from the Covid-19 pandemic and the UK currently remains open, albeit that concerns over the effect of Covid-19 persist and some restrictions have been reimposed of late by the UK government. We are seeing some European countries return to lockdowns but the main markets in which we trade are open and trading relatively normally and I am pleased to say that Titon is also operating normally. As I reported at the time of the Group's interim results, we have traded throughout the period and have seen a good recovery in trading in the UK and Europe compared to 2020. Our financial position remains strong.

During the year we have followed the Government's guidelines for safe working in our factory in Haverhill and in our offices and have developed and updated an ongoing Covid-19 risk assessment to guide our actions. We decided not to bring our office-based employees back when the guidelines were removed in July, as at that time the number of infections were rising in the East of England and we felt that it was safer for our employees to remain working from home, where possible. Where employees have been required to work from the office, we have maintained a careful limit on the numbers coming in and required regular lateral flow testing to take place. We remain committed to ensuring that the health and safety of all of our employees is maintained and we thank them for the efforts they have made to ensure that both the office and factory remain safe working places.

Profit and loss

In the year ended 30 September 2021, the Group's net revenue (which excludes inter-segment activity) increased by 13% to £23.4m (2020: £20.7m).

The Group's gross margin increased from 27.4% in 2020 to 31.4% in 2021, which is back above pre-pandemic levels (2019: 30.2%). We achieved a full, strong year of trading compared to the previous year where the results were exacerbated by the production suspension in the year, triggered by the first UK lockdown which impacted our UK business. We realised an operating profit in the period of £1,119,000 (2020: operating loss of £39,000). EBITDA was 100% higher at £2.0m (2020: £1.0m).

Net finance interest cost amounted to £16,000 (2020 interest: £26,000). The share of profits from the Group's South Korean associate, BTS, fell from a profit of £83,000 in 2020 to a loss of £28,000 in 2021 due to continuing challenging market conditions and several supply chain issues in Korea. Due to an overall strong performance in the UK business the Group profit before tax realised was £1,075,000 (2020: £18,000).

Basic statutory earnings per share for the year was 9.24 pence (2020: 0.52 pence).

An interim dividend of 1.5 pence per share was paid in the year to 30 September 2021 and the Directors are proposing a final dividend of 3.0 pence per share (2020: 2.0 pence). The total dividend for the year will therefore be 4.5 pence per share (2020: 2.0 pence). If approved by shareholders at the forthcoming Annual General Meeting on 23 February 2022, the dividend will be payable on 4 March 2022 to shareholders on the register at 28 January 2022. The ex-dividend date is 27 January 2022.

Statements of financial position and cash flows

The Group benefits from a robust and liquid balance sheet with no financial debt. Net assets, including non-controlling interests, increased to £16.8m at 30 September 2021, at which point net cash stood at £4.79m (2020: £5.57m), which is equivalent to 28.5% of net assets (2020: 33.1%).

Cash generated from operations before working capital changes was £2.0m (2020: £1.0m). Inventory levels at the year-end increased by £0.68m on 2020. This was mainly due to increased stock held in the UK business because of an increase in material and labour costs during the year and an increase in the goods in transit at year end where we have been trying to maintain our levels of stock to meet demand and overcome supply issues. This reduced cash generated from operations to £1.15m (2020: £2.72m). Cash generated from operations in 2020 also benefited from trade receivables being reduced by £1.7m due to lower 2020 revenues.

Capital expenditure increased to £1.11m (2020: £0.78m) and the Group paid dividends in 2021 in respect of 2020 to the shareholders of Titon Holdings Plc of £0.39m (2020: £0.33m). During the year, Titon Korea paid a further dividend to Titon Holdings Plc and non-controlling shareholders, resulting in £0.39m (2020: £0.66m) of cash being received by Titon Holdings Plc and a cash outflow from the Group to non-controlling shareholders of Titon Korea of £0.39m (2020: £0.67m).

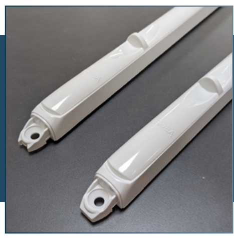
The overall effect has been a net decrease in the Group's cash reserves in the period of £0.78m (2020: increase of £0.98m). Net current assets at 30 September 2021 were £9.3m (2020: £9.1m) with a Quick Ratio[1] of 1.9 (2020: 2.0). ROCE[2] was 11.7%, as the business returned to more normal trading conditions (2020: 1.4%).

Segment analysis

The Directors look initially at geographical areas to evaluate the Group's performance and then consider product splits at the secondary level.

UK and Europe

We started the financial period with significant uncertainty due to two major items: the pandemic and Brexit. The impact of the pandemic has reduced significantly during 2021 as the impact of the vaccination programme has been felt with reductions in hospitalisations and deaths and this has allowed most sectors to function reasonably normally. However, the construction sector has suffered from labour shortages, which have led to delays



in projects being started or being paused. In respect of Brexit, we had significant concerns about the impact of the UK leaving the Single Market on 31 December 2020. Although there were some long delays in shipping goods to our European customers early in 2021 these have largely been alleviated and we have worked with our logistics partners to ensure that shipments now proceed smoothly, albeit they are taking a few days more than when we were in the Single Market. I would like to thank all our customers in the EU for their patience in this situation and for continuing to buy our products.

As I noted in the Interim Report, we have had to deal with some procurement issues as many basic materials such as plastics, cardboard and metals have all been difficult to find at times. In the second half of the year, we have additionally had challenges in maintaining supplies of components for some of our mechanical ventilation products, which has delayed some of our sales to customers. This is an industry wide problem but has been a source of frustration to us during the year. We have also suffered from price increases for many items and have had to pass these on to our customers, where we can. Revenue from the Hardware business, comprising sales of our trickle vents plus window and door hardware, was higher in the year by 24% as sales into the PVCu, Timber and Aluminium sectors of the UK market recovered after the lockdowns in 2020. Sales of Titon branded door and window hardware products rose by 37% as we introduced new products and converted more customers to our range, which was a positive performance.

In our Ventilation Systems business, revenues from mechanical ventilation products rose by 28% overall as sales to the new build market recovered. Sales in the UK were up by 43%, and a significant part of this was down to the success of the new Titon FireSafe® Air Brick Range; Ventilation Systems sales in mainland Europe were up 18% as our European markets expanded.

Titon continues to invest in research and development which, in turn, yields a continuing number of new products for both the Ventilation Systems and Hardware businesses. We launched the Titon Ultimate® dMEV extract fan early in 2021, which is the first extract fan that we have designed and manufactured ourselves. We expect to release a number of new products across the range in 2022. We have also spent considerable time in sourcing new bought-in products during the year, including a more advanced door cylinder to meet stringent security tests in the UK. We were sorry to learn during the year that Sobinco has decided to sell its window and door hardware products direct to UK systems companies, rather than through Titon, as we have been their sole UK distributor for many years. We have therefore been seeking alternative products and suppliers to replace these lines.

We continue to promote good indoor air quality and welcomed the Government's video released in November 2021 about ventilation, in response to the threat of coronavirus particles in the home. We have worked with our trade association, Beama Ltd, which sponsors the Healthy Homes and Buildings All Party Parliamentary Group and the Air Pollution All Party Parliamentary Group on a number of campaigns during the year to improve ventilation in homes and buildings.

We have been waiting for the publication of the final regulations for changes to Part L (Conservation of fuel and power), Part F (Ventilation) and Part O (Overheating), of the Buildings Regulations in England and Wales for new dwellings and existing buildings, these were published on the 15th of December 2021 and initial reviews confirm that these are positive for our products.

Looking at the macro-economic picture the Experian UK Construction forecast in October 2021 shows a rise in total housing expenditure of 17.7% against 2020, as the economy recovered and forecasts a further 7.1% increase in 2022. At the same time, the expected value of repair, maintenance and improvement in the private and public residential sectors is forecast to be up by 14.8% in 2021 against 2020, but it then slows in 2022 to show an increase of a more modest 4.2% against 2021.

South Korea

In South Korea, the Group's subsidiary, Titon Korea (51% owned), manufactures natural window ventilation products. In the 2021 interim results statement we noted the contraction in house building and the delay in a number of building projects and this has continued in the second half and has also been impacted by new Covid-19 restrictions imposed nationally in Korea. These factors have resulted in a reduction in revenue to £3.6m (2020: £4.9m) down 27% whilst the contribution to Group profit before tax declined to a loss £14,000 (2020: profit of £139,000).

The Group's associate company (49% owned), Browntech Sales Co. Limited ('BTS'), which principally distributes Titon Korea's natural ventilation products, was similarly impacted by the downturn experienced by Titon Korea. The loss recognised in respect of associates (which is all in respect of BTS) in 2021 was £28,000 (2020: profit £83,000). In addition to distributing ventilation products in South Korea, BTS invested in and developed properties in the domestic residential real estate market. A further property was sold during the year and a small post-tax profit was realised. BTS no longer holds any direct investments in residential properties. BTS has been engaged in expanding its product range to include mechanical ventilation products and has signed an exclusive distribution agreement with a manufacturer of a hybrid mechanical ventilation product for the Korean market. BTS is now actively marketing this product to its customers but does not expect any meaningful revenue to be realised from this arrangement until the 2022/23 financial period. BTS also intends to supply mechanical heat recovery products to its customers and is working with a product manufacturer to achieve this. Taking Titon Korea and BTS together, South Korea made a negative contribution of £0.04m

Chairman's Statement (continued)

to the Group's profit before tax for the year (2020: profit £0.22m).

United States

Our US operations represent the smallest geographical segment and results from this business reduced in the period. Sales for the year fell by 19% to £0.63m (2020: £0.78m) as the market continued to be impacted by the pandemic and, while Titon Inc. made a small statutory profit before tax of £29,000 in the full year (2020: loss of £32,000), it did generate a return for our UK manufacturing business and made a positive contribution to Group income.

Board

I was very disappointed to inform you in November that our new CEO, Mat Norris, has decided to leave the Board to take up another role. He will leave Titon in February 2022 at the end of his notice period. We immediately commenced a search for a new CEO and I will keep you informed of progress.

Following the announcement in September of their resignations Kevin Sargeant and Bernd Ratzke have now left the Board. I would like to thank both of them for their counsel and contributions to Titon over their respective times on the Board. We have commenced a search for two independent Non-executive Directors to replace them and further announcements will be made in due course.

The external environment continues to present challenges and it will require us to change the way we do business in order for us to make the progress that shareholders require. Putting in place a new long-term executive management structure, with the support of a strong Board of directors, will play a vital part in this.

Employees

I offer my sincere thanks to all our employees, as the success of the Group is down to their hard work and talents. They have continued to operate via a mixture of home working and returning to the office or factory and have remained upbeat and flexible in the face of the changing regulations during the year. As with last year without their willingness to adapt to the new ways of working we would not have been able to function as well as we have done in the face of the pandemic. My colleagues on the Board also recognise the contribution that they have made and thank them for their efforts and dedication.

Investors

Shore Capital, our Nominated Adviser and Broker, has continued to write research coverage on Titon during the year. Of particular note, in October 2021 they published a research note entitled "Net Zero Winners: Stock selection in a decarbonising world" focussed on stocks that they believe will benefit from the move to Net Zero. Titon was selected as one of these stocks as they believe that the "fabric first" approach taken by the UK Government will lead to more sales of the MVHR products that we manufacture and sell.

As usual, I would like to mention the Group's dividend reinvestment programme (DRIP) which has operated for several years. This represents a straight-forward and cost-effective way for shareholders to increase their holdings in Titon should they wish to do so.

Current trading and outlook

Trading in October and November 2021 in the UK and Europe has been at a similar level to the same months in 2020 despite the difficulties caused by the industry-wide supply chain issues. Sales in Korea in October remained subdued.

The UK economy has certainly rebounded from the very significant fall in GDP of 9.9% that it experienced in 2020 with Experian forecasting UK GDP growth in 2021 of 6.6% and 5.4% in 2022. In the housing markets Experian are forecasting expenditure to rise by 16% for public housing and 18% for private housing in 2021 and 6% and 7% increases for 2022 respectively. For Repairs and Maintenance expenditure they are forecasting increases of 10% for public housing in 2021 and 17% for private housing and then growth of 3% and 5% respectively for 2022. These forecasts are positive for our business.

During 2022, we will continue to pursue progress against a range of strategic initiatives. In particular, and in addition to the recruitment of a new CEO, we anticipate making other senior appointments, as well as making additional mechanical ventilation sales force hires to drive growth in the business. Alongside on-going initiatives to update and improve our production through better resource planning, we intend to launch a new internal ERP system for the UK, European and US operations in early 2022 to allow greater automation of production and sales processes, and better management information.

The biggest risks to our business in 2022 at present are the shortage of materials and components and continuing price increases for these items as well as labour and energy costs. As mentioned above, we have struggled to maintain supplies of components for some of our mechanical ventilation products particularly and there is little sign that this will rapidly improve in 2022. We are doing everything we can to find alternative suppliers and have had some success doing so but the ongoing supply challenges are a well publicised issue affecting the whole industry. Whilst this will hold back 2022 performance to some degree, we will continue to do everything we can to manage and alleviate these challenges. Labour costs are also rising and finding good people remains difficult. We are committed to investing in high quality people and we anticipate there will be costs associated with attracting and retaining the best people in

the year. Price increases for our components and raw materials will also continue to impact the Group, as with other companies across the sector. We will raise our prices early in 2022 to recover input cost increases but there is likely to be some margin erosion due to the differences in the timing of these changes.

In South Korea, the economy is set to expand in 2022 as the recovery from the pandemic continues. Bank of Korea forecasts GDP growth of 4.0% in 2021 and 3% in 2022 but construction investment is only forecast to grow by 0.9% in 2021 and 2.9% in 2022. As previously noted, we continue to be in a transitionary period for our ventilation products in South Korea as market requirements change.

Of course, the pandemic remains with us, and I also need to mention the possible impact of new variants. We are currently waiting to find out how virulent the new Omicron variant is, and the extent of the UK government's response to this. Whilst it is too early to draw conclusions, we recognise that at this stage, it could lead to a reduction in economic activity. The impact of expected materials, labour and component shortages combined with price increases means that we anticipate that the business environment will remain challenging for us in 2022. Despite these challenges, we continue to have a very strong balance sheet, talented employees and a good range of products that give us confidence in our medium-term future.

On behalf of the Board.

K A Ritchie
Chairman

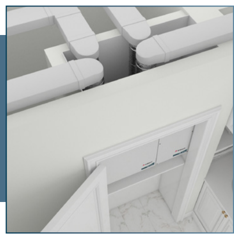
19 January 2022

Notes:

(Non IFRS GAAP measures)

[1] *The Quick Ratio measures liquidity and is calculated as follows: Current Assets-less-Stocks divided by Current Liabilities.*

[2] *ROCE is calculated by dividing EBIT by capital employed (capital employed being the sum of shareholders' funds, non-controlling interests and all debt less intangible assets and cash).*



Strategic Report

The Strategic Report has been prepared in accordance with Section 414C of the Companies Act 2006 (the "Act"). Its purpose is to inform shareholders of Titon Holdings Plc ("Titon" or "the Company" or "the Group") and help them to assess how the Directors have performed their legal duty under Section 172 of the Act to promote the success of the Group.

Summary
Revenue growth of 13% to £23.4m (2020: £20.7m)
Group profit before tax of £1,075,000 (2020: £18,000)
EPS up 1677% to 9.24 pence (2020: 0.52 pence)
Net cash balances down by £0.78m to £4.8m (2020: £5.6m)
Total dividend for the year of 4.5 pence per share (2020: 2.0 pence per share)

Overview
In evaluating the performance of the business, the Directors initially review geographical areas and then consider product group splits at the secondary level.

The Titon Group performance is monitored across three geographical segments. Within these segments, the principal business activities are design, manufacture, marketing and sales:

- trickle vents and hardware products for the window and door fabricator markets in the UK, Europe and the USA.
- mechanical ventilation products for the new build residential markets in the UK and Europe; and
- natural ventilation products for the new build residential market in South Korea.

The first two activities above are carried out by Titon Hardware Limited and Titon Inc. (in the US), both wholly owned subsidiaries. Titon is one of the leaders in the window trickle vent market in the UK, trickle vents being used extensively in the new build and refurbishment sectors. The third activity is carried out by Titon Korea Co. Ltd ("Titon Korea"), a 51% owned subsidiary, which designs and manufactures products and Browntech Sales Co. Limited ("BTS"), a 49% owned associate company, which markets and sells these products to customers.

Titon's strategy is to grow the businesses organically on a continuing basis and to develop new products. In South Korea the Group seeks to maintain its position as a market leader in natural ventilation in the residential market but is also widening its product offering to include mechanical ventilation products. More details of the Group's strategy are discussed below.

Chief Executive's Review

The principal activities of the Group have not changed during the year and consist of the design, manufacture and marketing of ventilation products and door and window fittings.

The Consolidated Income Statement is set out on page 40. A summary of the results along with other selected Key Performance Indicators ("KPIs") is as follows:

	2021	2020
	£'000	£'000
Revenue	**23,412**	20,652
Profit before tax	**1,075**	18
Taxation	**(72)**	104
Profit after tax	**1,003**	122
Revenue per employee	**116**	105
Profit after tax per employee	**5.0**	0.6
Net cash and cash equivalents	**4,794**	5,572

There has been a good recovery from the last financial period, which was badly impacted by first the UK national lockdown in response to Covid-19. We have seen normal levels of trading for the whole of the financial year as the construction sector has remained open and our customers in Europe have also been busy. Business in South Korea has not returned to previous levels. Group Revenue has increased by 13% to £23.4m (2020: £20.7m) and this has resulted in a Group Profit before Tax result of £1.1m (2020: £18,000). A full review of the Group's performance during the year is given in the Chairman's Statement.

Covid-19 response

We continue to monitor the Covid-19 situation in the UK and Europe very carefully as it has changed during the financial year. The success of the vaccination programme in the UK has allowed us to move from the third national lockdown imposed in January 2021 to the position in July when virtually all restrictions were lifted. A similar situation has been seen in Europe and we have suffered no business interruptions due to the pandemic in either the UK or Europe in the second half year. However, whilst it is too early to draw any conclusions, we are mindful of the potential effect that the Omicron variant might have on global economies if new restrictions are imposed.

The health and safety of all our employees remains a key objective of the Group. We have followed the UK Government's guidelines for safe working during the entire period and when the restrictions were lifted in July, we continued to require masks to be worn on site and for social distancing. We felt that this was justified by the local incidences of Covid-19. Our employees based in Colchester remain largely working from home, but we have brought most of them into the office on some days for team meetings or training activities. As we are now seeing with the new Omicron variant the situation remains fluid and we will take whatever action is necessary in future periods to ensure that our working practices are safe for our employees and visitors to our sites.

Goals and strategy

We are passionate to improve indoor air quality: good indoor air quality means clean air for building occupiers to sustain health and comfort.

We aim to meet our goal through the following actions:

Markets	Grow market share of natural and mechanical ventilation products and window and door hardware in the residential housing markets of the UK, Europe, US and South Korea
Employees	Provide a challenging but rewarding and supportive environment for our employees which offers them long term careers
Products	Offer products which are of high quality and that the "as built" performance is as expected
Shareholders	Interact with shareholders and generate rising returns through a rising share price and a progressive dividend policy on a consistent basis
Management	Set and maintain a high standard of management and business behaviour, which will ensure that employees, customers and suppliers are treated fairly

The broad actions described above are broken down into smaller steps as follows:

Grow market share in the UK, Europe, US and South Korea
- Increase sales of our existing products
- Find new customers for our products
- Develop new products
- Improve existing products

Employees
- Pay our employees fairly for their services
- Provide a safe working environment for every person
- Retain a long-term view and not a "hire and fire" mentality
- Provide employees with the necessary support and training to do their jobs
- Ensure that the diversity of every employee is recognised and that everybody is treated equally
- Conduct regular and transparent appraisals with all employees

Product offering
- Invest in research and development resources to bring innovative new products to market
- Set high standards for product design
- Continuously improve production performance
- Take customer complaints seriously and improve products as required
- Work with suppliers to bring enhanced products to the market

Interaction with shareholders
- Pay dividends commensurate with the results of the business
- Communicate openly and honestly with an absence of jargon
- Be accessible to all shareholders at all times

Management behaviour
- Set high standards for management and all employees
- Be accountable and take responsibility for decision taking
- Communicate effectively with all stakeholders
- Ensure all dealings are open and cannot be misconstrued

Business model

Within its main geographical classifications of the United Kingdom, South Korea, North America and All Other Countries, the Group operates in two business streams:

i. Trickle ventilation and window and door hardware business, in which Titon has operated since its formation in 1972 and including South Korea. This activity accounted for 63% of Group revenue in 2021 (2020: 71%); and

ii. Mechanical ventilation business, which the Group entered in 2007 and which accounted for 37% of revenue in 2021 (2020: 29%). See Business Segmentation information on page 52.

