Trifast plc

Annual Report for the year ended 31 March 2020

Our fastenings enable innovation today to build a better tomorrow

Welcome to the *Trifast* Annual Report

Our purpose

To provide *T*rusted *R*eliability at every turn to our customers in global industry, empowering them to deliver products and solutions that add value to society. Our fastenings enable innovation today to build a better tomorrow

Our culture drives our performance

***c.*1,300**
Employees

Read more about **Investing in our people** on pages 42 to 47

33
Global locations

Read more about **The world of *Trifast*** on pages 06 to 07

8
Global manufacturing sites

Read more about **How we create value** on pages 38 to 39

Our mission and vision

- To promote an environment that is safe and fair, which motivates, develops and maximises the contribution and potential of all employees
- To be acknowledged commercially as the market leader in industrial fastenings in terms of service, quality, design, engineering support, together with brand reputation
- To continue to grow profitability, improve stakeholder returns through organic and acquisitive growth, and by driving continual efficiencies throughout the organisation

Our values

Trust

Respectful of each others' abilities

Integrity open & honest

Fairness

Adding value and embedding quality in everything we do

Striving to achieve excellence / continual improvement

Team player acting for the good of the Group, recognising the bigger picture

People focused / handling with empathy

Leadership giving the empowerment to employees to take responsibility for their own actions

Commercially minded / entrepreneurial and innovative

Report overview

Trifast plc (*TR*) is an international specialist in the design, engineering, manufacture and distribution of high quality industrial and Category 'C' components principally to major global assembly industries.

As a full-service provider to multinational OEMs and Tier 1 companies spanning several sectors, *TR* delivers comprehensive support to its customers across every requirement, from concept design through to technical engineering consultancy, manufacturing, supply management and global logistics.

We hope that stakeholders will find this publication interesting and informative. This year we would like to direct you to the key sections in the report which we consider will give you an understanding of the business, particularly in this current environment, as well as good news and the future.

Past

A resilient performance in the face of challenging market conditions

Read more about:

- **FY2020 Business review** on pages 70 to 75
- **FY2020 Financial statements** on pages 124 to 181

Present

COVID-19 - impact and our response to protect our people and the business

Read more about:

- **Culture & values** continue to drive performance on pages 00 and 04
- **COVID-19** and our response on pages 10 to 13
- **£16m Equity Placing** of shares on page 14
- **Medical & other opportunities** on pages 31 and 37
- **Viability statement** on page 60

Future

Investment for growth

Read more about:

- **Project Atlas** transformational multi-year systems & process investment on pages 18 to 19
- **New colleagues** across the business on pages 21 to 25
- **Investment in M&A** a key element of our growth strategy on pages 25
- **High growth geographies winning market share on** pages 26

Our Group strategy

Our strategic pillars

Read more about our **Group strategy** on pages 40 to 53

Contents

Letters to shareholders

> After 45 years at *Trifast*, I have been able to retire knowing I have offered commercial and strategic support and mentorship to the next generation of *TR*'s leadership teams"

Malcolm Diamond MBE
Chair
(Retired 31 March 2020)

Dear shareholder

Clearly, the main COVID-19 focus of the Board in recent months has been on conserving cash, protecting and retaining staff with a combination of furloughing and home working, and sustaining essential staffing for customers.

I sincerely hope that by the time you read this report COVID-19 will at least be having a much-reduced impact on our daily lives – let alone business and investments.

Without detracting from the global fight and the focus to protect all our staff, family and friends against COVID-19, I would like to take this opportunity to review last year's financial performance to March 2020, my last letter to you as shareholders before I retire.

FY2020 was another progressive year for *Trifast* in terms of internal efficiency improvements with Project Atlas continuing to roll-out data cleansing, new operational processes, and specialised training of front-line sales and administrative staff. The first system installation trial was originally planned and ready to go live for spring in Ireland, but unfortunately has had to be pushed back until the autumn due to COVID-19. This will form the basis of a widespread roll-out following any bug fixes that, hopefully, will be minimal.

As we have indicated from the start of this major investment, the decrease in non-value add activity incurred by our existing system, plus the reduction in working capital will be immense, and the emergence of even more sophisticated supply chain and customer service support will be convincingly market leading.

Prior to the financial crash in 2008 *Trifast* had enjoyed consistent years of growth from the mid-nineties within the telecoms and electronics sector, however, it became clear in 2009 that this sector had lost much of its attraction for us.

The decision was then taken to switch our main strategy towards supplying the automotive Tier 1 sector that made sub-assemblies for the ultimate vehicle manufacturers. Tier 1 customers are under constant pressure to improve efficiencies and costs and so *TR* offered them design and assembly advice to aid component re-engineering in order to reveal cost downs.

Our success grew automotive sector spend to 30% of total revenue by 2018. UK and European government policy change then impacted diesel sales massively, followed by strict environmental emissions constraints and the rapid emergence of Electric Vehicles (EV).

Our marketing and sales teams quickly then began focusing on manufacturers of EV batteries and charging stations, whilst continuing to maintain efforts with seat and console suppliers that had similar demand for electric vehicles as from conventional internal combustion engine power trains.

Although the automotive sector has seen a demand reduction in the past 12 months or so, *Trifast* revenues remained relatively stable reflecting our improved market penetration during the period.