The Group generally organises its sales and marketing activities into these business streams with manufacturing and other services supporting them both on a shared basis. The management of these two business streams also follows this split with regular meetings of the senior managers alongside the Directors.

In the UK, the Group has a direct sales force for both business streams and aims to win specifications for its products through its dealings with developers/housebuilders, architects, building services engineers and local authorities. Where specifications are not possible, Titon aims to sell directly to its wide customer base of electrical contractors, installers and window fabricators.

Titon operates in a wide range of export markets and has made sales to a significant number of countries from the UK during this year. Our policy for exporting, in respect of both window and door hardware and mechanical ventilation products, is to appoint local distributors and to support them in building the Titon brand. Within the mechanical ventilation business, the Group also manufactures OEM (original equipment manufacturer) products for its customers and continues to target a significant increase in its activities in continental Europe.

In South Korea, Titon Korea makes almost all of its sales to BTS, which sells products onward to its customers in the new residential construction sector. Titon entered the South Korean market in 2008. BTS had previously entered into a number of property developments but has now disposed of these developments.

The Group also has a wholly owned subsidiary, Titon Inc., based in Indiana in the USA. Sales into this market accounted for 3% of Group revenues during the year (2020: 4%).

The Group manufactures products in the UK and in South Korea. Production in South Korea is entirely for the South Korean market, whilst products manufactured in the UK are sold domestically and exported. Products manufactured in the UK factory account for 58% (2020: 52%) of overall Group turnover and products manufactured in South Korea account for 15% (2020: 24%). The remaining 27% (2020: 24%) of revenue is obtained by the sale of products bought-in from third party manufacturers. These bought-in products tend to be complementary to and are generally sold alongside our own manufactured lines.

The Board has spent considerable time reviewing the activities of the Group and reviewing the structure and considering recruitment requirements, given the need to focus the business on faster growing sectors. A number of key hires have been identified to strengthen senior management and to increase resources in the mechanical ventilation business which, we believe, will be faster growing than the natural ventilation market. We also continue to focus on working capital management, which will be maintained in the future.

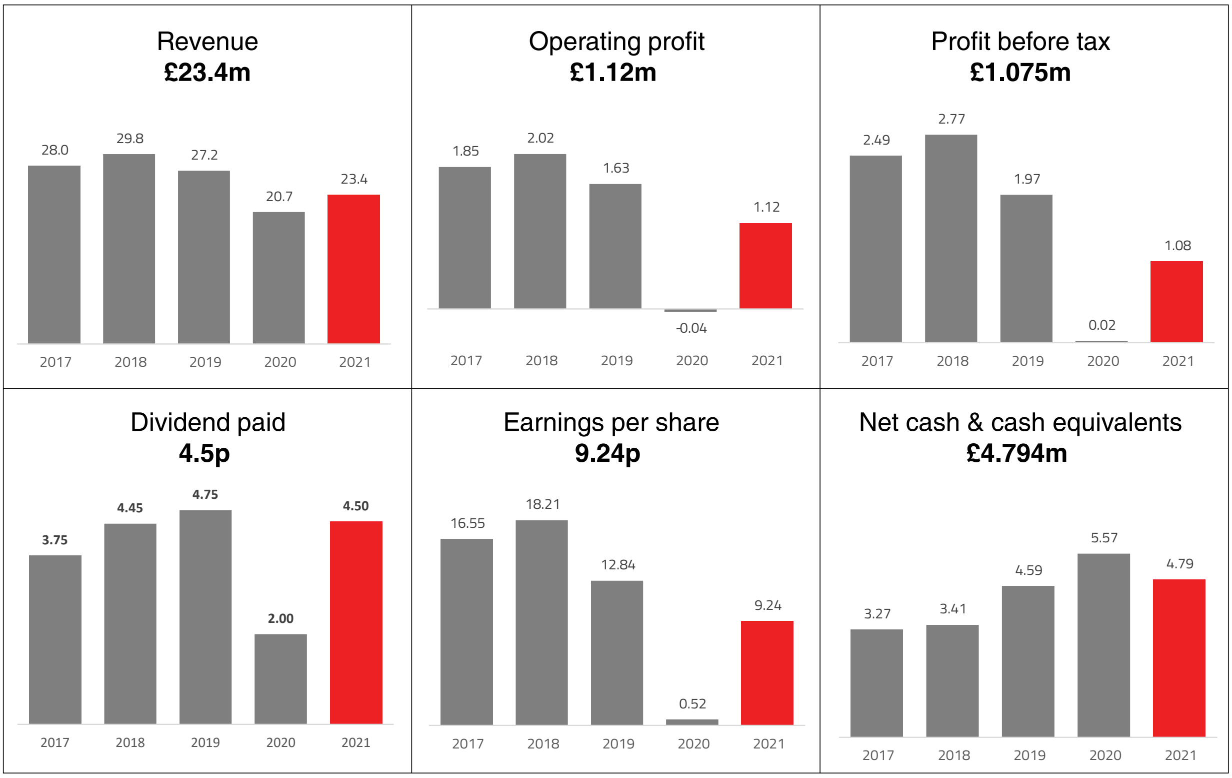
Key Performance Indicators (KPIs)

The Board looks at a range of KPIs to monitor the performance of the Group throughout the financial year and within the individual business departments further KPIs are reviewed. The financial KPIs monitored by the Board regularly include:

KPI	Timing
Group Revenue	Measured against budget and prior year on monthly basis
Group Profit Before Tax	Measured against budget and prior year on monthly basis
Individual legal entities' performance	Measured against budget and prior year on monthly basis
Individual business sector performance	Measured against targets and prior year on weekly basis
Revenue and Profit per employee	Measured annually within the Strategic Report
Sales, margins and prices of core products	Top 25 products reviewed monthly and at Divisional Management levels
Sales to customers	Top 25 customers and 12 month rolling sales reviewed monthly and at Divisional Management levels. Sales by individual area sales managers reviewed weekly
Purchases	Top 25 suppliers and delivery performance reviewed monthly
Net cash	Reviewed weekly by Board and by senior management

Graphical representations of some of these KPIs and other financial performance measures for the years ended 30 September are as follows:

Note: 2018 figures are restated



2020/21 performance

The financial results for the year are shown above and are discussed throughout the Annual Report. In respect of the strategies identified, the significant outcomes are as follows:

UK, Europe and USA

- Sales of trickle vents and door and window hardware products rose by 24% in the UK and in Europe during the year but fell by 19% in the US. There was a good improvement in trading following the lockdowns in 2020 as the housing market remained open and new housing starts recovered from 2020 numbers. It is encouraging to see continued interest in sales of Titon branded hardware in the UK;
- Sales of Ventilation System products in the UK rose by 43% in the period against the prior year, and sales to continental Europe and the rest of the world were up by 18% as our important European customers continued to purchase from us. Sales of the Titon FireSafe® Single Air Brick, which was introduced in 2019/20 did very well for a new product;
- We continued to invest in new products during the year and launched the Titon Ultimate® dMEV, a new decentralised mechanical extract fan for use in residential and light commercial buildings. Product development remains a core activity of the Group;
- We have spent considerable time updating and improving our production facilities in Haverhill, through the introduction of better resource planning and daily monitoring of each team's activities. This will also provide us with more accurate data on factory efficiency;
- We have also spent considerable time in sourcing new bought-in products during the year. We have introduced a more advanced door cylinder to meet more stringent security tests in the UK. During the year, we were sorry to learn that Sobinco decided to sell its window and door hardware products direct, rather than through Titon, as we have been their sole UK distributor for many years. We have been seeking alternative products and suppliers to replace revenue from these lines.

Strategic Report (continued)

South Korea

- Sales of natural ventilation products through our subsidiary in South Korea fell by 27% as sales into the private sector declined due to a slowdown in residential new build construction and the impact of the pandemic in South Korea. The business is transitioning to offer both natural and mechanical ventilation products in this market to adapt to changing demands.

Other

- Research and development expenditure in the year increased to £509,000 (2020: £446,000), the amount of capitalised development expenditure was £152,000 in 2021 (£186,000 in 2020);
- Employee numbers rose during the period to 214 at September 2021 against 189 at September 2020. Salaries are reviewed annually, and inflationary increases were given to all employees with effect from 1 October 2021.

2021/22 activities

The Board anticipates that the Group's business will continue with broadly the same approach as it did in 2020/21, where we managed to exceed our budget expectations. We have set budgets for all parts of our business which reflect agreed growth ambitions, and these will be monitored on a weekly basis. Specific initiatives for the current fiscal year include:

- recruiting a new CEO and updating the growth strategy of the Group;
- restructuring the management of the UK business to ensure that the operational management is conducted at the Titon Hardware level. This will allow Titon Holdings to dedicate more time and attention to the group strategy and financial reporting. This will also involve a number of senior appointments to drive growth in the business and, as noted above, there will be initial costs associated with these changes;
- increasing our penetration into the residential mechanical ventilation market in the UK through an increase in sales force numbers and sales activities;
- working on a number of business development projects covering all areas of the UK and European business designed to improve the way we operate and our efficiency;
- working with Regulatory and Governmental organisations to increase the awareness of the effects of inadequate ventilation and poor indoor air quality. Revised building regulations for ventilation are expected to be released by Government before the end of 2021, which we expect will be positive for our business in future;
- continuing efforts to sell more Titon branded bought-in hardware, particularly cylinders and friction hinges and development of more distributor relationships for hardware in the UK;
- our new ERP system for the UK, European and US operations was delayed in 2021 due to a number of development issues but expect to "Go Live" in early 2022. This will allow more automation of the production and sales processes and better management information. Phase 2 with other applications will follow, including a new CRM system; and
- in South Korea GDP growth is forecast by Bank of Korea to grow by 4.0% in 2021 and 3% in 2022. Construction expenditure is forecast to grow by only 0.9% in 2021 but 2.9% in 2022 and we expect more projects to be completed.

Environmental Social and Governance Report

Titon has not previously published a separate report on Environmental, Social and Governance (ESG) but has made reference to each pillar of ESG in different parts of the Annual Report. However, there is evidence now that investors increasingly judge companies on their ESG reporting and given the increasing scrutiny on all companies to report on their ESG position the Board has decided to bring together all the disparate elements into one place to ensure that a cohesive approach is taken. It is also highly relevant that COP 26 has just concluded in Glasgow and many important measures have been announced by the various stakeholders that will help the climate. We want to demonstrate that we recognise our own responsibilities to the environment.

The UK Government has also announced that regulations will be introduced that will require climate-related financial disclosures to be made for publicly quoted companies, large private companies and LLPs. For companies quoted on AIM this applies if they have more than 500 employees, so Titon is not currently required to make these disclosures but again, the direction of travel is clear and supports our intentions.

One of the key questions raised by investors in the context of ESG is "Does this company make the world a better place?" Within this question there are many different ways of measuring whether a company achieves this, and it is not possible to use a single equation or methodology to arrive at an answer. Different stakeholders will have different requirements in answering this question but as a Board we have a duty to enshrine this principle in every action we take. Possibly the most obvious way of answering this question is to look at the products we make and how they benefit the community: we design, manufacture and sell ventilation equipment and this boils down to providing an essential need for every person, which is clean air. All of our ventilation products are designed to provide fresh, clean air to homes and buildings' occupants and to dispel moisture, carbon dioxide and volatile organic chemicals from those buildings, any of which could cause respiratory illnesses or allergies to those occupants. In many countries in which we sell our products local building regulations require ventilation to be included in all new house building. We are also seeing more interest from governments in ensuring that in the retrofit market attention is paid to ventilation: if a building is insulated then the natural pathways for air to flow in and out are blocked up and it becomes essential that new routes to allow clean air in are provided.

In pursuing this goal of clean air, we work with a network of stakeholders including our customers in the window and door market and the house building market in the UK and Europe. We also work with our trade associations, Beama Ltd and FETA to promote ventilation in the UK and a number of other organisations, including the UK All Party Parliamentary Group for Healthy Homes and Buildings and the Air Pollution APPG.

Environmental Pillar

The Board recognises its responsibility as a manufacturing business to minimise the impact of the Group's activities on the environment.

The Group seeks to reduce its environmental impact in a way that benefits a broad group of stakeholders, including customers, shareholders, and employees and, in particular, the local community. The Group follows ISO 14001:2015 for Environmental Management Systems within its UK manufacturing operation and places great emphasis on ensuring that it conducts its operations such that:

- emissions to air, releases to water and land filling of waste do not cause unacceptable environmental impacts and do not offend the community;
- significant plant and process changes are assessed and positively pursued to prevent adverse environmental impacts;
- energy is used efficiently and consumption is monitored;
- natural resources are used efficiently;
- raw material waste is minimised;
- waste is reduced, reused or recycled where practicable; and
- the amount of packaging used for our products is minimised.

As part of its processes, the Group's environmental performance is reviewed monthly by senior management and a programme of continuous improvement for the benefit of customers, employees and the environment has been adopted. We remain focussed on reducing our energy usage and maintain detailed records of each area's gas and electricity consumption with the aim of taking prompt action if any unexplained increase is observed. Based on the latest energy figures available our UK electricity usage increased by 21% in 2021 against 2020 whilst gas usage increased 12%. 2020 figures were impacted by the closure of the Haverhill site during March and April 2020 and lower levels of production caused by the Covid-19 pandemic. 2021 gas and electric usage has increased in line with production for 2021, with motor vehicle fuel reducing by 42% over 2020.

In accordance with Statutory Instrument 2008/410 the Group presents the following information in respect of its CO_2 emissions during the period.

Strategic Report (continued)

Corporate and Social Responsibility Report (continued)

Global Greenhouse Gas (GHG) emissions data for the period are:

	2021	2020
Source:	**tCO_2e**	tCO_2e
Combustion of fuel and operation of facilities	**553**	576
Electricity, heat, steam and cooling purchased for own use	**304**	280
Total tonnes of CO_2 equivalent	**857**	856
CO_2 emissions normalised per £ million of sales of manufactured products	**50.1**	54.3

These sources fall within our consolidated financial reporting. We do not have responsibility for any emission sources outside of our consolidated financial reporting, including those of our Associate Company.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition), data gathered to fulfil our requirements under the CRC Energy Efficiency scheme, and emission factors from UK Government's GHG Conversion Factors for Company Reporting 2021.

We have been taking action over recent years to reduce our environmental footprint and will continue to look for ways to do so. Actions we have already taken include:

- an investment of over £150,000 in solar panels, which are installed on the roof of our Haverhill factory. In 2020 these panels generated over 127 Mwh of electricity, which we have used in the factory or have sold back to the National Grid;
- installation of LED lighting throughout the Colchester Office. We have started to install LED lighting in the Haverhill factory, which is currently 47% complete;
- replacing all diesel cars in the company car fleet with electric vehicles, wherever possible, when they come up for renewal. We have installed EV charging points at both the Colchester office and Haverhill and;
- replacement of older fixed asset plant and machinery with new, more efficient units. The new Amada Press which we purchased in April 2021 uses an average of 5.7kw per hour against the machine it replaced which used 16kw per hour, according to the Amada public records. It also punches quicker, has many fewer parts and requires less labour and maintenance;
- we have looked at all of our plastic packaging and replaced it with either cardboard or recycled plastic, wherever possible.

We apply the waste hierarchy, as laid down in law, and which forms part of our ISO 14001:2015 certification. The basic principles are "Reduce, Reuse and Recycle" and are incorporated in the Titon Recycling Policy under which we aim to reduce waste in all our packaging, products and processes.

We will continue to take all actions that reduce our energy, water and waste usage. We will also look to report our environmental footprint using a third-party reporting mechanism, such as CDP (www.cdp.net).

Social Pillar

We have published various policies and data relating to the Social Pillar in our previous annual reports, including the Employee gender breakdown, which was contained in the Strategic Report. All of our policies on diversity and other employee matters have been published on the company intranet or displayed on noticeboards. However, in 2020 we decided that we should update all of our policies and publish them in a handbook for every employee, which was completed in 2021. The Employee Handbook includes all of our employment policies, a summary of the Health and Safety policy, the Diversity Policy, our Safeguarding and IT Security and our environmental policies. The chapter entitled "Valuing Diversity and Respect at Work covers the following matters:

- Equal Opportunities Policy: Titon is committed to encouraging equality and diversity among our workforce. Our objective is to create a working environment in which there is no unlawful discrimination and where all decisions are based on merit. The policy applies to all employees, workers, agency workers, contractors and job applicants and covers all of the nine protected characteristics set out in the Equality Act 2010;
- Bullying and Harassment Policy: we are committed to providing a working environment free from bullying and harassment and this policy covers both at work and out of the workplace, including work trips, work-related events and social functions. It also includes all employees, agency, casual workers and independent contractors;
- Grievance Policy: every employee has the right to raise a grievance if they have a genuine complaint about their job, work or terms and conditions of employment and the policy principles are written down in the Handbook and;
- Disciplinary Policy: the policy sets out the process for dealing with disciplinary and performance issues and to ensure that any matters are dealt with fairly and consistently;
- Whistleblowing Policy: Titon is committed to the highest possible standards of ethical, moral and legal business conduct. The policy aims to provide a route for employees to raise any concerns they may have on matters that could have a serious impact on Titon such as incorrect financial reporting, unlawful actions or serious improper conduct.

I can report that there have been no occurrences under any of these policies during the financial year apart from one formal disciplinary issue that has now been resolved.

The Safeguarding and IT Security Policy includes the policies on Anti-corruption and Modern Slavery and Human Trafficking. Under the Anti-Corruption Policy the Titon Group lists a number of fundamental principles and values which it believes are the foundation of sound and fair business practice and which are important to uphold. It is the Titon policy to comply with all laws, rules and regulations governing anti-bribery and corruption laws in all countries in which Titon operates. As a UK company Titon is also bound by English law which covers our conduct both in the UK and abroad. The penalties for breaching this law are significant both for the individuals involved and the Company and we take our legal obligations very seriously.

Titon is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. We do not enter into business with any organisation which knowingly supports or is found to be involved in slavery, servitude and forced or compulsory labour. Due to the nature of our business, we have assessed that we have a low risk of modern slavery in our business and supply chains. Our supply chains are limited, and we procure goods and services from a restricted range of UK and overseas suppliers. We will continue to embed these principles through our procurement and employment policies and practices.

Employee gender breakdown

As at the end of the financial year the analysis by gender of employees, was as follows:

	2021 Male	**2021 Female**	**2021 Total**	2020 Male	2020 Female	2020 Total
Directors	**8**	**-**	**8**	8	-	8
Senior Managers	**8**	**2**	**10**	8	1	9
Other	**131**	**65**	**196**	92	80	172
Total	**147**	**67**	**214**	108	81	189

We continue to support a number of national charities throughout the year and have identified a specific local charity each year as well for collections. Our colleagues in Colchester and Haverhill also carry out a number of charity collections during the year.

We are committed to respecting human rights across our business operations and aim to comply with all local and international legislation and standards.

Corporate Governance Pillar

We have presented our Corporate Governance position for many years, firstly under the UK Corporate Governance Code when we were quoted on the Main Market of the London Stock Exchange and since 2020 under the Quoted Companies Alliance (QCA) code after we moved to AIM. Please see page 28 of this Report for the detailed Corporate Governance Report. Our website also contains more details of the governance disclosure including how we apply the 10 principles identified by the QCA Code.

In summary, I am confident that we have applied the 10 principles identified by the QCA Code throughout the accounting period in question and will continue to do so in the current financial year. We are currently engaged in recruiting two new non-executive directors so the composition of the Board and the committees will change from the current roster as at the date of the Annual Report.

Health and safety

It is critical as a manufacturing business that our employees operate in a safe environment and that our Health & Safety policies and practices are as good as they can be, and we are always looking to improve the policy and importantly adherence. We continually review our Health & Safety policies and have a full time Health & Safety officer. As noted above we continue to ensure that all of our employees and stakeholders are safe in their dealings with Titon and have followed the Government guidelines for safe working throughout our UK operations and this will continue as long as necessary.

The Health & Safety management system is as follows:

Board of Directors	Overall responsibility for setting policy and performance
Health & Safety Management Committee	Meets quarterly to review statistics and every reported incident. Both the Chairman and CEO attend
Local Management	Responsible for oversight of Health & Safety Officer and any local incidents
Health & Safety Officer	Responsible for all day-to-day issues, implementation of changes to policy and reaction to incidents

The accident statistics for our UK operations are as follows:

- January to December 2020 — 24 reported accidents, 0 RIDDOR reported
- January to December 2021 — 17 reported accidents, 0 RIDDOR reported

RIDDOR is the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. These Regulations require employers, the self-employed and those in control of premises to report specified workplace incidents. At the date of this Annual Report, we had reached 1,126 days without a RIDDOR report being required.

Statement by the Directors in relation to their statutory duty in accordance with section 172(1) of the Companies Act 2006

In compliance with the Companies Act 2006, the Board of Directors are required to act in accordance with a set of general duties. During the year to 30 September 2021, the Board of Directors consider that they have, individually and collectively, acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole, having regard to a number of broader matters including the likely consequence of decisions for the long term and the Company's wider relationships. In doing so, the Board has had regard to the matters contained in section 172(1) (a)-(f) of the Companies Act 2006.

The Directors fulfil their duties by ensuring that there is a strong governance structure in place across the Group's operations, backed up by robust processes.

The strategy for the Group is regularly monitored by the Board during the year. In respect of major matters discussed at board level, the likely impact on all stakeholders are carefully considered and where possible, decisions are carefully explained and discussed with affected stakeholders before actions are implemented to engender the necessary support.

The Group's key stakeholders and why and how we engage with them are set out below:

Stakeholder Group	**Why do we engage with them?**	**How does the Board engage with them?**
Shareholders	The Board needs to know investors' views so they can be considered when making strategic and governance decisions. We aim to provide fair, balanced and understandable information about the business to enable informed investment decisions to be made.	We have regular dialogue with institutional Investors and individual shareholders in order to develop an understanding of their views. We listen to the views of our Nominated Adviser in this respect. Our AGM is an important forum for private shareholders to meet the board and ask any questions they may have. Our website has an investors section which gives investors direct access to reports, press releases and other information. There is also a contact mailbox facility.
Employees	Employee engagement is critical to our success. We aim to create a diverse and inclusive workplace where employees can reach their full potential. This ensures we can retain and develop talented people. We have great regard for the health, safety and welfare of our employees.	We engage with our employees through site communications, consultation with the Employee Consultative Committee, briefings, performance reviews, newsletters and notice boards. Employees are also written to individually on matters which are deemed important. We issued a comprehensive employee handbook during the year with all of the employment conditions and policies set out clearly so that everyone could see what is expected of them. We maintained good communication with employees through another employee survey and have taken into account their views in drafting a new hybrid working policy. We have updated our Covid policies, as necessary, during the year to reflect the latest Government guidance, including for the Omicron variant in December 2021. We continue to make every effort to protect our employees.

Stakeholder Group	Why do we engage with them?	How does the Board engage with them?
Customers	Our strategy of attaining sustainable growth in profit and building goodwill in our brands will only be achieved through an understanding of the needs of our customers and the markets we serve.	We engage with our customers through: Regular visits and meetings including virtual meetings Industry exhibitions Customer site tours and presentations Our website Supplying samples and supporting literature Delivering a high standard of technical support Providing design services and support
Suppliers	Our suppliers make an important contribution to our business success. Engaging with our supply chain means that we can ensure security of supply and speed to market. Carefully selected high-quality suppliers ensure we deliver market leading innovative products to meet our customers' expectations.	We engage with our suppliers by holding regular meetings with them and via a feedback process through monitoring their performance.
Community/ Environment	The Board has a full understanding of the importance of good community relations. We aim to contribute positively to the communities and environment in which we operate.	We provide ventilation products that are beneficial to health and that are better for the environment. Many of our capital expenditure projects focus on improving energy efficiency and reducing environmental emissions from our factories. We have ISO 14001 Accreditation in the UK. We work with our stakeholders to promote good indoor air quality. We support local charities through fundraising and donations.
Government and Regulatory Bodies	Government set the regulatory framework within which we operate. We engage to ensure we can help in shaping new policies, regulations and standards, which assist in improving indoor air quality, and ensure compliance with existing legislation.	We participate in industry bodies and working groups and our directors chair ventilation groups within the trade associations. We attend All-Party Parliamentary Groups and plenary sessions. We participate in and respond to industry and government consultations.

Application of s.172 during the year

During the year the Board has, amongst other things, recruited a new CEO to drive change in the business, considered the re-structure of the Korean businesses to simplify the arrangement, looked at the structure of the Titon Holdings and Titon Hardware boards and developed the growth strategy of the business. As noted above, we have to recruit a new CEO in the current year.

We have continued to comply with the requirements under s.172 in the period of the Covid-19 pandemic and the easing of restrictions. Key decisions made included:

- enabling office-based staff and sales executives to work from home by providing them with laptops and appropriate software applications;
- implementing Covid-19 Health & Safety procedures in line with Government guidelines; and
- providing lateral flow tests to all employees and daily monitoring of Covid-19 outbreaks in our sites.

Strategic Report (continued)

Report on Risk Management

Principal risks and uncertainties

The Group has established procedures for monitoring and controlling principal operational risks and these are detailed below. The Board is responsible for ensuring that the Group maintains an effective risk management system. It determines the Group's approach to risk, its policies and the procedures that are implemented to mitigate exposure to risk.

Process for managing risk

The Board continually assesses and monitors the key risks in the business and has developed a risk management matrix to identify, report and manage its principal risks and uncertainties. This includes the recording of all principal risks and uncertainties, which are reviewed annually. Risks are fully analysed, their potential impact on the business assessed and relevant mitigations established. The risk matrix is reviewed quarterly at Board Meetings along with the appropriateness and effectiveness of the key mitigating controls.

The table below highlights the principal risks and uncertainties which could have a material impact on the Group's performance and prospects and the mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising. The Board does recognise, however, that it will not always be possible to eliminate these risks entirely.

Risk Matrix

Risk	Potential Impact	Mitigations
Associate companies The Group is exposed to the risks related to working with associate companies over which it does not have full operating control through its equity holding.	Failure to maintain good working relationships and to exert sufficient control and influence in respect of our South Korean Associate Company, Browntech Sales Co. Ltd could affect the Group's ability to deliver on its objectives in this market.	The Group's senior management has a regular schedule of visits to meet with the Associate Company's management in South Korea. During 2021 visits have been prevented but regular video calls with local management have taken place. A formal Distribution Agreement exists between Titon Korea Co. Ltd and Browntech Sales Co. Ltd which aligns those companies for trading purposes.
Trading with the EU The Group relies significantly on trading with the EU and disputes between the UK and the EU could harm this.	Imports and exports of goods and raw materials to and from the EU could be subject to additional checks and increased documentation which may increase costs and make the Group's products less competitive.	The Group will ensure that stocks of raw materials and components from EU suppliers are adequate to allow for disruptions to supply chains. The Group also works very closely with its customers and carriers to ensure that exports are received on time. Carriers have introduced new processes to reduce delays and costs.
Covid-19 The Group is exposed to the impact on the markets in which it trades of the Covid-19 pandemic and particularly if governments impose lockdowns on their populations in response.	Falls in sales due to governments imposing lockdowns is considered to be a medium risk to the Group. It is possible that the Group could use up a significant amount of its financial assets to remain in business.	The Group has strong cash balances and can reduce costs through staff redundancies and cutting other expenditure. It is also likely that governments will provide support for affected businesses. In extremis, the Group could look to shareholders for new equity or debt, if third party lenders are unwilling to lend to the Group or could sell other assets e.g., inventory or fixed assets.

Risk	Potential Impact	Mitigations
Reliance on key customers and suppliers Parts of the Group's business are dependent on key customers and key suppliers.	Failure to manage relationships with key customers and suppliers could lead to a loss of business affecting the financial results of the Group.	The Group's strategic objective is to broaden its customer base wherever possible. The Group focuses on delivering high levels of customer service and maintains strong relationships with major customers through direct engagement at all levels. We also maintain close links with suppliers to ensure products are up-to-date and service levels are maintained. The Group maintains customer service KPIs which are monitored monthly through the Group's ISO 9001 procedures and intervention is made where required. The Group closely manages its pricing, rebates and commercial terms with its customers and suppliers to ensure that they remain competitive.
Recruitment and retention of key personnel The Group is dependent on the continued employment and performance of its senior management and other skilled personnel.	Loss of any key personnel without adequate and timely replacement could disrupt business operations and the Group's ability to implement and deliver its growth strategies.	The Group will be preparing a formalised succession plan in 2022. The Group aims to provide competitive remuneration packages and bonus schemes to retain and motivate key personnel.
Economic conditions The Group is dependent on the level of activity in the construction industry in the countries in which it markets its products and is therefore susceptible to any changes in economic conditions.	Lower levels of construction industry activity within any of the key markets in which the Group operates could reduce sales and production volumes adversely, thus affecting the Group's financial results. This is considered to be a medium risk to the Group given the current impact of COVID-19.	The Group closely monitors trends in the industry using a wide range of external data including Experian's reports and forecasts for the UK and other reports in the rest of the world. Current forecasts for economic activity in the UK and South Korea for 2022 both show increases, which would mitigate the risk. The Group monitors product demand on a weekly basis and is able to respond quickly in re-allocating or varying resources. The Group continually seeks to expand the geographical markets into which it sells its products.
Government action and policy The Group's business is significantly affected by Building Regulations in its core markets as well as by Government action and policies relating to public and private investment.	Many of the Group's products are provided to customers in order to help them to comply with Building Regulations in respect of ventilation. Changes to Regulations could adversely impact on sales volumes affecting the Group's financial results. Additionally, significant downward trends in Government spending could have an adverse impact on the construction industry which could impact on sales and production volumes affecting the Group's financial results.	The Group closely monitors and attempts to influence Building Regulations through its work with industry working groups. The UK ventilation and heat and power use regulations are likely to be amended in 2022 before a more comprehensive review by 2025. The Group structures its operations so that it has a balanced exposure to the residential and commercial construction sectors and the refurbishment sector so as to reduce the impact of any adverse Government action or policy on any one of these sectors

Report on Risk Management (continued)

Risk	Potential Impact	Mitigations
Product liability The Group manufactures electrical products that could cause injury to people or property. The Group's products are also often incorporated into the fabric of a building or dwelling, which could be difficult to access, repair, recall or replace in the event of product failure.	A product safety issue or a failure or recall could result in a liability claim for personal injury or other damage leading to substantial money settlements, damage to the Group's brand reputation, costs and expenses and diversion of key management's attention from the operation of the Group, which could all affect the Group's financial results.	The Group operates comprehensive quality assurance systems and procedures within its UK manufacturing processes and is subject to regular external audit as part of its ISO 9001 accreditation. Comprehensive end of line testing is carried out on all in-house manufactured electrical products. Sample testing is carried out on bought-in hardware products. Wherever required, the Group obtains certifications over its products to the relevant standards of the countries in which it markets its products. These certifications incorporate electrical safety testing. The Group endeavours to ensure that its products are in compliance with relevant fire safety regulations. The Group maintains product liability insurance to cover personal injury and property damage claims from product failures as well as professional indemnity cover for areas of the business where advice about products is provided as part of the sales process.
Financial risk management The Group's operations expose it to a variety of financial risks including fraud, credit and foreign exchange risk.	Losses from any of these financial risks could impact the Group's financial results	The Group has financial risk management procedures and controls in place that seek to limit the adverse effects of the financial risks.

This Strategic Report was approved by the Board on 19 January 2022 and signed on its behalf by:

M Norris
Chief Executive

Directors' Report

The Directors present their report and the Group and Company financial statements for the year ended 30 September 2021.

The Directors of Titon Holdings Plc throughout the financial year or subsequent to the year-end are listed on page 26.

A detailed commentary on the results for the year and discussion of future developments is given in the Chairman's Statement on pages 2 to 5 and an explanation of the Group's business strategy is included within the Strategic Report on pages 8 and 9.

The Group's compliance with the QCA Code is set out in the report on page 28.

Substantial shareholders

As at 30 September 2021, the Company had been notified of the following voting interests in its ordinary share capital (excluding ordinary shares held in treasury), other than Directors' holdings, of 3 per cent or more in the ordinary share capital of the Company:

Name	Shares	%
Rights & issues Investment Trust PLC	1,265,000	11.35
MI Discretionary Unit Fund Managers Ltd	823,304	7.39
Ms A J Farrar	713,079	6.40
Mr DJ Barry	338,000	3.03

Share capital

The total issued ordinary share capital at 30 September 2021 consisted of 11,193,750 Titon Holdings Plc shares of 10p each, of which 50,000 shares were held in treasury. 60,000 new ordinary shares were issued during the year to satisfy share option exercises.

Details of the authorised and issued share capital of the Company as at 30 September 2021 are set out in note 19 of the Notes to the Financial Statements.

All of the Company's shares are ranked equally and the rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in England and Wales and on the Company's website at www.titon.com/uk/investors/ .

There are no restrictions on the voting rights of shares and there are no restrictions on their transfer other than:

- certain restrictions as may from time to time be imposed by laws and regulations (for example insider trading laws); and
- pursuant to Article 19(11) of 'UK MAR' (the EU Market Abuse Regulation as amended by the Market Abuse Exit Regulations 2020) whereby Directors of the Company require approval to deal in the Company's shares (see https://www.fca.org.uk/markets/market-abuse/regulation).

Additionally, the Company is not aware of any agreements between shareholders of the Company that may result in restrictions on the transfer of ordinary shares or voting rights.

Proposed dividends

The Directors recommend the payment of a final ordinary dividend of 3.0 pence (2020: 2.0 pence) per ordinary share. An interim dividend of 1.5 pence per share was paid during the year (2020: Nil pence) so the total dividend for the year ended 30 September 2021 is 4.5 pence per share (2020: 2.0 pence). Titon operates a dividend reinvestment programme for shareholders details of which are available from our registrars, Link Group.

Research and development

The Directors consider that research and development continues to play an important role in the Group's success as the need to provide increasingly energy efficient ventilation products will be a feature of our market over the coming years.

Investment in research and development amounted to £509,000 during the year (2020: £446,000). Development expenditure capitalised in 2021 amounted to an additional £152,000 (2020: £186,000). See note 11 of the Financial Statements.

Financial risk management

The Directors assess the financial risks facing the business and spend appropriate time considering them. The Group has a system of risk management, which identifies these items and seeks ways of mitigating such risks as far as is possible. The Report on Risk Management set out on pages 16 to 18 includes information on financial risk and also see note 21 to the Financial Statements.

Directors' Report (continued)

Employees

The Group recognises the importance of its employees in achieving its objectives and has contractual arrangements in place to encourage and reward loyalty and to safeguard the interests of the Group.

Employees are provided with information about the Group's activities via the Employee Consultative Committee, other staff meetings and staff notice boards. The Group aims to foster an environment in which employees and management can enjoy a free flow of information and ideas.

The Group is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual. All of these policies were included in a new Employee Handbook which was issued to every employee during the year. See the Strategic Report for more details.

Disabled employees

The Group gives full consideration to the career development and promotion of disabled persons, and to applications for employment from disabled persons, where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.

The Group considers the training requirements of each disabled person on an individual basis. Where an employee becomes disabled during the course of their employment, the Group will consider providing the employee with such means, including appropriate training, as will enable the employee to continue to carry out their job, where it reasonably can, or will attempt to provide an alternative suitable position.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for its other stakeholders.

The Group considers its capital to comprise ordinary share capital, share premium, the capital redemption reserve and accumulated retained earnings (see 'Consolidated Statement of Changes in Equity' on page 43). The translation reserve is not considered as capital. In order to maintain or adjust its working capital at an acceptable level and to meet strategic investment needs, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

The Group does not seek to maintain any particular debt to capital ratio but will consider investment opportunities on their merits and fund them in the most effective manner.

Environmental issues

An explanation of how the Group deals with its environmental responsibilities is included within the Strategic Report, under the heading Environmental Social and Governance.

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors have elected to prepare the Group and Company financial statements 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. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business;
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006; and
- prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Directors' responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website, which can be found at www.titon.com/uk/investors/ in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors are also responsible for disclosing additional information under Rule 26 of the AIM Rules, which is available at www.titon.com/uk/investors/. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The Directors confirm to the best of their knowledge:

- the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent company, together with a description of the principal risks and uncertainties that they face.

Directors' statement as to disclosure of information to auditors

The Directors at the time of approving the Directors' Report are listed on page 26. Having made enquiries of fellow Directors and of the Officers of the Company, each of the Directors confirms that:

- to the best of each Director's knowledge and belief, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all steps a Director ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the Company's auditors are aware of that information.

Directors' liability insurance and indemnity

The Company has purchased liability insurance cover, which remained in force at the date of the report, for the benefit of the Directors of the Company which gives appropriate cover for legal action brought against them. The Company also provides an indemnity for its Directors (to the extent permitted by law) in respect of liabilities which could occur as a result of their office. This indemnity does not provide cover should a Director be proved to have acted fraudulently or dishonestly.

Purchase of own shares

The Company has authority from shareholders to purchase up to 10% of its own ordinary shares in the market. This authority was not used during the year nor in the period to 19 January 2022 and the Board intends to seek shareholder approval to renew the authority at the forthcoming Annual General Meeting.

In accordance with the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, companies are permitted to hold purchased shares rather than cancelling them and as at 30 September 2021 and 19 January 2022 the Company held 50,000 such shares in treasury. The Company may use this power again in the future depending on market conditions and the financial position of the Company.

Post balance sheet events

There have been no events since the balance sheet date that materially affect the position of the Group.

Going concern

The Group's business activities, its financial position, together with the factors likely to affect the Group's performance, are set out in the Strategic Report. In addition, note 21 to the financial statements includes the Group's risk management objectives and policies, managing its financial risk and its exposures to credit risk, foreign exchange risk and liquidity risk.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered all of the above factors, including the principal risks set out on pages 16 to 18. Under the worst-case scenario considered, which is severe and considered highly unlikely, the Group remains liquid for a period of 12 months from the date of reporting and the Directors therefore believe, at the time of approving the financial statements that the Group is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are summarised below.

Directors' Report (continued)

The financial position remains robust with cash of £4.8m available to the Group and no debt and therefore no bank covenants in place. Our base case scenario has been prepared using forecasts from each of our operating companies, with each considering both the challenges and opportunities they are facing because of various market forecasts and also supply chain challenges. Due to the strength of the Group's balance sheet and market outlook, the Directors believe there is no material uncertainty around going concern. To this end a reverse stress test scenario has also been modelled, with the most extreme conditions being considered. 50% of budgeted revenue was removed for all operating companies within the Group from 1 October 2021 to 31 January 2023 but with all overheads remaining constant. All discretionary expenditure was reduced or removed such as capital expenditure and dividends. The result of this scenario is that we remain cash positive within 12 months of the signing date. This extreme scenario excludes all other resources we would have at our disposal as means of raising further cash, such as:

- the Group owns the freehold interest in our Haverhill site which had a fair value of £3.4 million in September 2019. This could be used as collateral to borrow funds from our bank in the form of a mortgage;
- the Group has significant fixed assets that would have a second-hand market value that could be realised;
- a rights issue could be made;
- the Group has a large stock balance that could be sold on if there was reduced production;
- salary costs could be reduced by virtue of either restructuring or through pay reductions;
- BTS, our associate Company, has £3.8m of cash which could be paid to shareholders in the form of a dividend.

Annual General Meeting

The Annual General Meeting of Titon Holdings Plc ("the Company") will be held at the Company's premises at Falconer Road, Haverhill, CB9 7XU on 23 February 2022 commencing at 10.00 a.m. A Notice convening the Annual General Meeting of the Company for the year ended 30 September 2021 may be found on page 74 of this document.

Shareholders are being asked to vote on various items of ordinary business, being Resolutions 1 to 10 inclusive, as listed below.

It is possible that new government restrictions due to the Covid-19 pandemic may be introduced before the AGM, which may mean that shareholders are not recommended to attend the meeting in person. If this occurs, then shareholders should vote either via Link Group by the means set out in the notes of the Notice.

Resolution 1 – to receive and adopt the audited accounts
The Directors recommend that shareholders adopt the reports of the Directors and the Auditors and the audited accounts of the Company for the year ended 30 September 2021.

The Directors' Report was approved by the Board on 19 January 2022 and signed by order of the Board.

Resolution 2 - to declare a final dividend
The Directors recommend a final dividend of 3.0 pence per ordinary share. Subject to approval by shareholders, the final dividend will be paid on 4 March 2022 to shareholders on the register on 28 January 2022.

Resolution 3 - to re-elect Mr John Neil Anderson as a Director
The Chairman confirms that following performance evaluation Mr Anderson continues to be effective and demonstrates commitment in his role.

Resolution 4 - to re-elect Mr Keith Ritchie as a Director
The Deputy Chairman confirms that following performance evaluation Mr Ritchie continues to be effective and demonstrates commitment in his role.

Resolution 5 - to re-elect Mr Nicholas Charles Howlett as a Director
The Chairman confirms that following performance evaluation Mr Howlett continues to be effective and demonstrates commitment in his role.

Resolution 6 - to re-appoint BDO LLP as auditors
This resolution proposes that BDO LLP should be re-appointed as the Company's Auditors and authorises the Directors to determine their remuneration.

Resolution 7 – to approve the Directors' Remuneration Report
Resolution 7 in the Notice of Annual General Meeting, which will be proposed as an Ordinary Resolution, is to receive and approve the Directors' Remuneration Report as set out on pages 24 to 27.

Resolution 8 – authority to allot shares
The Companies Act 2006 prevents directors of a public company from allotting unissued shares, other than pursuant to an

employee share scheme, without the authority of shareholders in general meeting. In certain circumstances this could be unduly restrictive. The Directors' existing authority to allot shares, which was granted at the Annual General Meeting held on 10 March 2021, will expire at the forthcoming Annual General Meeting.

Resolution 8 in the notice of Annual General Meeting will be proposed, as an Ordinary Resolution, to authorise the Directors to allot ordinary shares in the capital of the Company up to a maximum nominal amount of £270,000, representing approximately 24% of the nominal value of the ordinary shares in issue on 19 January 2022 (excluding treasury shares). The Company currently holds 50,000 shares in treasury.

The authority conferred by the resolution will expire on 22 May 2023 or, if sooner, at the 2023 Annual General Meeting.

The Directors have no present plans to allot unissued shares other than on the exercise of share options under the Company's employee share option schemes. However, the Directors believe it to be in the best interests of the Company that they should continue to have this authority so that such allotments can take place to finance appropriate business opportunities that may arise.

Resolution 9 - to disapply pre-emption rights
Unless they are given an appropriate authority by shareholders, if the Directors wish to allot any of the unissued shares for cash or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) they must first offer them to existing shareholders in proportion to their existing holdings. These are known as pre-emption rights.

The existing disapplication of these statutory pre-emption rights, which was granted at the Annual General Meeting held on 10 March 2021 will expire at the forthcoming Annual General Meeting. Accordingly, Resolution 9 in the Notice of Annual General Meeting will be proposed, as a Special Resolution, to give the Directors power to allot shares or sell treasury shares without the application of these statutory pre-emption rights: first, in relation to offers of equity securities by way of rights issue, open offer or similar arrangements; and second, in relation to the allotment of equity securities for cash up to a maximum aggregate nominal amount of £160,000 (representing approximately 14.3% of the nominal value of the ordinary shares in issue on 19 January 2022). The power conferred by this Resolution will expire on 22 May 2023 or, if sooner, at the 2023 Annual General Meeting.

In addition, there is one item of special business, being Resolution 10, as listed below.

Resolution 10 - Company's authority to purchase its own shares
Resolution 10 in the Notice of Annual General Meeting, which will be proposed as a Special Resolution, will authorise the Company to make market purchases of up to 1,119,000 ordinary shares. This represents approximately 10% of the Company's ordinary shares in issue on 19 January 2022. The maximum price per share that may be paid shall be the higher of: (i) 5% above the average of the middle market quotations for an ordinary share for the five business days immediately before the day on which the purchase is made (exclusive of expenses); and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out (exclusive of expenses). The minimum price shall not be less than 10p per share. The authority conferred by this resolution will expire on 22 May 2023 or, if sooner, at the 2023 Annual General Meeting.

Your Directors are committed to managing the Company's capital effectively and although they have no plans to make such purchases, buying back the Company's ordinary shares is one of the options they keep under review. Purchases would only be made after considering the effect on earnings per share and the benefits for shareholders generally.

The Company may hold in treasury any of its own shares that it purchases in accordance with the Companies Act 2006 and the authority conferred by this resolution. This would give the Company the ability to re-issue treasury shares quickly and cost effectively and would provide the Company with greater flexibility in the management of its capital base. As noted above the Company currently holds 50,000 shares in treasury.

As at 19 January 2022 there were options outstanding over 615,000 ordinary shares which, if exercised at that date, would have represented 5.5% of the Company's issued ordinary share capital (including treasury shares). If the authority given by Resolution 9 were to be fully used, these would then represent 6.1% of the Company's issued ordinary share capital.

Recommendation
The Directors believe that the resolutions which are to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and recommend that all shareholders vote in favour of them, as each of the Directors intends to do, in respect of his or her beneficial holding.

The Directors' Report was approved by the Board on 19 January 2022 and signed on its behalf by:

C Isom
Company Secretary

Directors' Remuneration Report

Statement from the Chairman of the Committee

I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2021.

The vote on the Directors' Remuneration Report is, as previously, an advisory vote. An Ordinary Resolution will be put to shareholders at the forthcoming Annual General Meeting to be held on 23 February 2022, to receive and adopt the Directors' Remuneration Report. I can report that at the 2021 AGM there were 5,065,796 votes in favour, 0 votes against and 6,282 votes withheld for the Resolution to receive and adopt the Directors' Remuneration Report.

There has been no change to the Directors' Remuneration Policy during the period and there have been no significant changes in individual Director's levels of remuneration during the year, except as a result of the performance related elements, which are directly linked to the amount by which the Group's profit before taxation exceeds budget. As the results exceeded the targeted budget, performance related elements have been paid this year.

Details of the Directors' Remuneration Policy are shown on the Group's website in the Corporate Governance section. The Directors' Remuneration Policy was approved in its entirety at the 2018 AGM. A new remuneration policy will be proposed for executive directors in 2022 and will be put to shareholders for approval in due course.

The Directors' interests in the ordinary share capital of the Company at the year-end are reported below on page 26.

Remuneration Committee

The Committee consisted of Mr K Sargeant and Mr B Ratzke for the entire financial year and continued until 7 December 2021 when they left the Board. The Committee presently consists of Mr. N Howlett, a Non-executive Director and Mr. K Ritchie, Executive Chairman for the period until the new Non-executive Directors have been appointed, when the membership of the Committee will be reviewed. The Committee has been established by the Board to set Remuneration Policy and to deal with all matters relating to Directors' Remuneration and reporting thereon. It has clear Terms of Reference established by the Board.

Directors' remuneration compared to certain other distributions are as follows:

	2021	2020	Percentage change
	£'000	£'000	%
Directors' remuneration	**901**	662	36
Other employee remuneration	**5,794**	5,557	4
Dividend payments to shareholders	**390**	332	17

Other employee remuneration includes grant income relating to the Coronavirus Job Retention Scheme of £0.008m (2020: £0.5m).

Directors' remuneration

The remuneration paid to the Directors during the year, together with a comparison of the previous year, is as follows:

	Year ended 30 September	Salary and fees (a) (e)	Benefits in kind	Short term performance related remuneration (b)	Pension benefits	Total
Executive Directors:		£'000	£'000	£'000	£'000	£'000
T N Anderson	**2021**	**99**	**-**	**26**	**8**	**133**
	2020	96	-	-	8	104
T D Gearey	**2021**	**58**	**8**	**20**	**28**	**114**
	2020	55	9	-	28	92
K A Ritchie	**2021**	**157**	**13**	**41**	**-**	**211**
	2020	128	20	-	-	148
D A Ruffell (c)	**2021**	**170**	**13**	**-**	**10**	**193**
	2020	119	19	-	17	155
M. Norris (d)	**2021**	**37**	**-**	**10**	**3**	**50**
Non-executive Directors:						
J N Anderson	**2021**	**37**	**-**	**-**	**-**	**37**
	2020	35	-	-	-	35
N C Howlett	**2021**	**66**	**-**	**-**	**5**	**71**
	2020	52	-	-	4	56
K Sargeant	**2021**	**46**	**-**	**-**	**-**	**46**
	2020	36	-	-	-	36
B Ratzke	**2021**	**46**	**-**	**-**	**-**	**46**
	2020	36	-	-	-	36
Totals	**2021**	**716**	**34**	**97**	**54**	**901**
	2020	556	48	-	56	662

(a) A 'salary sacrifice' system is in operation, where the Company makes a pension contribution on behalf of each Director, where applicable, and their salary is reduced by a corresponding amount.

(b) In accordance with the proposals adopted by shareholders, performance related remuneration is due for this period to Executive Directors. The maximum performance was achieved in the period and a bonus of approximately 25% of salary is payable.

(c) D Ruffell was a beneficiary of an agreement with the Company relating to his departure from the Company on 30 April 2021 entitling him to a payment of £90,000 which is included in salary above.

(d) M Norris joined the Board on 12 July 2021.

(e) The remuneration package of each Executive Director includes non-cash benefits, which for K Ritchie, D Ruffell and T Gearey also included the provision of a company car. The aggregate gains made by Directors on the exercise of share options during 2021 were £33,200 (2020: £nil).

Directors' Remuneration Report (continued)

Directors and their interests in shares

The Directors of the Company during the year and at the year end and their beneficial interests in the ordinary share capital were as follows:

		30 September 2021 Ordinary shares of 10p each	30 September 2020 Ordinary shares of 10p each
K A Ritchie	Executive Director and Chairman	**981,381**	981,381
D A Ruffell	Chief Executive (left 30 April 2021)	**178,500**	118,500
M Norris	Chief Executive (joined 12 July 2021)	**-**	-
J N Anderson	Non-executive Director and Deputy Chairman	**1,737,802**	1,737,802
T N Anderson	Sales & Marketing Director	**693,750**	693,750
T D Gearey	I.T. Director	**20,500**	20,500
N C Howlett	Non-executive Director	**38,500**	38,500
K Sargeant	Non-executive Director	**10,000**	10,000
B Ratzke	Non-executive Director	**10,000**	14,924

There were no other changes in Directors' beneficial shareholdings between 30 September 2021 and 19 January 2022 other than the sale by Mr. B Ratzke of 9,900 shares on 12 November 2021. Mr B Ratzke and Mr K Sargeant left the Board on 7 December 2021.Ms CV Isom joined the Board on 22 December 2021. She did not hold any shares at 30 September 2021

Share options

Details of the interests of Directors, who served during the year, in options over ordinary shares are as follows:-

		Exercise price per share	At 1 October 2020 Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	At 30 September 2021 Number
T N Anderson	(b)	58.0p	25,000	-	-	-	25,000
			25,000	-	-	-	25,000
T D Gearey	(c)	156.5p	18,000	-	-	-	18,000
			18,000	-	-	-	18,000
N C Howlett	(b)	58.0p	25,000	-	-	-	25,000
			25,000	-	-	-	25,000
K A Ritchie	(b)	58.0p	50,000	-	-	-	50,000
			50,000	-	-	-	50,000
M Norris	(d)	138.5p	-	150,000	-	-	150,000
D A Ruffell	(a)	48.0p	10,000	-	(10,000)	-	-
	(b)	58.0p	50,000	-	(50,000)	-	-
			60,000	-	(60,000)	-	-

Mr J N Anderson, Mr K Sargeant and Mr B Ratzke had no interests in options over shares during the year.

There have been no changes to the number of share options held by Directors between 30 September 2021 and 19 January 2022. Ms CV Isom joined the Board on 22 December 2021 and holds options over 50,000 shares, which were granted on 15 July 2021.

Share options

Share options are exercisable between the following dates:

(a)	9 June 2014	and	9 June 2021
(b)	15 January 2017	and	15 January 2024
(c)	30 January 2021	and	30 January 2028
(d)	15 July 2024	and	15 July 2031

The Directors may only exercise share options if the growth in the earnings per share of the Company over any period of three consecutive financial years of the Company following the date of grant, exceeds the growth in the retail price index over the same period by at least 9 per cent.

At 30 September 2021 the market price of the Company's shares was 115p. The range during the year was 81.5p to 140p.

Approval

The Directors' Remuneration Report was approved by the Remuneration Committee on 19 January 2022 and signed on its behalf by:

N Howlett
Remuneration Committee Chairman

Corporate Governance Report

Chairman's Introductory Statement
As noted in our ESG report we present the Corporate Governance Report for the last financial year. As I have said in the past, we take our corporate governance responsibilities very seriously. We continue to apply the Quoted Companies Alliance Corporate Governance Code ("QCA Code") as this fits more naturally with our listing on the AIM Market. The QCA Code is available from the QCA and it involves us following ten general principles and ensuring that a number of minimum disclosure requirements are made in the Annual Report or on the Company's website, www.titon.com/uk/investors/. The website also contains more details of the governance disclosures. It is then up to us to determine how the ten principles will be applied.

KA Ritchie
Chairman

Compliance with QCA Code

The Board is accountable to the Company's shareholders for good corporate governance and the Company's website sets out how the 10 principles identified in the QCA Code are applied by the Company. Titon's business approach is based on openness and high levels of accountability and there is a commitment to high standards of corporate governance throughout the Group. With an international presence, the Group acts in accordance with the national laws of the various countries in which it operates and encourages the highest standards of business practice and procedure.

I am confident that the goals and strategy that we have set for our business have been followed during the year under review. During the last year COVID-19 has required difficult decisions to be taken but we have continued to treat our employees fairly, to invest in research and development and to communicate openly and honestly with our shareholders, to highlight three of our specific goals.

The Board seeks to instil a healthy corporate culture in all of its dealings with its stakeholders and believes that Titon is regarded by those stakeholders in a positive light and will meet its obligations in a fair and transparent way. During the year we undertook a further employee survey to hear their views about working from home due to COVID-19. The Board believes that the corporate culture is in a good state and that the reputation of Titon amongst our stakeholders is high.

Please see the Audit Committee Report for a description of the main features of the internal control process and the risk management system in relation to the financial reporting process adopted by the Group. The disclosure of information on significant shareholdings in the Company is shown in the Directors' Report.

The Directors consider that the Annual Report and Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Group consolidated accounts are prepared by the Group Financial Controller and are reviewed by the Finance Director of Titon Hardware Ltd and the Chief Executive. The review includes a detailed inspection of the accounts of all the constituent companies that comprise the Group along with the relevant consolidation adjustments and journals.

Composition and operation of the Board of Directors

As at 30 September 2021 the Board consisted of the Executive Chairman, the Chief Executive, two other Executive Directors and four Non-executive Directors.

The Board as a whole comprises a wealth of skills and experience from the wide range of activities undertaken by its individual members, as follows:

Keith Ritchie joined the Company in 2012, having had a 25-year career in the City of London. He is a member of the Institute of Chartered Accountants in England and Wales and has extensive experience of finance, legal, tax and commercial matters. He is also a Non-executive director of Beama Ltd, the trade association for the electro-technical manufacturers association and is chairman of the Ventilation Group, within Beama Ltd. As a result of these different activities, he continues to utilise the skills gained over his working career;

Mat Norris joined the Board on 12 July 2021 having previously worked for Ford Motor Company and a number of other UK manufacturing companies. He has significant experience of modern manufacturing practices and management. Mat is due to leave the Group on 9 February 2022;

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. He has wide experience of the ventilation and hardware industry and continues to develop his skills through being closely involved with new product development and procurement and also with the latest marketing approaches;

Tony Gearey joined Titon in 1985 and has held a number of positions within the Group since then. He is currently responsible for IT and for the operations of Titon Inc. and was appointed to the Board on 2 November 2016. He has extensive technical skills and experience from a number of roles within Titon. Tony led the introduction of Microsoft's ERP system in 2012 and has been heavily involved in the upgrade of that system to the latest Microsoft package, which means that he remains closely involved with all aspects of production, purchasing, sales and the finance outputs to enable the business to function;

John Anderson founded the Company in 1972 and was its Chairman until 2012 when he became a Non-executive Director. As the Company's founder he knows more about the Company and many of its products than most other employees and has always been involved in product development and marketing, skills which he continues to offer to the business. He has a service contract which terminates at the 2022 Annual General Meeting unless he is re-elected;

Kevin Sargeant joined the Board on 1 September 2016. He worked at Vent-Axia, a subsidiary of Smith Industries PLC, from 1990 until 2002 when Volution Holdings (comprising Vent-Axia) was created. Kevin led the buyout of Volution Holdings in the same year and was CEO of the newly named Volution Group until its sale to Towerbrook Private Equity and the management in 2012. Since then, he has held a number of senior strategic development roles with major companies in the ventilation sector and was Non-executive Chairman of Nuaire Ltd from November 2013 until its sale to Polypipe PLC in August 2015. Kevin qualified as a member of the Chartered Institute of Management Accountants in 1980. He left the Board on 7 December 2021;

Nicholas Howlett joined Titon in 1991 and has held a number of positions within the Group since then. He was appointed to the Board in 2002 and became a Non-executive Director with effect from 1 October 2017. He has a service contract which terminates at the 2022 Annual General Meeting unless he is re-elected. Nick has carried out many roles for Titon, including Production Manager at the Haverhill factory, head of Research & Development and then Managing Director of Ventilation Systems in the UK and Europe. Nick works closely with UK trade associations involved in the ventilation industry and on the impact of building regulations and other Government laws both for Titon and the wider industry;

Bernd Ratzke joined the Titon Board in March 2019 following a career as a corporate lawyer in the City of London. He has extensive legal and commercial skills from many years of practising law for a wide range of corporate clients. Bernd holds a practising certificate from the SRA and is a senior adviser to a UK legal practice. He is Group Legal Director and, in this role, advises the Company on any relevant legal matters which arise during the course of business. He left the Board on 7 December 2021.

All Executive Directors are subject to annual appraisals of their performance and membership of relevant board committees, as appropriate, during the financial year. This takes the form of a review of the targets and objectives for the period, a meeting with the appraiser and the setting of targets and objectives for the current year. It also includes a process whereby a failure to meet the targets is discussed and changes are agreed to improve performance. A continuing failure to meet targets or performance could lead ultimately to dismissal. The Non-executive Directors also provide feedback and appraisal of the Executive Directors on an ad hoc basis, and this is included in the appraisals of the relevant individuals.

The Executive Chairman has a range of responsibilities to perform including, inter alia, the proper functioning of the Board of Directors and setting the strategic development of the Company and Group. The Chief Executive also has a specific range of responsibilities including the day-to-day management of the Group and implementing the strategy set out by the Board. The two current Non-executive Directors provide a range of skills and wide experience to the Group alongside the necessary independence, as required under principle 5, as follows:

1. Mr NC Howlett is deemed to be independent for the purposes of the Code despite his previous service and role as an executive director of the Company due to his independence of character and judgment;
2. Mr JN Anderson is not deemed to be independent as he is a significant shareholder and was a previous chairman of the Company.

The Group is in the process of appointing two new NEDs to replace Mr Sargeant and Mr Ratzke and the search criteria is that they will be independent for the purposes of the QCA Code.

The Board has a schedule of matters specifically reserved to it for decision including major capital expenditure decisions, business acquisitions and disposals and the setting of treasury policy. This also includes matters such as material financial commitments, commencing or settling major litigation and appointments to main and subsidiary company boards. The Executive Directors are involved with day-to-day matters arising and the size of the Group allows the Board to have rapid access to any issues which arise in dealings with stakeholders.

Scheduled Board meetings in 2021 took place monthly with further ad hoc meetings arranged as necessary. To enable the Board to function effectively and Directors to discharge their responsibilities, full and timely access is given to all relevant information. In the case of Board meetings, this consists of comprehensive management reporting information and discussion documents regarding specific matters. All directors commit sufficient time to the Group to discharge their responsibilities: the executive directors on a full-time basis, the Non-executive Directors, as required by the needs of the business.

Corporate Governance Report (continued)

The individual attendance by Executive Directors and Non-executive Directors at the Board and principal Board Committee Meetings held during the financial year is shown in the table below.

	Main Board	Remuneration Committee	Audit Committee	Nominations Committee
Total meetings held	**9**	**2**	**2**	**1**
K A Ritchie	9	2	2	1
D A Ruffell	5	-	1	-
M Norris	2	-	-	
T N Anderson	9	-	-	-
T D Gearey	8	-	-	-
N C Howlett	8	-	-	-
K Sargeant	9	2	1	1
J N Anderson	9	-	-	-
B Ratzke	8	2	-	1

There is an agreed procedure for Directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access which every Director has to the Company Secretary. The Company Secretary is charged by the Board with ensuring that Board procedures are followed.

When new members are appointed to the Board, they are provided with advice from the Company Secretary in respect of their role and duties as a public company director. Furthermore, all Directors have ongoing access to the Company Secretary for advice during the course of their appointment.

Appointments to the Board of both Executive and Non-executive Directors are considered by the Nominations Committee for endorsement by the Board as a whole.

Any Director appointed during the year is required, under the provisions of the Company's Articles of Association, to retire and seek election by the shareholders at the next Annual General Meeting. The Articles of Association also require that one third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. The Directors required to retire are those in office longest since their previous re-election and in practice this means that each Director retires at least every three years, in accordance with the requirements of the Code. It is the Company's practice that all of the Non-executive Directors will seek re-election at each Annual General Meeting.

The Directors who retire at the next AGM are Mr John Anderson, Mr Keith Ritchie and Mr Nicholas Howlett. All three Directors, being eligible, offer themselves for re-election.

A statement of Directors' interests and copies of their service contracts are available for inspection during usual business hours at the registered office of the Company, on any weekday (excluding public holidays), and will be available at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting.

The Remuneration Committee

The Remuneration Committee Report is set out on pages 24 to 27. The Remuneration Committee's terms of reference, established by the Board, are to:

- determine and to keep under review the Group's policy on remuneration;
- determine the basic salaries and non-cash emoluments payable to all Executive Directors, including Executive Directors of subsidiary Group companies, giving due consideration to individual responsibility and performance and to salaries paid to Executive Directors of similar companies in comparable business sectors;
- select the performance targets for the Executive Directors' bonus arrangements;
- select the performance conditions relating to the Group's Share Option Schemes. Such performance conditions to be aimed to align Directors' interests to shareholder value;
- make recommendations to the Board of Directors on other matters relating to remuneration in the Group; and
- prepare an annual report on remuneration to the Company's shareholders for approval by the Board for submission to a vote of shareholders at the Company's Annual General Meeting and to advise the Board if it believes that, in any year, there are particular matters relating to remuneration which should be put to the Company's shareholders.

Nominations Committee

The Nominations Committee during the year comprised Mr Sargeant and Mr Ratzke. It is responsible for proposing candidates as Directors of Titon Holdings Plc for endorsement by the Board. The selection of suitable candidates will be based on the suitability of the person for the position regardless of age, ethnicity or gender. Candidates may be either internal or external and executive search consultants may be used in the process. The Nominations Committee met once in the financial period under review to nominate a candidate for the post of CEO. As noted above unfortunately Mr Norris will leave Titon on 9 February 2022. Executive search consultants have been appointed to recruit the new CEO. Since the year-end Mr Sargeant and Mr Ratzke have left the Board. Mr Howlett and Mr Ritchie have been appointed to the Nominations Committee to replace them.

Communications with shareholders

The Board recognises the importance of communications with shareholders. The Strategic Report on pages 6 to 18 gives a detailed review of the business, and there is regular dialogue with institutional shareholders at the time of the Group's preliminary announcement of the year end results and at the half year. The main contact with shareholders is through the Chairman or Chief Executive.

The Group's results and other announcements are published on the London Stock Exchange RNS service and on the Company's website.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation.

The Corporate Governance Report was approved by the Board on 19 January 2022 and signed on its behalf by:

KA Ritchie
Chairman

Audit Committee Report

The Audit Committee reports to the Board on matters concerning the Group's internal financial controls, financial reporting and risk management systems, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

Composition of the Audit Committee

The Audit Committee is appointed by the Board for a period of three years and comprised Mr K A Ritchie ACA who has financial reporting experience and Mr K Sargeant ACMA, who has extensive accounting experience from his time in industry. Since the year end Mr Sargeant has left the Board and a new member of the Audit Committee is being recruited. I confirm that the Titon Audit Committee continues to have competence relevant to the sector in which the Company operates.

Role of the Audit Committee

The Audit Committee operates within defined terms of reference and its main functions are:

- to monitor the internal financial control and risk management systems on which the Group is reliant;
- to consider whether there is a need for the Group to have its own internal audit function;
- to monitor the integrity of the Group's financial statements and formal announcements relating to the Group's financial performance, reviewing significant financial reporting judgements contained in them;
- to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matter;
- to meet the independent Auditor of the Group to review their proposed audit programme of work and the subsequent Audit Report and to assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- to make recommendations to the Board in relation to the appointment, re-appointment or removal of the Auditor, and to negotiate their remuneration and terms of engagement on audit and non-audit work; and
- to monitor and review annually the external Auditor's independence, objectivity, effectiveness, resources and qualification.

Review of financial statements and risks identified

Financial statements issued by the Company need to be fair, balanced, and understandable. The Audit Committee reviews the Annual Report as a whole and makes recommendations to the Board. The Audit Committee has advised the Board that, in its opinion, the Annual Report and Financial Statements are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The Company's unaudited interim results are also reviewed by the Audit Committee prior to their publication.

The Audit Committee assesses annually whether it is appropriate to prepare the Group's financial statements on a going concern basis and makes its recommendation to the Board. The Board's conclusions are set out in the Directors' Report. As noted in the Strategic Report and the Directors' Report a considerable amount of work has been carried out to assess the Group's financial position as a result of the pandemic. The Audit Committee has been fully involved in all of the financial forecasting that has been performed and the cash management steps which have been taken and has made a recommendation to the Board that the Group should continue to prepare the financial statements on a going concern basis.

In planning its own work, and reviewing the audit plan of the Auditors, the Audit Committee takes account of the most significant issues and risks, both operational and financial, likely to impact on the Group's financial statements.

The Committee considers that the timing of revenue recognition is a significant area of risk to accurate financial reporting and ensures that necessary credit note provisions and warranty provisions are made. In relation to activities in South Korea, revenues are only recognised once the third-party customer has accepted the successful installation of either the first fix or the second fix products into buildings rather than the delivery of such product from our factory.

The carrying value of the Group's assets is an area where the Committee places great emphasis. In particular, calculating the carrying value for the Group's inventory is a vital factor as the Group has a wide range of product lines that may fluctuate regularly in terms of their sales volumes. Consequently, every product line is assessed at the year-end to ensure that accurate provisions for obsolescence are made.

A significant risk considered by the Committee is the Group's investment in its South Korean business and in particular the accuracy of accounting information. The Committee manage this risk through senior management making regular trips to South Korea combined with the receipt of detailed monthly management accounts from South Korea. During 2021 it was not possible to travel to South Korea but regular video calls with senior managers were held instead.

Internal audit

The Board believes that due to the size of the business there is currently no requirement for an internal audit function. This matter is reviewed annually.

Internal control

The respective responsibilities of the Directors in connection with the financial statements are set out on pages 20 and 21, and those of the Auditors are detailed in the Independent Auditor's Report on pages 34 to 39.

The Audit Committee is responsible for ensuring that suitable internal controls systems to prevent and detect fraud and error are designed and is also responsible for reviewing the effectiveness of such controls. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in line with the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, published in September 2014 and the FRC's Guidance on Audit Committees published in April 2016. This process has been in place for the year under review and up to the date of approval of this report, and accords with the guidance. In particular, the Committee has reviewed and updated the process for identifying and evaluating the significant risks affecting the Group and policies by which these risks are managed. The risks of any failure of such controls are identified in a Risk Matrix (set out in the Risk Management Report on pages 16 to 18) which is regularly reviewed by the Board and which identifies the likelihood and severity of the impact of such risks and the controls in place to mitigate the probability of such risks occurring.

Internal control systems are designed to meet the Group's particular needs and the risks to which it is exposed. They do not eliminate the risk of failure to achieve business objectives. The following are the key components which the Group has in place to provide effective internal control:

- an appropriate control environment through the definition of the organisation structure and authority levels;
- the identification of the major business risks facing the Group and the development of appropriate procedures and controls to manage these risks;
- a comprehensive budgeting and reporting system with monthly results compared with budgets and with previous years; and
- the principal aspects of the Group's internal control processes used in preparing the Group's consolidated accounts include second reviews of consolidation workings and Board review of the composition of the Group's financial information.

The Directors acknowledge that they are responsible for establishing and maintaining the Group's system of internal control and risk management and reviewing their effectiveness, which they have done during the year. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed and by their nature can provide reasonable but not absolute assurance against material misstatement or loss. Appropriate risk monitoring systems have been in place throughout the year and up to the date of approval of the Annual Report and have been regularly reviewed by the Board. The Report on Risk Management sets out the principal risks identified by the Directors, the potential impact and the mitigation measures which apply. No significant weaknesses have been identified in this report by the Directors during the year.

The Company has a shareholding in an associate company. Controls within this entity are not reviewed as part of the Company's formal review processes due to the local delegation of managerial responsibilities, but instead are reviewed as part of regular management process.

External audit process

The Audit Committee meets at least twice a year with the Auditor, who provides a planning report in advance of the annual audit and a report on the annual audit. The Committee has an opportunity to question and challenge the Auditor in respect of each of these reports. No significant deficiencies were noted by the Auditor in respect of the period ended 30th September 2021. The Committee also discussed the basis of preparation of the going concern opinion and the key audit matters with the Auditor, specifically in the context this year of the pandemic.

After each audit, the Audit Committee reviews the audit process and considers its effectiveness.

Auditor assessment and independence

The Group's external auditor is BDO LLP, which has been the Group's auditor since 2006.

The Audit Committee also reviewed BDO's independence policies and procedures including quality assurance procedures and it was confirmed that those policies and procedures remained fit for purpose. Accordingly, the Audit Committee recommends that BDO should be reappointed as the Group's auditor for the next financial year and a resolution to that effect will be proposed at the 2022 AGM.

The fees for audit services provided by BDO for 2021 were £116,000 (2020: £107,000). The Audit Committee discussed the non-audit services provided by BDO during the year. The cost of non-audit services provided by the Auditor for the financial year ended 30 September 2021 was £1,450 (2020: £1,000).

K A Ritchie
Audit Committee Chairman
19 January 2022

Independent Auditor's Report

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Titon Holdings Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group and Company Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We agreed the opening cash position used in the cash flow forecast as at 1 December 2021 to bank statements.
- We performed an accuracy check on the mechanics of the cash flow forecast model prepared by management and the Directors.
- We assessed management's and the Directors' financial forecasts prepared for a period of at least 12 months from the date of these financial statements. This included consideration of the reasonableness of key underlying assumptions by reference to current expenditure and revenue. We also evaluated the Directors and management's assessment against third party industry data, where available.
- We considered any potential impact of Covid-19 on the financial position of the Parent Company and Group over the going concern review period and assessed the stress tested forecasts which included a decrease in forecast revenue and the resulting impact on cash flows.
- We evaluated the adequacy and consistency of the going concern disclosures made in the financial statements with reference to management and the Directors' financial forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	97% (2020: 96%) of Group revenue 93% (2020: 92%) of Group total assets 98% (2020: 97%) of Group profit before tax		
Key audit matters		2021	2020
	1. Revenue recognition	Yes	Yes
	2. Inventory – standard costing	Yes	Yes
	3. Inventory – provision for slow moving and obsolete inventory	Yes	Yes
Materiality	Group financial statements as a whole £250k (2020: £150k) based on 1.1% (2020: 0.7%) of revenue		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In approaching the audit, we considered how the Group and Parent Company is organised and managed.

We assessed there to be four significant components being the Parent Company, Titon Holdings Plc, Titon Hardware Limited, Browntech Sales Co. and Titon Korea Co Ltd. The financial information of the remaining non-significant components were subject to analytical review procedures or specific procedures performed by the Group engagement team.

The Parent Company and Titon Hardware were subject to a full scope audit by the Group engagement team. A full scope audit for Group reporting purposes was performed by a BDO network firm in Korea on Titon Korea Co Ltd and Browntech Sales Co.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditor included the following:

A planning meeting was held with the component auditor remotely and detailed group reporting instructions on matters such as materiality, timetables and procedures to be performed over significant areas sent to them. We also performed a remote review of their audit working papers and discussed the findings with the component audit partner, the audit team and component management.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue Recognition Refer to the accounting policy included in note 1(k) and the disclosures in note 3 to the financial statements	The Group generated revenue of £23.4m (2020: £20.7m) during the financial year. Revenue is an area of particular audit focus as it is one of the most prominent key performance indicators for the business. We considered that the more likely way in which revenue may be incorrectly recognised is in the cut-off of transactions around the year end both in the UK and in Korea. This risk is heightened in Korea where revenue is recognised over time due to the requirements to perform a second fix on components fitted therefore resulting in a deferral of revenue at the year end.	We have agreed a sample of revenue transactions across the revenue streams to the underlying documentation including proof of despatch and delivery and cash received for evidence of when the Group has fulfilled its performance obligations and verified the accuracy of the revenue amount recognised. Cut-off testing on both the UK and Korean components was performed by selecting a sample of dispatches for a defined period before and after the year end and agreeing to the related sales invoice and customer signed delivery note checking that revenue was recorded in the correct period. For the Korean entities we tested a sample of items included in the deferred revenue adjustment and agreed that revenue had been recognised appropriately and deferred as the second fix was required to take place by agreeing to proof of delivery and supporting documents from the customer that the second fix occurred post year end. **Key observation:** Based on the procedures performed, we found the judgement and estimates made by management to be reasonable.
Inventory – standard costing Refer to the accounting policy included in note 1(f), the critical accounting estimates in note 2 and disclosures in note 14 to the financial statements.	We identified the standard costing model applied to the Group's inventory balance as carrying a risk of material misstatement due to the use of key management judgements in respect of overhead and labour recovery rates.	We assessed the overhead and labour costs used in the calculation of standard costs by agreeing a sample of payroll costs to payroll reports over which we have performed audit procedures and overhead costs to invoices. We assessed the cost types included within the overhead apportionment calculation and checked that only the appropriate cost types were included as per the applicable accounting standard requirement on costs that meet the definition of inventory cost. We compared the overhead apportionment calculation to the prior year to assess the accuracy and completeness of the calculation. We evaluated the rigour of the process by which standard production times are set by recalculating Management's efficiency rate and evaluating the judgments made in adjusting the average efficiency for the year to determine that the final efficiency rate was accurate by comparing the final efficiency rate used by Management to the average of operational months. We recalculated the standard cost and compared to that set by Management for each of the above sample of the overhead and labour costs. **Key observation:** As a result of performing the above procedures, we did not identify any matters which indicate that Management's judgements relating to the costing of stock were not reasonable.

Inventory – provision for slow moving and obsolete inventory Refer to the accounting policy included in note 1(f), the critical accounting estimates in note 2 and disclosures in note 14 to the financial statements.	We identified the standard costing model applied to the Group's inventory balance as carrying a risk of material misstatement due to the use of key management judgements in respect of overhead and labour recovery rates.	We confirmed that the report used by Management to quantify historical usage of inventory, used in calculating the slow-moving inventory provision, was accurate by agreeing a sample of aged inventory items from the report to the last recorded invoice or movement of the inventory such as purchase or issue to production. We reperformed the calculation of the inventory that was considered slow moving and corroborated the assumptions applied by Management in estimating inventory provisions by considering and inspecting recent receipt of inventory and the future sales activity by agreeing to purchase orders and reviewing post year end inventory movements such as sales and issue to production for evidence of inventory age and movement. We inspected the condition of inventory at our physical inventory observations for indications of whether additional provisions should be made. We assessed the accuracy of prior year provisions by comparing to actual results. **Key observation:** Based on the procedures performed, we found the judgement and estimates made by management to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2021	2020	2021	2020
	£	£	£	£
Materiality	£250,000	£150,000	£150,000	£100,000
Basis for determining materiality	1.1% of Revenue	0.7% of Revenue	60% of Group materiality	1.5% of Total Assets
Rationale for the benchmark applied	We considered revenue to be the most important metric to users of the financial statements, including investors who would consider revenue in their short / medium term investment decisions.		Capped at 60% of Group materiality given the assessment of the components aggregation risk.	The entity is a holding company and asset-based therefore total assets was considered to be the most appropriate benchmark.
Performance materiality	£175,000	£105,000	£105,000	£70,000
Basis for determining performance materiality	70% of materiality taking into consideration our assessment of the control environment and the low level of adjustments found in the prior year.			

Independent Auditor's Report (continued)

Component materiality
We set materiality for each component of the Group based on a percentage of between 20% and 80% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £50,000 to £200,000. In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold
We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £5,000 (2020: £3,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information
The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Companies Act 2006 reporting
Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Matters on which we are required to report by exception
- We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group and considered the most significant laws and regulations to be Companies Act 2006, Corporate and VAT legislation, Employment Taxes, Health Safety, the Bribery Act 2010 and any local laws in Korea.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls and improper revenue recognition) and determined that the principal risks were related to management bias in accounting estimates and posting inappropriate journal entries to manipulate the operating results.

Audit procedures performed by the engagement team included:

- We obtained an understanding of the processes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud and how management monitors those processes and controls;
- For significant components in Korea, we issued group audit engagement instructions which specified the audit procedures that we required the component auditor to perform in regard to the fraud risks and reviewed their working papers for results of work performed in this regard.
- In respect of the risk of fraud in revenue recognition, the procedures set out in the revenue recognition key audit matter above;
- We targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud, as well as a focus on large and unusual transactions based upon our knowledge of the business;
- We made enquiries of Management, those charged with governance and those responsible for legal and compliance procedures as to whether there was any correspondence from regulators in so far as the correspondence related to financial statements and also if they were aware of any actual or suspected instances of non-compliance with laws and regulations and fraud; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matt Crane (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
19 January 2022
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
for the year ended 30 September 2021

	Note	**2021 £'000**	2020 £'000
Revenue	3	**23,412**	20,652
Cost of sales		**(16,070)**	(15,200)
Grant Income	4	**8**	202
Gross profit		**7,350**	5,654
Distribution costs		**(1,144)**	(1,289)
Administrative expenses		**(4,521)**	(4,305)
Research and development expenses		**(582)**	(446)
Grant Income	4	**-**	326
Other income		**16**	21
Operating profit / (loss)		**1,119**	(39)
Finance income	5	**-**	10
Finance expense	5	**(16)**	(36)
Share of post-tax (loss) / profit from associate	13	**(28)**	83
Profit before tax	6	**1,075**	18
Income tax (expense) / credit	7	**(72)**	104
Profit after income tax		**1,003**	122
Attributable to:			
Equity holders of the parent		**1,028**	58
Non-controlling interest		**(25)**	64
Profit for the year		**1,003**	122
Earnings per share attributed to equity holders of the parent:			
Basic	9	9.24p	0.52p
Diluted	9	9.18p	0.52p

Consolidated Statement of Comprehensive Income
for the year ended 30 September 2021

	2021 £'000	2020 £'000
Profit for the year	**1,003**	122
Other comprehensive income - items which may be reclassified to profit or loss in subsequent periods:		
Exchange difference on retranslation of net assets of overseas operations	**(284)**	(62)
Total comprehensive income for the year	**719**	60
Attributable to:		
Equity holders of the parent	**793**	(17)
Non-controlling interest	**(74)**	77
	719	60

The notes on pages 46 to 72 form part of these financial statements.

Consolidated Statement of Financial Position

at 30 September 2021

	Note	2021 £'000	2020 £'000
Assets			
Property, plant and equipment	10	**3,476**	3,469
Right-of-use assets	10	**546**	772
Intangible assets	11	**925**	753
Investments in associates	13	**2,681**	2,877
Deferred tax assets	16	**278**	333
Total non-current assets		**7,906**	8,204
Inventories	14	**5,042**	4,367
Trade and other receivables	15	**4,224**	3,779
Cash and cash equivalents	20	**4,794**	5,572
Total current assets		**14,060**	13,718
Total Assets		**21,966**	21,922
Liabilities			
Lease liabilities	18	**402**	531
Total non-current liabilities		**402**	531
Trade and other payables	17	**4,554**	4,303
Lease liabilities	18	**193**	277
Total current liabilities		**4,747**	4,580
Total Liabilities		**5,149**	5,111
Equity			
Share capital	19	**1,119**	1,113
Share premium reserve		**1,077**	1,049
Capital redemption reserve		**56**	56
Treasury shares	19	**(27)**	(27)
Foreign exchange reserve		**96**	327
Retained earnings		**14,093**	13,425
Total Equity attributable to equity holders of the parent		**16,414**	15,943
Non-controlling Interest		**403**	868
Total Equity		**16,817**	16,811
Total Liabilities and Equity		**21,966**	21,922

The notes on pages 46 to 72 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 19 January 2022 and signed on its behalf by:

KA Ritchie
Chairman

Company Statement of Financial Position
at 30 September 2021

Company No. 01604952

	Note	2021 £'000	2020 £'000
Assets			
Property and motor vehicles	10	**1,836**	1,910
Investments in subsidiaries	12	**554**	554
Investments in associates	13	**225**	225
Total non-current assets		**2,615**	2,689
Trade and other receivables	15	**3,818**	3,147
Cash and cash equivalents	20	**1,324**	2,001
Total current assets		**5,142**	5,148
Total Assets		**7,757**	7,837
Liabilities			
Deferred tax	16	**274**	232
Total non-current assets		**274**	232
Trade and other payables	17	**168**	211
Total current liabilities		**168**	211
Total Liabilities		**442**	443
Equity			
Share capital	19	**1,119**	1,113
Share premium account		**1,077**	1,049
Capital redemption reserve		**56**	56
Treasury shares		**(27)**	(27)
Retained earnings		**5,090**	5,203
Total Equity		**7,315**	7,394
Total Liabilities and Equity		**7,757**	7,837

As permitted by section 408(3) of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year. Titon Holdings Plc reported a profit before tax for the financial year ended 30 September 2021 of £243,000 (2020: £517,000). The notes on pages 46 to 72 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board on 19 January 2022 and signed on its behalf by:

KA Ritchie
Chairman

Consolidated Statement of Changes in Equity

at 30 September 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 1 October 2019	**1,113**	**1,049**	**56**	**402**	**(27)**	**13,653**	**16,246**	**1,459**	**17,705**
Translation differences on overseas operations	-	-	-	(75)	-	-	**(75)**	13	**(62)**
Profit for the year	-	-	-	-	-	58	**58**	64	**122**
Total Comprehensive Income for the year	-	-	-	(75)	-	58	**(17)**	77	**60**
Dividends paid	-	-	-	-	-	(332)	**(332)**	-	**(332)**
Dividends paid to NCI in subsidiary	-	-	-	-	-	-	**-**	(668)	**(668)**
Share-based payment expense	-	-	-	-	-	46	**46**	-	**46**
At 30 September 2020	**1,113**	**1,049**	**56**	**327**	**(27)**	**13,425**	**15,943**	**868**	**16,811**
Translation differences on overseas operations	-	-	-	(231)	-	(4)	**(235)**	(49)	**(284)**
Profit for the year	-	-	-	-	-	1,028	**1,028**	(25)	**1,003**
Total Comprehensive Income for the year	-	-	-	(231)	-	1,024	**793**	(74)	**719**
Dividends paid	-	-	-	-	-	(390)	**(390)**	-	**(390)**
Dividends paid to NCI in subsidiary	-	-	-	-	-	-	**-**	(391)	**(391)**
Share-based payment expense	-	-	-	-	-	34	**34**	-	**34**
Exercise of share options	6	28	-		-	-	**34**	-	**34**
At 30 September 2021	**1,119**	**1,077**	**56**	**96**	**(27)**	**14,093**	**16,414**	**403**	**16,817**

The notes on pages 46 to 72 form part of these financial statements.

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share capital	Nominal value of the issued share capital of the Company
Share premium	Premium on shares issued in excess of nominal value
Capital redemption	Amounts transferred from share capital on redemption of issued shares
Treasury shares	Weighted average cost of own shares held in Treasury
Foreign exchange reserve	Cumulative gains/losses arising on retranslating the net assets of overseas operations into Sterling
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere
Non-controlling interest	Interest in subsidiaries not owned by Titon Holdings Plc shareholders

Company Statement of Changes in Equity

at 30 September 2021

	Share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Treasury shares £'000	Retained earnings £'000	**Total Equity £'000**
At 30 September 2019	**1,113**	**1,049**	**56**	**(27)**	**4,972**	**7,163**
Profit for the year	-	-	-	-	517	**517**
Total Comprehensive Income for the year	-	-	-	-	517	**517**
Dividends paid	-	-	-	-	(332)	**(332)**
Share-based payment expense	-	-	-	-	46	**46**
At 30 September 2020	**1,113**	**1,049**	**56**	**(27)**	**5,203**	**7,394**
Profit for the year	-	-	-	-	243	**243**
Total Comprehensive Income for the year	-	-	-	-	243	**243**
Share-based payment expense	-	-	-	-	34	**34**
Dividends paid	-	-	-	-	(390)	**(390)**
Exercise of Share options	6	28	-	-	-	**34**
At 30 September 2021	**1,119**	**1,077**	**56**	**(27)**	**5,090**	**7,315**

The notes on pages 46 to 72 form part of these financial statements.

The following describes the nature and purpose of each reserve within equity:

Reserve	**Description and purpose**
Share capital	Nominal value of the issued share capital of the Company
Share premium	Premium on shares issued in excess of nominal value
Capital redemption	Amounts transferred from share capital on redemption and cancellation of issued shares
Treasury shares	Weighted average cost of own shares held in Treasury
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere

Group and Company Statement of Cash Flows
for the year ended 30 September 2021

		Group		Company	
		2021	2020	**2021**	2020
	Note	**£'000**	£'000	**£'000**	£'000
Cash generated from operating activities					
Profit / (loss) before tax		**1,075**	18	**(99)**	(43)
Depreciation of property, plant & equipment	10	**479**	559	**68**	77
Depreciation of right-of-use assets	10	**164**	257	**-**	-
Amortisation of intangible assets	11	**240**	236	**-**	-
Profit on sale of plant & equipment		**(7)**	(16)	**(1)**	-
Share based payment expense – equity settled	23	**34**	46	**34**	46
Finance income	5	**-**	(10)	**-**	(9)
Finance costs	5	**16**	36	**-**	-
Share of associate's post-tax loss / (profit)	13	**28**	(83)	**-**	-
		2,029	1,043	**2**	71
(Increase) / decrease in inventories		**(640)**	519	**-**	-
(Increase) / decrease in receivables		**(428)**	1,667	**1**	(25)
Increase / (decrease) in payables and other current liabilities		**206**	(468)	**(715)**	126
Cash generated by / (used in) operations		**1,167**	2,761	**(712)**	172
Income taxes paid		**(22)**	(43)	**-**	-
Net cash generated by / (used in) operating activities		**1,145**	2,718	**(712)**	172
Cash flows from investing activities					
Purchase of plant & equipment	10	**(502)**	(246)	**-**	-
Purchase of intangible assets	11	**(412)**	(271)	**-**	-
Proceeds from sale of plant & equipment		**25**	46	**6**	-
Finance income	5	**-**	10	**-**	9
Dividends received from subsidiary companies		**-**	-	**385**	658
Net cash (used in) / generated by investing activities		**(889)**	(461)	**391**	667
Cash flows from financing activities					
Dividends paid to equity shareholders of the parent	8	**(390)**	(332)	**(390)**	(332)
Dividends paid to non-controlling shareholders of a subsidiary	24	**(391)**	(668)	**-**	-
Payment of lease liability	18	**(198)**	(261)	**-**	-
Finance costs	5	**(16)**	(36)	**-**	-
Exercise of share options	23	**34**	-	**34**	-
Net cash used in financing activities		**(961)**	(1,297)	**(356)**	(332)
Net (decrease) / increase in cash		**(705)**	960	**(677)**	507
Foreign exchange		**(73)**	25	**-**	-
Cash at beginning of the year		**5,572**	4,587	**2,001**	1,494
Cash at end of the year		**4,794**	5,572	**1,324**	2,001

The notes on pages 46 to 72 form part of these financial statements.

Notes to the Consolidated Financial Statements
at 30 September 2021

General information

The consolidated financial statements of the Group for the year ended 30 September 2021 incorporates Titon Holdings Plc ("the Company") and its subsidiaries (together referred to as "the Group").

Titon Holdings Plc shares are publicly traded on the AIM market of the London Stock Exchange. The nature of the Group's operations and its principal activities are set out in the Strategic Report on page 6. The consolidated financial statements were authorised for release on 19 January 2022.

1 - Summary of significant accounting policies

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The Group and Parent Company financial statements 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.

The financial statements have been prepared on a going concern basis. In adopting the going concern basis the Directors have considered potential scenarios arising from the Covid-19 pandemic and from its other principal risks set out on pages 16 to 18. Under the worst-case scenario considered, which is severe and considered highly unlikely, the Group remains liquid for a period of more than 12 months from the date of reporting and the Directors therefore believe, at the time of approving the financial statements that the Group is well placed to manage its business risks successfully and remains a going concern. The key facts and assumptions in reaching this determination are detailed on page 21.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

During the period, no new standards, amendments and interpretations to existing standards were published. The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

(b) Basis of consolidation

Subsidiaries

The Group's consolidated financial statements incorporate the financial statements of the Company (Titon Holdings Plc) and the entities controlled by the Company (its subsidiaries) made up to 30 September 2021. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the financial statements.

Non-controlling interests

A non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests at the end of reporting period represent the non-controlling shareholders' portion of the fair values of the identifiable assets and liabilities of the subsidiary at the acquisition date and the non-controlling interests' portion of movements in equity since the date of the combination. Non-controlling interest is presented within equity, separately from the parent's shareholders' equity.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in deficit balance.

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost.

The Group's share of post-acquisition profits and losses is recognised in the consolidated income statement, except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses. Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate.

The investors' share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. The carrying amount of the investment in associates is subject to impairment in the same way as goodwill arising on a business combination (see accounting policy (h)).

Business combinations
The consolidated financial statements incorporate the results of business using the purchase method. In the consolidated balance sheet, the Group's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The Group's share of the results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

(c) Foreign currency
Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

On consolidation, the results of overseas operations are translated into Sterling, which is the presentational currency of the Company and Group, at rates approximating those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in other comprehensive income.

Upon disposal of all overseas operations, exchange differences arising from the translation of the financial statements of foreign operations are recycled and taken to the consolidated income statement as part of the profit or loss on disposal. The Company has elected, in accordance with IFRS 1, that in respect of all foreign operations, any differences that have arisen before 1 October 2004 have been set to zero. Any gain or loss on the subsequent disposal of those foreign operations would exclude translation differences that arose before the date of transition to IFRS and include only subsequent translation differences.

More than 89% (2020: 90%) of sales from the Group's UK business are invoiced in Sterling.

(d) Property, plant and equipment
Items of property, plant and equipment are stated at cost less accumulated depreciation.

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as incurred.

Freehold land is not depreciated. Depreciation is provided on all other items of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Freehold buildings	- 2% per annum straight line
Improvements to leasehold property	- 10% to 20% per annum straight line (or the lease term, is shorter)
Plant and equipment	- 10% to 33.3% per annum straight line
Motor vehicles	- 25% per annum straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable (see accounting policy (h)).

The Group also recognises right-of-use assets and lease liabilities under IFRS 16 (see note 18), for most leases with the exception of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less. Right-of-use assets, which include Property (factory units and office accommodation), plant and equipment and motor vehicles are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, and are depreciated on a straight-line basis to write off the carrying value of the assets over the contractual term of each lease.

The carrying values of right-of-use assets are reviewed for impairment when events, such as a change in the term of the lease, or in other circumstances indicate the carrying value may not be recoverable (see accounting policy (h)).

(e) Intangible assets
Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see accounting policy (h)). Amortisation is charged to Administrative Expenses within the Consolidated Income Statement.

i Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition and subject to annual impairment testing. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill associated with the acquisition of associates is included within the investment in associates.

Goodwill is not subject to amortisation but is tested for impairment annually. On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

1 - Summary of significant accounting policies (continued)

ii Internally generated intangible assets (development costs)

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed.

Expenditure on internally developed products is capitalised if all of the following can be demonstrated:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- there is an intention to complete the intangible asset and use or sell it;
- an ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs are amortised using the straight-line method over their remaining estimated useful lives from the date that the products are available for sale to customers, which is normally between 3 and 5 years. The remaining useful lives of such development assets are assessed by the Directors annually.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects is recognised in the consolidated income statement as incurred.

iii Computer software

Costs incurred on the acquisition of computer software are capitalised if they meet the recognition criteria of IAS 38 as described above. Computer software costs recognised as assets are written off over their estimated useful lives, which is normally between 3 and 10 years.

iv Other intangible assets

Other intangible assets arising on business combinations, including patents, are recorded at fair value at the date of acquisition. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives, which is normally 5 years. The remaining useful lives of such assets are assessed by the Directors annually.

v Assets under development

Assets under development are not amortised until they are complete and in use by the Group.

vi Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials and Bought In finished goods	- cost of purchase
Work in progress and manufactured finished goods	- cost of raw materials and labour, together with attributable overheads based on the normal level of activity

Net realisable value is based on estimated selling price less further costs to completion and disposal. A charge is made to the income statement for slow moving inventories. The charge is reviewed at each balance sheet date.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, bank overdrafts and treasury deposits for cash flow purposes. The Group has no long-term borrowings and any available cash surpluses are placed on deposit.

(h) Impairment

The carrying amount of the Group's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment losses are recognised in the income statement.

Reversals of impairment

Other than in respect of goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Share-based payment transactions
The Company provides share option schemes for Directors and for other members of staff.

In accordance with IFRS 2 – Share-based Payments, the fair value of the employee services received in exchange for the grant of options is recognised as an expense to the income statement over the vesting period of the option and the corresponding credit recognised to the Retained Earnings within equity. The Black-Scholes option pricing model has been used for calculating the fair value of the Group's share options. The Directors believe that this model is the most suitable for calculating the fair value of the equity-based share options.

The fair value of the options is determined excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date the Group revises its estimates of the number of option awards that are expected to vest. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. No adjustment is made for failure to achieve market vesting conditions providing all other vesting conditions are met.

Pension costs
The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. Contributions to the pension scheme are charged to the income statement in the year in which they become payable.

Accrued holiday pay
Provision is made at each balance sheet date for holidays accrued but not taken at the salary of the relevant employee at that date.

(j) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. They are discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

(k) Revenue

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, settlement discounts, rebates and value added tax. A sale is recognised when control of the goods supplied has passed to the customer, which is upon the transport of the goods from the company's premises or in South Korea, upon customer acceptance of goods, staged over time, as first and second fix components are supplied and installed, and at which point contractual entitlement to payment is established and the customer obtains control of the goods.

Some goods sold by the group include warranties which require the group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed upon specifications. In accordance with IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is attached to them. Instead, a provision is made for the costs of satisfying the warranties in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Extended warranties are not offered to customers.

(l) Finance income

Finance income comprises interest receivable on funds invested.

(m) Corporation and deferred taxes

Tax on the profit or loss for the periods presented comprises current and deferred tax.

Current tax
Current tax is the expected corporation tax payable on the taxable income for the year, using rates and laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax
Deferred tax is provided using the balance sheet liability method, using rates and laws enacted or substantively enacted at the balance sheet date, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Temporary differences are not provided on goodwill that is not deductible for tax purposes or on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax

1 - Summary of significant accounting policies (continued)

benefit will be realised.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

(n) Leased assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see Note 18).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(o) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

(p) Financial assets

The Group classifies its financial assets depending on the business model that they are used in and the nature of the cash flows they are expected to generate.

IFRS 9 requires the Group to recognise expected credit losses ('ECL') whereby expected losses as well as incurred losses are provided for. The Group applies the simplified approach when determining ECL provisions for trade receivables. In making the assessment of credit risk and estimating ECL provisions, the Group uses reasonable and supportable information about past events, current conditions and forecasts of future events and economic conditions.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed, and if the revised present value of cash flows is not significantly different from the carrying amount, no impairment is recorded.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of twelve months or less, such as short-term fixed deposits with banks, and bank overdrafts. Bank overdrafts are shown on the face of the balance sheet.

(q) Financial liabilities

The Group holds only one class of financial liabilities, namely trade payables. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost.

(r) Treasury shares

Consideration paid or received for the purchase or sale of treasury shares is recognised directly in Equity - see page 43. The cost of treasury shares held is presented as a separate item ("Treasury shares"). Any excess of the consideration received on the sale of treasury shares over the weighted average cost of the shares sold is reflected in share premium.

(s) Government grants

The Group has taken advantage of the Coronavirus Job Retention Scheme during the year in the UK. This income is recognised in the period to which the furloughed staff costs relate to and only when it is reasonably likely for the conditions are to be met. The payroll liability has been incurred by the Group and therefore has met the conditions to claim for the payroll period. All other conditions have been satisfied. The Group has elected to net the grant income against the costs to which it relates i.e., wages and salaries.

2 - Critical accounting estimates and judgements

The Group makes estimates and judgements regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of inventory

The Group reviews its inventory on a regular basis and, where appropriate, makes provision for slow moving and obsolete stock based on estimates of future sales activity. The estimate of the future sales activity will be based on both historical experience and expected outcomes based on knowledge of the markets in which the Group operates (see note 14 of the Consolidated Financial Statements). The Group also calculates an amount representing wages and overheads for direct labour and includes an estimate of this amount in the valuation of inventory.

Revenue recognition

The timing of revenue recognition is a significant area of risk to accurate financial reporting and the Group also ensures that accurate estimates of credit note provisions and warranty provisions are made.

Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out in note 1 (d). The selection of these estimated lives requires the exercise of management judgement.

Useful lives of intangible assets

Intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods (see notes 1 (e) and 11 of the Consolidated Financial Statements).

Expected credit losses and asset impairment

Expected credit losses are assessed under IFRS9 using reasonable information about past events and current conditions and forecasts of future events. Asset impairment considers the likely returns from financial assets owned by the Group and their recoverability, based on market values and management's judgement of any other relevant factors.

Notes to the Consolidated Financial Statements
at 30 September 2021

3 - 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.

Details of the deferred revenue movements during the year is as follows:

	2021	2020
	£'000	£'000
Deferred Revenue at beginning of year	**478**	687
Released in the year	**(478)**	(687)
Provided for in the year	**443**	478
Deferred Revenue at end of year	**443**	478

The deferred revenue noted above is the Group's only contract liability and is shown within Other Payables.

The Group has no material contract assets.

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 in the remainder of this note 3.

Operating segment

The Directors' primary review of performance is by geographical regions

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					**1003**
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 losses 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 24 - 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
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
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

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at 30 September 2021

3 - Revenue and segmental information (continued)

Operating segment

For the year ended 30 September 2020	United Kingdom	South Korea	North America	All other countries	Consolidated
	£'000	£'000	£'000	£'000	£'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 (loss) / profit	**(205)**	**222**	**182**	**(181)**	**18**
Tax credit					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 – 38%). There are no other concentrations of revenue above 10% during the year (see Note 24 - 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	Europe	USA and Canada	South Korea	All other regions	Total
Revenues	£'000	£'000	£'000	£'000	£'000	£'000
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

Information about the Group's products

Within geographical segments the Directors also monitor the revenue performance of the Group within its two identified business streams. The Group's operations are separated between trickle ventilation and window and door hardware products and mechanical ventilation products. The following table provides an analysis of the Group's external revenue, irrespective of the geographical region of sale.

	2021	2020
	£'000	£'000
Trickle ventilation and window and door hardware products	**14,672**	14,593
Mechanical ventilation products	**8,740**	6,059
Revenue	**23,412**	20,652

4 - Directors and employees

	Group		Company	
	2021	2020	**2021**	2020
Staff costs, including Directors, were as follows:	**£'000**	£'000	**£'000**	£'000
Wages and salaries	**6,155**	6,232	**527**	293
Grant Income	**(8)**	(528)	**-**	(15)
Wages and salaries after Government grant	**6,147**	5,704	**527**	278
Employer's social security costs and similar taxes	**604**	557	**58**	39
Defined contribution pension cost	**495**	457	**14**	17
Share based payment expense – equity settled	**34**	46	**34**	6
	7,280	6,764	**633**	340

Grant income represents amounts claimed under coronavirus job retention scheme.

	Group		Company	
	2021	2020	**2021**	2020
The average monthly number of employees during the year was as follows:	**Number**	Number	**Number**	Number
Manufacturing	**133**	128	**-**	-
Sales, marketing and administration	**69**	69	**5**	5
	202	197	**5**	5

Details of Directors' emoluments, pension contributions and interests in share options are given in the Directors' Remuneration Report set out on pages 24 to 27.

5 - Finance income and expense

	Group		Company	
Finance income	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank interest receivable on short term deposits	**-**	10	**-**	9

	Group		Company	
Finance expense	**2021**	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Interest expense on lease liabilities	**16**	36	**-**	-

Notes to the Consolidated Financial Statements
at 30 September 2021

6 - Profit before tax

	2021 £'000	2020 £'000
This is arrived at after charging/(crediting):		
Depreciation of property, plant & equipment	**479**	559
Depreciation of right-of-use assets	**164**	257
Amortisation of intangible assets	**240**	236
Research and development expenditure written off	**509**	446
Short term rentals - vehicles and plant & equipment	**30**	16
Foreign exchange losses	**66**	7
Share-based payment expense	**34**	46
Profit on disposal of fixed assets	**7**	16
Auditors' remuneration:		
- for the audit of these accounts	**14**	12
- for the audit of the accounts of the Company's subsidiaries	**85**	79
- for the audit of the accounts of the Group's associate	**17**	16
- non-audit services - comprising other assurance services	**1**	1

7 - Tax credit/(expense)

		2021 £'000	2020 £'000
Current income tax:			
Corporation tax expense		**(22)**	(38)
Adjustment in respect of prior years		**-**	7
		(22)	(31)
Deferred tax:			
Origination and reversal of temporary differences	Note 16	**(75)**	132
Effect of rate change on opening balances	Note 16	**25**	3
Income tax credit / (expense)		**(72)**	104

	2021 £'000	2020 £'000
The charge for the year can be reconciled to the profit per the income statement as follows:		
Profit before tax	**1,075**	18
Effect of:		
Expected tax charge based on the standard rate of Corporation tax in the UK of 19% (2020: 19%)	**(204)**	(4)
Additional deduction for R&D expenditure	**167**	171
Effect of Associate's results reported net of tax	**(5)**	16
Expenses deductible / (not deductible) for tax purposes	**(8)**	(28)
Difference in overseas tax rates	**(22)**	(44)
Adjustments in respect of prior periods	**-**	(7)
Income tax credit / (expense)	**(72)**	104

The tax rate in the United Kingdom, being the primary economic environment in which the Group conducts its business is 19% from 1 April 2017. The rate is due to change to 25% from 1 April 2023.

8 - Dividends

	2021 £'000	2020 £'000
Final 2020 dividend of 2.0 pence (2019: 3.00 pence) per ordinary share proposed and paid during the year relating to the previous year's results	**223**	332
Interim dividend of 1.5 pence (2020: 0.00 pence) per ordinary share paid during the year	**167**	-
	390	332

The Directors are proposing a final dividend of 3.0 pence (2020: 2.0 pence) per share. This will result in a final dividend totalling £334,313 (2020: £221,675), subject to approval by the shareholders at the Annual General Meeting. This dividend has not been accrued at the balance sheet date.

9 - Earnings per ordinary share

The calculation of the basic and diluted earnings per share is based on the following data:

Numerator	**2021 £'000**	2020 £'000
Earnings for the purposes of basic earnings per share being earnings after tax attributable to members of Titon Holdings Plc	**1,028**	58
Denominator	**Number**	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**11,124,517**	11,083,750
Effect of dilutive potential ordinary shares: share options	**74,610**	83,375
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**11,199,127**	11,167,125
Earnings per share (pence)		
Basic	**9.24p**	0.52p
Diluted	**9.18p**	0.52p

The total number of options in issue is also disclosed in note 23.

Notes to the Consolidated Financial Statements
at 30 September 2021

10 - Property, plant and equipment

Group	Freehold land and buildings	Improvements to leasehold property	Plant and equipment	Motor vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 October 2019	3,455	174	7,972	349	11,950
Additions	-	15	201	30	246
Disposals	-	-	(59)	(119)	(178)
Foreign exchange revaluation	-	4	83	-	87
At 1 October 2020	3,455	193	8,197	260	12,105
Additions	-	-	426	76	502
Disposals	-	-	(70)	(48)	(118)
Foreign exchange revaluation	-	(2)	(41)	-	(43)
At 30 September 2021	**3,455**	**191**	**8,512**	**288**	**12,446**
Depreciation					
At 1 October 2019	1,490	10	6,433	218	8,151
Charge for the year	64	33	394	68	559
Disposals	-	-	(49)	(99)	(148)
Foreign exchange revaluation	-	4	70	-	74
At 1 October 2020	1,554	47	6,848	187	8,636
Charge for the year	64	84	236	95	479
Disposals	-	-	(70)	(40)	(110)
Foreign exchange revaluation	-	(1)	(34)	-	(35)
At 30 September 2021	**1,618**	**130**	**6,980**	**242**	**8,970**
Net book value at 30 September 2021	**1,837**	**61**	**1,532**	**46**	**3,476**
At 30 September 2020	1,901	146	1,349	73	3,469
At 1 October 2019	1,965	164	1,539	131	3,799

The Directors are not aware of any events or changes in circumstances during the year which would have a significant impact on the carrying value of the Group's property, plant and equipment at the balance sheet date.

At 30 September 2021, the Group had entered into contractual commitments for the acquisition of plant and equipment amounting to £116,000 (2020: £18,000).

Group: right-of-use assets	Leasehold property	Plant and equipment	Motor vehicles	Total
Cost	£'000	£'000	£'000	£'000
At 1 October 2019	465	-	305	770
Additions	194	25	42	261
Disposals	-	-	(8)	(8)
Foreign exchange revaluation	3	-	(3)	-
At 1 October 2020	662	25	336	1,023
Additions	-	-	51	51
Disposals	(103)	-	(9)	(112)
Foreign exchange revaluation	(9)	-	(8)	(17)
At 30 September 2021	**550**	**25**	**370**	**945**
Depreciation				
At 1 October 2019	-	-	-	-
Charge for the year	132	4	121	257
Disposals	-	-	(8)	(8)
Foreign exchange revaluation	1	-	1	2
At 1 October 2020	133	4	114	251
Charge for the year	8	5	151	164
Disposals	-	-	(9)	(9)
Foreign exchange revaluation	(4)	-	(3)	(7)
At 30 September 2021	**137**	**9**	**253**	**399**
Net book value at 30 September 2021	**413**	**16**	**117**	**546**
At 30 September 2020	529	21	222	772

At 30 September 2021, the Group had entered into contractual commitments for the acquisition of motor vehicles under finance leases amounting to £182,000 (2020: £nil).

Company
The Company has no right-of-use assets (2020: £nil)

10 - Property, plant and equipment (continued)

Company: property and motor vehicles	Freehold land and buildings	Motor vehicles	Total
Cost	£'000	£'000	£'000
At 1 October 2019	3,455	52	3,507
Additions	-	-	-
Disposals	-	-	-
At 1 October 2020	3,455	52	3,507
Additions	-	-	-
Disposals	-	(25)	(25)
At 30 September 2021	**3,455**	**27**	**3,482**
Depreciation			
At 1 October 2019	1,490	30	1,520
Charge for the year	64	13	77
Disposals	-	-	-
At 1 October 2020	1,554	43	1,597
Charge for the year	65	4	69
Disposals	-	(20)	(20)
At 30 September 2021	**1,619**	**27**	**1,646**
Net book value at 30 September 2021	**1,836**	**-**	**1,836**
At 30 September 2020	1,901	9	1,910
At 1 October 2019	1,965	22	1,987

11 - Intangible assets

Group	Computer software	Development costs (internally generated)	Goodwill	Assets under development	Patents	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2019	904	901	78	-	249	2,132
Additions	-	186	-	179	5	370
Disposals	(99)	(5)	-	-	-	(104)
Foreign exchange revaluation	-	-	-	-	3	3
At 1 October 2020	805	1,082	78	179	257	2,401
Additions	-	152	-	260	-	412
Disposals	-	-	-	-	-	-
Foreign exchange revaluation	-	-	-	-	(1)	(1)
At 30 September 2021	**805**	**1,234**	**78**	**439**	**256**	**2,812**
Amortisation						
At 1 October 2018	522	644	-	-	248	1,414
Charge for the year	89	147	-	-	-	236
Disposals	-	(5)	-	-	-	(5)
Foreign exchange revaluation	-	-	-	-	3	3
At 1 October 2020	611	786	-	-	251	1,648
Charge for the year	87	151	-	-	2	240
Disposals	-	-	-	-	-	-
Foreign exchange revaluation	-	-	-	-	(1)	(1)
At 30 September 2021	**698**	**937**	**-**	**-**	**252**	**1,887**
Net book value at 30 September 2021	**107**	**297**	**78**	**439**	**4**	**925**
At 30 September 2020	194	296	78	179	6	753
At 1 October 2019	382	257	78	-	1	718

All assets have an average useful economic life of 3.5 years (2020: 3.1 years) except for Goodwill which has an indefinite useful economic life.

Assets under development comprises of a new Enterprise Resource Planning software system that is currently in development and expected to go live early 2022 after which time will be amortised.

Included within Computer Software is the Group's Enterprise Resource Planning software system which has a carrying value of £40,000 at 30 September 2021 (2020: £85,000) and a remaining amortisation period of 0.9 years (2020: 1.9 years).

The Directors are not aware of any events or changes in circumstances during the year which would have a significant impact on the carrying value of the Group's intangible assets at the balance sheet date.

Company
The Company has no intangible assets (2020: £nil)

Notes to the Consolidated Financial Statements
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12 - Investments in subsidiaries

Investments comprise direct shareholdings of the ordinary share capital in the following subsidiaries, all of which are included in the Consolidated Financial Statements. A list of the investments in subsidiaries, including the name, country of incorporation and proportion of ownership is as follows:

Name of subsidiary	Principal activity	Country of incorporation	Address	Proportion of voting rights held at 30 September 2020 and 2021
Titon Hardware Ltd	Design, manufacture and marketing of window fittings and ventilators	England	894 The Crescent, Colchester Business Park, Colchester, CO4 9YQ	100%
Titon Automation Ltd	Dormant company	England	As above	100%
Titon Components Ltd	Dormant company	England	As above	100%
Titon Developments Ltd	Dormant company	England	As above	100%
Titon Investments Ltd	Dormant company	England	As above	100%
Titon Inc.	Distribution of Group products	USA	PO Box 241, Granger, Indiana 46530	100%
Titon Korea Co. Ltd	Manufacture of window ventilators	Republic of Korea	257-4 Ra-dong, Munwon-gil, Jori-eup, Paju-si, Gyeonggi-do	51%
Titon HK Holdings Ltd	Dormant company	Hong Kong, China	402 Jardine House, 1 Connaught Place Central	100%

For the subsidiaries listed above, the country of operation is the same as the country of incorporation.

Company Investment	**2021 £'000**	2020 £'000
At 30 September	**554**	554

13 - Investments in associates

The following entity meets the definition of an associate, the Group considers it has power to exercise significant influence, and has been equity accounted in these consolidated financial statements:

Name of associate	Principal activity	Country of incorporation	Address	Proportion of voting rights held at 30 September 2020 and 2021
Browntech Sales Co. Ltd	Sales of window ventilators	Republic of Korea	257-4 Ra-dong, Munwon-gil, Jori-eup, Paju-si, Gyeonggi-do	49%

The remaining 51% shareholding of Browntech Sales Co. Ltd ("BTS") is held by South Korean investors who, through their voting shares, have operational control of the company.

Company Investment	**2021 £'000**	2020 £'000
At 30 September	**225**	225

The aggregated amounts relating to BTS are as follows:

As at 30 September	2021	2020
	£'000	£'000
Current assets	**5,636**	6,607
Non-current assets	**276**	305
Total Assets	**5,912**	6,912
Current liabilities	**792**	1,341
Non-current liabilities	**51**	101
Total Liabilities	**843**	1,442
Net Assets	**5,069**	5,470
Group 49% share of Net Assets	**2,484**	2,680
Group investment in Goodwill	**197**	197
Group share of investment	**2,681**	2,877

For the year ended 30 September	2021	2020
	£'000	£'000
Revenue	**5,388**	7,312
(Loss) / profit after tax	**(28)**	83

BTS did not record any other comprehensive income for the years ended 30 September 2021 or 30 September 2020 in its own accounts, although the Consolidated Statement of Comprehensive Income includes £213,000 of other comprehensive expense for 2021 (2020: income £100,000). BTS has been included based on audited financial statements drawn up for the year to 30 September 2021. Transactions between it and the Group are set out in note 24.

The Group's investment in BTS at 30 September 2021 includes £197,000 (2020: £197,000) of goodwill.

14 - Inventories

Group	2021	2020
	£'000	£'000
Raw materials and consumables	**1,747**	1,805
Work in progress	**710**	551
Finished goods and goods for resale	**2,585**	2,011
	5,042	4,367

No inventories (2020: £nil) are carried at fair value less costs to sell.

The carrying value of inventory represents cost less appropriate provisions. During the year there was a net debit of £25,000 (2020: net debit of £189,000) to the Consolidated Income Statement in relation to the inventory provisions. The movements in the inventory provisions are included within cost of sales in the Consolidated Income Statement. The value of inventory that has been recognised in cost of sales over the year is £16,061,000 (2020: £14,928,000).

Company
The Company had no inventories at 30 September 2021 (2020: £nil).

15 - Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade receivables	**3,624**	3,211	**1**	-
Less: provision for impairment	**(86)**	(114)	**-**	-
Trade receivables - net	**3,538**	3,097	**1**	-
Related parties receivables	**310**	293	**3,815**	3,143
Less: provision for impairment	**-**	-	**-**	-
Related parties receivables (See Note 24)	**310**	293	**3,816**	3,143
Other receivables	**197**	258	**2**	1
Grants receivable	**-**	12	**-**	2
Prepayments and accrued income	**179**	119	**-**	1
Total trade and other receivables	**4,224**	3,779	**3,818**	3,147

Other than the amounts due from related parties there were no significant concentrations of credit risk at either 30 September 2021 or 30 September 2020.

The average credit period taken on sale of goods by the Group's trade debtors is 50 days (2020: 46 days).

Trade debtors included in the balance sheet are stated net of expected credit loss (ECL) provisions which have been calculated using a provision matrix grouping trade receivables on the basis of their shared credit risk characteristics. An analysis of the provision held against trade debtors is set out below:

	Group		Group	
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
	Gross trade and related party receivables	**Loss provision (ECL)**	Gross trade and related party receivables	Loss provision (ECL)
Current – not overdue	**2,655**	**(17)**	2,458	(27)
Up to 30 days past due	**1,022**	**(19)**	853	(27)
Up to 60 days past due	**92**	**(14)**	133	(33)
Up to 90 days past due	**61**	**(10)**	56	(23)
Over 90 days past due	**99**	**(26)**	4	(4)
	3,929	**(86)**	3,504	(114)

Of the £86,000 ECL provision, £nil (2020: £114,000) relates to amounts due from the Group's associate. See note 13.

The main factors considered in determining the level of the loss provisions set are external customer credit ratings information, prevailing market and economic conditions and the historic levels of losses experienced by the Group.

There are no indications as at 30 September 2021 that the debtors will not meet their payment obligations in respect of the amount of trade and related party receivables recognised in the balance sheet that are overdue and unprovided. The proportion of trade debtors at 30 September 2021 that are overdue for payment is 32% (2020: 30%).

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, based on its age and likely recoverability, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in the income statement.

Group

Movements on the provision for impairment of trade and related party receivables are as follows:	**2021**	2020
	£'000	£'000
At the beginning of the year	**114**	83
Provision for receivables impairment	**86**	113
Receivables written off during the year as uncollectible	**(6)**	(19)
Unused amounts reversed	**(108)**	(63)
At the end of the year	**86**	114

16 - Deferred tax

Group

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2020: 19.0%). The movement on the deferred tax account is as shown below:

	Total deferred tax at 1 October 2020	Effect of rate change on opening balances	Foreign exchange movement	Credited / (expensed) to Income Statement	**Total deferred tax at 30 September 2021**	Liability 2021 UK	Asset 2021 Non-UK
	£'000	£'000	£'000	£'000	**£'000**	£'000	£'000
UK accelerated capital allowances	(268)	(84)	-	(55)	**(407)**	(407)	-
Non-UK accelerated capital allowances	2	-	-	-	**2**	-	2
UK other temporary and deductible differences	47	16	-	14	**77**	77	-
Non-UK other temporary and deductible differences	31	-	-	(1)	**30**	-	30
UK available losses	355	93	-	9	**457**	457	-
Non-UK available losses	166	-	(5)	(42)	**119**	-	119
Total deferred tax	**333**	**25**	**(5)**	**(75)**	**278**	**127**	**151**

	Total deferred tax at 1 October 2019	Effect of rate change on opening balances	Credited/ (expensed) to Income Statement	**Total deferred tax at 30 September 2020**	Liability 2020 UK	Asset 2020 Non-UK
	£'000	£'000	£'000	**£'000**	£'000	£'000
UK accelerated capital allowances	(295)	(35)	62	**(268)**	(268)	-
Non-UK accelerated capital allowances	-	-	2	**2**	-	2
UK other temporary and deductible differences	102	8	(63)	**47**	47	-
Non-UK other temporary and deductible differences	258	-	(227)	**31**	-	31
UK available losses	110	30	215	**355**	355	-
Non-UK available losses	23	-	143	**166**	-	166
Total deferred tax	**198**	**3**	**132**	**333**	**134**	**199**

There are no unrecognised deferred tax assets at 30 September 2020 or 30 September 2021.

16 - Deferred tax (continued)

Company

Deferred tax is calculated in full on timing differences under the liability method using a tax rate of 25% (2020: 19.0%). The movement on the deferred tax account is as shown below:

	Total deferred tax at 1 October 2020	Effect of rate change on opening balances	Credited / (expensed) to Income Statement	**Total deferred tax at 30 September 2021**	Liability 2021 UK
	£'000	£'000	£'000	**£'000**	£'000
UK Accelerated capital allowances	(242)	(77)	16	**(303)**	(303)
UK other temporary and deductible differences	10	3	9	**22**	22
UK available losses	-	-	7	**7**	7
Total deferred tax	**(232)**	**(74)**	**32**	**(274)**	**(274)**

	Total deferred tax at 1 October 2019	Effect of rate change on opening balances	Credited / (expensed) to Income Statement	**Total deferred tax at 30 September 2020**	Liability 2020 UK
	£'000	£'000	£'000	**£'000**	£'000
UK Accelerated capital allowances	(228)	(27)	13	**(242)**	(242)
UK other temporary and deductible differences	26	3	(19)	**10**	10
UK available losses	68	8	(76)	**-**	-
Total deferred tax	**(134)**	**(16)**	**(82)**	**(232)**	**(232)**

17 - Trade and other payables - current

	Group		**Company**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade payables	**2,472**	2,261	**-**	-
Other payables	**386**	342	**-**	-
Other tax and social security taxes	**418**	511	**-**	-
Accruals and deferred income	**1,278**	1,189	**168**	211
	4,554	4,303	**168**	211

Group trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Year-end Group trade creditors represent 62 days (2020: 58 days) average purchases. The contractual maturities of these liabilities are from 30 days up to approximately 100 days.

The Directors consider that the carrying amount of trade payables is approximate to their fair value.

18 - Leases

Nature of leasing activities (in the capacity as lessee)

The group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

The group also leases certain items of plant and equipment. In some contracts for services with distributors, those contracts contain a lease of vehicles. Leases of plant, equipment and vehicles comprise only fixed payments over the lease terms.

The group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the group will consider whether the absence of a break clause would expose the group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the group

At 30 September 2021 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses as there are no break clauses available.

Right-of-Use Assets	Freehold land and buildings	Plant and equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
At 1 October 2020	529	21	222	772
Additions	-	-	51	51
Amortisation	(8)	(5)	(142)	(155)
Disposals	(103)	-	(9)	(112)
Foreign exchange revaluation	(5)	-	(5)	(10)
At 30 September 2021	**413**	**16**	**117**	**546**

Lease Liabilities	**£'000**
At 1 October 2020	808
Additions	51
Interest expense	16
Lease payments	(265)
Foreign exchange revaluation	(15)
At 30 September 2021	**595**

Lease liabilities	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	£'000	£'000	£'000	£'000	£'000
At 1 October 2020	277	211	236	84	808
At 30 September 2021	**193**	**160**	**212**	**30**	**595**

Lease expense	**2021**
	£'000
Short term lease expense	30
Low value lease expense	-
Aggregate undiscounted commitments for short term leases	-
	30

Notes to the Consolidated Financial Statements
at 30 September 2021

19 - Share capital

Authorised	**2021 £'000**	2020 £'000
13,600,000 ordinary shares of 10p each	**1,360**	1,360

The Company's issued and fully paid ordinary shares of 10p during the year is:

	2021 Number	**2021 £'000**	2020 Number	2020 £'000
At the beginning of the year	**11,133,750**	**1,113**	11,133,750	1,113
Share options exercised during the year	**60,000**	**6**	-	-
At the end of the year	**11,193,750**	**1,119**	11,133,750	1,113

Treasury shares held by the Group	**2021 Number**	**2021 £'000**	2020 Number	2020 £'000
At the beginning of the year	**50,000**	**27**	50,000	27
Treasury shares purchased	**-**	**-**	-	-
At the end of the year	**50,000**	**27**	50,000	27

Treasury shares held by the Group were acquired in July 2014. The Group has no current plans to dispose of these.

Share options

Options have been granted over the following number of ordinary shares which were outstanding:

Date granted	Exercise price	Number of shares	Exercisable between		
15.01.14	58.0p	150,000	15.01.17	and	15.01.24
30.01.18	156.5p	205,000	30.01.21	and	30.01.28
15.07.21	138.5p	260,000	15.07.24	and	15.07.31
At 30 September 2021		**615,000**			
At 30 September 2020		415,000			

No share options were exercised between 30 September 2021 and 19 January 2022.

20 - Cash and cash equivalents

Financial assets
The Group has floating rate financial assets which comprise treasury deposits, cash to finance its operations together with the retained profits generated by operating companies (refer to the 'Financial Assets' note 1(p) on page 50 for further details).

The Group has no long-term borrowings and any available cash surpluses are placed on deposit. The Group uses cash on deposit to manage short term liquidity risks which may arise.

The Group's floating rate financial assets (see below) at 30 September were:

	Group		Company	
	2021	2020	**2021**	2020
Currency	**£'000**	£'000	**£'000**	£'000
Sterling	**3,882**	4,082	**1,324**	2,001
US Dollar	**126**	110	**-**	-
Euro	**532**	218	**-**	-
South Korean Won	**254**	1,162	**-**	-
	4,794	5,572	**1,324**	2,001

The Sterling financial assets comprises cash held on current account with banks.

The Group's cash and floating rate financial assets at 30 September comprise:

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Bank current accounts	**4,794**	5,572	**1,324**	2,001

The Group had no floating term deposits with banks at 30 September 2021 or 30 September 2020.

Financial liabilities
The Group had no floating rate financial liabilities at 30 September 2021 (2020: £nil). Any liability is offset against bank deposits for the purposes of interest payment calculation. The Board considers the fair value of the Group's financial assets and liabilities to be the same as their book value.

21 - Financial instruments – risk management

The Group is exposed through its operations to credit risk, foreign exchange risk and liquidity risk.

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note, read in conjunction with the 'Capital Management' section of the Directors' Report on page 19, and the Report on Risk Management on pages 16 to 18 describe the Group's objectives, policies and processes for managing those risks. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks from previous periods unless otherwise stated in this note.

General objectives, policies and processes
The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Audit Committee reviews and reports to the Board on the effectiveness of policies and processes put in place.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out on pages 32 and 33.

Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risks arise are trade receivables, cash at bank, bank overdrafts, trade and other payables and loans to related parties (see Notes 15, 17 and 20).

21 - Financial instruments – risk management (continued)

Credit risk
Credit risk is the risk of financial loss to the Group if a customer, associate company or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts along with local business practices.

The Group's finance function has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and trade references. Purchase limits are established for each customer, which represents the maximum open amount without requiring senior management's approval. These limits are reviewed on an on-going basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Credit risk also arises from cash and cash equivalents and deposits with banks. The Group has cash and cash equivalents with banks with a minimum long term "A" rating.

Quantitative disclosures of the credit risk exposure in relation to Trade and other receivables are provided in note 15.

Liquidity risk
Liquidity risk arises from the Group's management of working capital in that the Group may encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due (see Note 17). To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of 90 days or longer. The Board receives cash flow projections as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The liquidity risk of each Group entity is managed locally. Each operation has a facility with the Group, the amount of the facility being based on budgets. The budgets are set locally and agreed by the Board in advance, enabling the Group's cash requirements to be anticipated. Where facilities of Group entities need to be increased, approval must be sought from the Board.

Foreign exchange risk
Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Group companies are operating. Although its global market penetration reduces the Group's operational risk in that it has diversified into several markets, the Group's net assets arising from such overseas operations are exposed to currency risk resulting in gains or losses on retranslation into Sterling. Only in exceptional circumstances would the Group consider hedging its net investments in overseas operations as generally it does not consider that the reduction in foreign currency exposure warrants the cash flow risk created from such hedging techniques.

Foreign exchange risk also arises when individual Group entities enter into transactions denominated in a currency other than their functional currency.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency (primarily Sterling, US Dollar or South Korean Won) with the cash generated from their own operations in that currency. Where Group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group has two overseas subsidiaries in the USA and South Korea. Their revenues and expenses, other than those incurred with the UK business, are primarily denominated in their functional currency. The Board does not believe that there are any significant risks arising from the movements in exchange rates with these companies due to the insignificance to the Group of Titon Inc.'s net assets and the long-term nature of the Group's investment in Titon Korea.

The UK businesses make purchases from approximately twenty overseas suppliers who invoice in the local currency of that supplier. This, in addition to the Euro and US Dollar cash balances held in the UK and the 11% (2020:10%) of sales from the UK businesses not invoiced in Sterling, gives rise to foreign currency exposure which is detailed in the table below:

As of 30 September the Group's UK net exposure to foreign exchange risk was as follows:

Net foreign currency financial assets / (liabilities)	**2021**	2020
	£'000	£'000
Euro	**72**	(242)
US Dollar	**163**	90
Total net exposure	**235**	(152)

The effect of a 10% weakening of the Euro and the US Dollar against Sterling at the reporting date of 30 September 2021 on these denominated trade and other receivables, trade and other payables and cash balances carried at that date would, had all other variables held constant, have resulted in a decrease in pre-tax profit for the year and decrease of net assets of £21,000 (2020: decrease in liability of £13,000). A 10% strengthening in the exchange rate would, on the same basis, have increased pre-tax profit and increased net assets by £23,000 (2020: increase of £15,000).

22 - Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to these funds during the year (see note 4). The unpaid contributions outstanding at the year end, included in accruals (note 17) are £40,000 (2020: £34,000).

23 - Share-based payments

Equity settled share option schemes

The Group provides share option schemes for Directors and for other members of staff.

There are presently three equity settled share option schemes; one HMRC approved and one unapproved in which employees may be invited to participate, which were both introduced in March 2010. The third scheme was introduced in July 2021 and is HMRC registered. The exercise of options granted under these schemes is dependent upon the growth in the earnings per share of the Group, over any three consecutive financial years following the date of grant, exceeding the growth in the retail price index over the same period by at least 9 per cent.

The vesting period of all share option schemes is three years. If the options remain unexercised after a period of ten years from the date of grant, or on an employee leaving the Group, the options expire.

In the year to 30 September 2021 260,000 shares were granted (2020: nil).

Details of the share options granted and exercised during the year and the assumptions used in the Black-Scholes model for each share-based payment are as follows:

Date of share option grant	**09/06/11**	**03/01/13**	**15/01/14**	**05/01/15**	**30/01/18**	**15/07/21**	Number of share options
Exercise price (pence)	48.0	24.5	58.0	67.0	156.5	138.5	
Number of share options granted initially	259,950	203,000	320,000	25,000	205,000	260,000	
Number of share options outstanding at 01/10/19	**10,000**	**-**	**200,000**	**-**	**205,000**	**-**	**415,000**
Share options exercised	-	-	-	-	-	-	-
Share options lapsed	-	-	-	-	-	-	-
Number of share options outstanding at 30/09/20	**10,000**	**-**	**200,000**	**-**	**205,000**	**-**	**415,000**
Share options granted	-	-	-	-	-	260,000	260,000
Share options exercised	(10,000)	-	(50,000)	-	-	-	(60,000)
Number of share options outstanding at 30/09/21	**-**	**-**	**150,000**	**-**	**205,000**	**260,000**	**615,000**
The inputs to the Black-Scholes pricing model are:							
Expected volatility %	111	114	116	102	88	97	
Expected option life (years)	6	6	6	6	6	7	
Risk free rate %	2.50	1.08	2.18	1.28	1.13	1.46	
Expected dividend yield %	5	5	5	5	3	3	
Weighted fair value of options at initial grant	£75,000	£37,000	£114,000	£9,000	£188,000	£224,646	

During the year 207,000 share options, included in the table above, met the conditions of exercise (2020: 210,000).

23 - Share-based payments (continued)

At the end of the financial year 210,000 share options met the conditions of exercise and have a weighted average exercise price of 57.5p (2020: 210,000 at 57.5p). The 615,000 share options outstanding at 30 September 2021 had a weighted average price of 124.9p (2020: 415,000 at 106.4p) and a weighted average remaining contractual life of 6.8 years (2020: 5.2 years).

The share price at 30 September 2021 was 115.0p (2020: 81.5p). The average market price during the year was 96.8p (2020: 95.5p).

The Group uses a Black-Scholes pricing model to determine the annual fair value charge for its share-based payments. Expected volatility is based on historical volatility over the last six years' data of the Company. The calculated fair values of the share option awards are adjusted to reflect actual and expected vesting levels.

In accordance with IFRS 2, the fair value of equity-settled share-based payments to employees is determined at the date of grant and is expensed on a straight-line basis over the vesting period on the Group's estimate of shares that will eventually vest. A charge of £34,000 was recognised in respect of share options in the year (2020: £46,000) of which £11,000 (2020: £4,000) was the charge made in respect of key management personnel.

24 - 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.

Related party transactions are made on terms equivalent to those that prevail in arm's length transactions only where such terms can be substantiated.

During the year the Company recharged management service fees and rent to other wholly owned Group members totalling £739,000 (2020: £752,000). See Note 15 for the related party balances at 30 September 2021.

Titon Korea Co. Ltd., the Company's 51% owned subsidiary, paid a dividend during the year to its shareholders amounting to £798,000 (2020: £1,364,000). Of this amount, £407,000 (2020: £696,000) before withholding tax, was paid to the Company with the other £391,000 (2020: £668,000) being paid to the non-controlling interests.

Transactions for the year between the Group companies and the associate company, which is a related party, were as follows:

	Sales of goods		**Amount owed by related party**	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Browntech Sales Co. Ltd	**3,577**	4,919	**310**	293

Trading debts between subsidiaries and BTS are created only when the ultimate customer has accepted the successful inclusion of our products into buildings.

There have been no transactions between the Company and BTS during the year.

Key management who hold the authority and responsibility for planning, directing and controlling activities of the Group are comprised solely of the Directors. Mr D. Ruffell had an interest in an agreement with the Company relating to his departure from the Company in April 2021 which resulted in a payment to him of £90,000. Mr D. Ruffell exercised 60,000 share options during the year which amounted to £34,000. Aside from compensation arrangements including share options, there were no transactions, agreements or other arrangements, direct or indirect, during the year in which the Directors had any interest, The Directors' remuneration is disclosed in the Remuneration Report on page 27 of this document.

Remuneration paid to key management personnel during the year was as follows:

	2021	2020
	£'000	£'000
Short term benefits	**897**	625
Post-employment benefits	**55**	57
Share based payments	**4**	4
	956	686

The Non-executive Directors received fees for their services to the Titon Holdings Plc Board as disclosed in the Directors' Remuneration Report.

25 - Post balance sheet events

There have been no events since the balance sheet date that materially affect the position of the Group.

Five Year Summary

Summarised consolidated results

Results	**2021 £'000**	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Revenue	**23,412**	20,652	27,157	29,774	28,011
Gross profit	**7,350**	5,654	8,198	8,604	7,265
Operating (loss) / profit	**1,119**	(39)	1,629	2,016	1,850
Share of profit from associate	**(28)**	83	329	741	633
Profit before tax	**1,075**	18	1,970	2,770	2,493
Income tax credit / (expense)	**(72)**	104	(186)	(315)	(269)
Profit after tax	**1,003**	122	1,784	2,455	2,224
Dividends	**390**	332	526	489	410
Basic earnings per share	**9.24p**	0.52p	12.84p	18.21p	16.55p
Assets Employed					
Property, plant & equipment	**3,476**	3,469	3,799	3,655	3,548
Net cash and cash equivalents	**4,794**	5,572	4,587	3,415	3,269
Net current assets	**9,313**	9,138	10,112	9,838	9,972
Financed by					
Shareholders' funds: all equity	**16,414**	15,943	16,262	15,421	14,215

The five year summary does not form part of the audited financial statements.

Notice of Annual General Meeting

THIS INFORMATION IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in Titon Holdings Plc, please forward this document and the accompanying documents to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting of Titon Holdings Plc ("the Company") will be held at the Company's premises at Falconer Road, Haverhill, CB9 7XU on 23 February 2022 at 10.00 a.m. for the following purposes:

To consider and, if thought fit, to pass the following resolutions, of which Resolutions 1 to 9 will be proposed as Ordinary Resolutions and Resolutions 10 will be proposed as Special Resolutions. It is possible that new government restrictions due to the Covid-19 pandemic may be introduced before the AGM, which may mean that shareholders are not recommended to attend the meeting in person. If this occurs, then shareholders should vote either via Link Group by the means set out in the notes of the Notice.

Explanatory notes in respect of the resolutions are set out on pages 19 to 23 of the Directors' Report which accompanies this Notice.

Please note you will not receive a form of proxy for the 2022 AGM in the post. Instead, you can vote online at www.signalshares.com. To register you will need your Investor Code, which can be found on your share certificate. You may also request a hard copy proxy form directly from our Registrars, Link Group, on 0371 664 0300. For full details on proxy voting please see the notes below, which accompany this Notice of Annual General Meeting.

1 To receive and adopt the reports of the Directors and the Auditors and the audited accounts of the Company for the year ended 30 September 2021.

2. To declare a final dividend of 3.0p per ordinary share payable to shareholders on the Company's register of members at close of business on 28 January 2022 payable on 4 March 2022.

3. To re-elect Mr John Neil Anderson who retires from the Board in accordance with Article 104, as a Director of the Company.

4. To re-elect Mr Keith Ritchie, who retires from the Board in accordance with Article 104, as a Director of the Company.

5. To re-elect Mr Nicholas Charles Howlett, who retires from the Board in accordance with Article 104, as a Director of the Company.

6. To re-appoint BDO LLP as Auditors of the Company and to authorise the Directors to determine their remuneration.

7. That the Directors' Remuneration Report set out on pages 24 to 27 of the Annual Report and Financial Statements for the year ended 30 September 2021, be approved.

8. That in place of all existing authorities, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("Relevant Securities"), up to a maximum aggregate nominal amount of £270,000 (representing approximately 24% of the nominal value of the ordinary shares in issue on 19 January 2022) for a period expiring (unless previously revoked, varied or renewed) on 22 May 2023 or, if sooner, at the end of the 2023 Annual General Meeting of the Company, but in each case the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted after this authority expires and the Directors may allot Relevant Securities in pursuance of such offer or agreement as if this authority had not expired.

9. That subject to the passing of Resolution 8 above and in place of all existing powers, the Directors be generally empowered pursuant to section 570 and 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of the Companies Act 2006) for cash, pursuant to the authority conferred by Resolution 8 as if section 561(1) of the Companies Act 2006 did not apply to such allotment, provided that this power shall expire on 22 May 2023 or, if sooner, the end of the 2023 Annual General Meeting of the Company. This power shall be limited to the allotment of equity securities:

    9.1 in connection with an offer of equity securities (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their existing holdings of ordinary shares but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

    9.2 otherwise than pursuant to paragraph 9.1 up to an aggregate nominal amount of £160,000 (representing approximately 14.4% of the nominal value of the ordinary shares in issue on 19 January 2022);

but the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after this power expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 560(3) of the Companies Act 2006 as if in the first paragraph of this resolution the words "pursuant to the authority conferred by Resolution 8" were omitted.

10. That the Company be generally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its ordinary shares of 10p each on such terms and in such manner as the Directors shall determine, provided that:

10.1 the maximum number of ordinary shares hereby authorised to be purchased is 1,114,000 (representing approximately 10% of the nominal value of the ordinary shares in issue on 19 January 2022);

10.2 the maximum price which may be paid for each ordinary share shall be the higher of (i) 5% above the average of the middle market quotations for an ordinary share (as derived from the AIM Appendix to the Stock Exchange Daily Official List) for the five business days immediately before the day on which the purchase is made (in each case exclusive of expenses); and (ii) the higher of the price of the last independent trade and the current independent bid on the trading venue where the purchase is carried out (exclusive of expenses);

10.3 the minimum price which may be paid for each ordinary share shall be 10p; and

10.4 this authority (unless previously revoked, varied or renewed) shall expire on 22 May 2023 or, if sooner, the end of the 2023 Annual General Meeting of the Company except in relation to the purchase of ordinary shares the contract for which was concluded before such date and which will or may be executed wholly or partly after such date.

By order of the Board

C Isom
Secretary

19 January 2022

Registered Office:

894 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

Notice of Annual General Meeting (continued)

Notes:

Rights to appoint a proxy

1. Shareholders can vote online by logging on to www.signalshares.com and following the instructions given. Alternatively shareholders can request a hard copy proxy form by contacting our Registrars, Link Group, on 0371 664 0300 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Link Group are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales) and returning it to the address shown on the form. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.

2. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote at a meeting of the Company. A proxy does not need to be a member of the Company. A member may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. To appoint more than one proxy you may photocopy the proxy form.

Procedure for appointing a proxy

3. To be valid, the proxy instruction must be received by one of the below methods no later than 10.00 a.m. on Monday 21 February 2022. It should be accompanied by the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority:

   - via www.signalshares.com by logging in and selecting the 'Proxy Voting' link. If you have not previously registered, you will first be asked to register as a new user, for which you will require your investor code (which can be found on your share certificate and dividend confirmation), family name and postcode (if resident in the UK);
   - if your shares are held electronically via CREST, the proxy appointment may be lodged using the CREST Proxy Voting Service in accordance with note 7 below; and
   - in hard copy form by post, by courier or by hand to the Company's registrars, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Nominated persons

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him or her and the member by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

5. The statement of the rights of members in relation to the appointment of proxies in notes 1, 2 and 3 above does not apply to Nominated Persons. The rights described in those notes can only be exercised by members of the Company.

CREST

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

7. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent, Link Group (CREST Participant ID: RA10), no later than 48 hours before the time appointed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

8. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

9. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Entitlement to Attend

10. Entitlement to attend and vote at the meeting (and the number of votes which may be cast at the meeting), will be determined by reference to the Company's register of members at close of business on 21 February 2022, or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (ignoring for these purposes non-working days). In each case, changes to the register after such time will be disregarded.

Corporate representatives

11. Any corporation which is a member can appoint one or more corporate representatives, who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Total voting rights

12. Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares in the Company on 15 December 2021, which is the latest practicable date before the publication of this document, is 11,193,750. The Company holds 50,000 ordinary shares in treasury. On a vote by show of hands, every member who is present has one vote and every proxy present who has been duly appointed by a member entitled to vote has one vote. On a poll vote, every member who is present in person or by proxy has one vote for every ordinary share of which they are the holder.

Publication on website

13. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website

14. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found on the website at www.titon.com/uk/investors/.

15. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Documents available for inspection

16. Copies of the service contract of each Executive Director and the letter of appointment of each Non-executive Director will be available for inspection at the registered office of the Company during normal business hours on any weekday (excluding Saturdays and public holidays) and at Falconer Road, Haverhill, CB9 7XU, for at least 15 minutes prior to and during the Annual General Meeting.

Communications

17. Members who have general enquiries about the meeting should use the following means of communication. No other means of communication will be accepted. You may:

- call the Link shareholders' helpline on 0371 664 0300 Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 09:00 - 17:30, Monday to Friday excluding public holidays in England and Wales; or
- write to Link Group, Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

18. You may not use any electronic address provided in this notice of Annual General Meeting for communicating with the Company for any purposes other than those expressly stated.

Directors and Advisers

DIRECTORS

Executive
K A Ritchie (Group Chairman)
M Norris (Chief Executive) - appointed 12 July 2021
T N Anderson
T D Gearey
CV Isom (Chief Financial Officer) - appointed 22 December 2021

Non-executive
J N Anderson (Deputy Chairman)
N C Howlett

SECRETARY AND REGISTERED OFFICE
C Isom
894 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9YQ

COMPANY REGISTRATION NUMBER
1604952 (Registered in England & Wales)

WEBSITE
www.titon.com/uk/investors

AUDITORS
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55 Baker Street
London
W1U 7EU

NOMINATED ADVISER
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Cassini House
57-58 St. James's Street
London
SW1A 1LD

BROKER
Shore Capital Stockbrokers Ltd
Cassini House
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London
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