Looking towards the USA and Spanish locations, these have enjoyed good organic growth during this time, which has underpinned our continued efforts with automotive – despite it falling out of favour recently with analysts.

As announced in November last year, succession planning for the plc Board was publicised, including my retirement on 31 March 2020. *Trifast* has always preferred promotion from within wherever feasible, and it is my pleasure, that following the appropriate process, I am handing over to my colleague Jonathan Shearman. Since being with *TR* he has shared his knowledge and financial acumen superbly. His approach and style strongly match the qualities required of being Non-Executive Chair, especially at this challenging period in our Company's history.

The Board remains committed to good corporate governance and ensuring there is a broad range of skill, diversity and experience that it can draw upon and on 31 March 2020 *Trifast* also announced two new NEDs.

I would also like to acknowledge and thank all my immediate colleagues, staff, and our long-standing shareholders, for their support, loyalty and commitment over my 45 years with *TR*.

I could not have wished for more.

I now pass the baton over to Jonathan to add his personal input to you as shareholders, customers, suppliers and our wonderful staff.

Yours sincerely

Malcolm Diamond MBE
Chair

Read more about our **Equity Placing** on page 14

Read more about our **two new NEDs** on page 21

Read more about our **s172 statement** on page 81

Read more about our **OEB** on page 23

Read more about our **designated NED** on pages 84, 92 and 118

Jonathan Shearman
Chair
(Appointed 1 April 2020)

Dear shareholder

As I start my tenure as Chair, it is fitting that I pause, express gratitude and celebrate the past. I have had the privilege of working with and learning from Malcolm so I can safely say that although he will be missed, he retires leaving behind a legacy.

When I first interviewed for the role of *Trifast* NED, the pain that Malcolm felt, was palpable. Those darker days have passed, and it has been a joy to watch *TR*'s people and culture be revitalised. This is in no small part down to Malcolm and the lead teams' unwavering and tenacious approach.

As shareholders, you have seen this translate into millions of pounds worth of value creation, and as a staff, together, we have created a business that we should be proud of. For customers and suppliers alike, we trust you have also felt a part of this.

In our recent trading updates, we have sought to keep all stakeholders updated in as much detail as possible, especially with regard to the impacts of COVID-19. Malcolm has highlighted our approach which has spanned people, supply lines and financial viability.

I want to extend my gratitude to Mark, Clare, Glenda, my fellow NEDs and the senior team for their approach in going above and beyond for many consecutive weeks. It is indeed no small feat that, in conjunction with our suppliers, we have not faltered in supporting customers during the most disruptive period of my working career. Moreover, *Trifast*'s culture has come to the fore during these recent months. I have been delighted to witness how our people, across the globe, have pulled together and supported each other in a truly Group fashion.

Alongside Project Atlas, I also want to mark our approach to people, training & development, and future succession. From the Main Board, through to the newly created Operating Executive Board (OEB), and into the workforce, numerous structural changes have been made, including recruiting external talent. These developments are key and an essential part of fully maximising the opportunities that lie ahead for the business. I look forward to meeting all the new faces and those who have been part of *TR* for many years, once allowed to travel the business.

There is no doubt that the last financial year was a challenging period. However, as is often the case in such circumstances, there are opportunities a plenty. As the team charged with bringing leadership, we are grabbing these with both hands. Our ability to build on the foundations laid by the previous generation using a people and process centric approach, gives us the capability to walk forward into 'new normal' with great confidence.

Finally, on behalf of myself and the *Trifast* team, may I express condolences to those who have unexpectedly and suddenly lost dear friends and loved ones during the past few months. To all of us – let's be kind, to ourselves and others.

Yours sincerely

Jonathan Shearman
Chair

Mark Belton
Chief Executive Officer

Dear shareholder

As you will have read in Malcolm's letter he retired at the end of March 2020. It has been a privilege to both work with and develop a mutual respect and friendship with Malcolm over my own 20+-year career with the Group. He has played a key mentoring role from which I and many of the senior team have been lucky enough to gain invaluable commercial, plc experience and stakeholder engagement.

As we move into this new financial year, at plc Board level, I am delighted that Jonathan Shearman accepted the role as Chair; his wise counsel on many different facets of business and his understanding of our culture will continue to play an important role in the *Trifast* story. I am also very pleased to welcome our two new NED's Claire Balmforth who joined us in April 2020 and Clive Watson who joined us on 30 July 2020 and will take up his post, replacing Neil Warner who retired on 31 July 2020.

On behalf of all stakeholders, I thank Malcolm and Neil for their contribution to the success of the business over the years. We continue to be extremely fortunate to have, three NEDs who add extensive skills, experience and insight to the Board and I look forward to working with them as we drive the business strategy forward to the next level.

Part of this strategy has been the creation of an Operational Executive Board (OEB). This strong global and cross-functional senior leadership team below the plc Board will form the foundation of strategic leadership within the business. The OEB comprises a wealth of experience both from our home-grown talent as well as newly appointed external industrial recruits. I am excited that the OEB will bring the Group even closer together and be part of the driving force to deliver the efficiency benefits from Project Atlas. Although Glenda Roberts chose to retire from the plc Board in March 2020 after 30 years of service to *TR* we are delighted she agreed to stay with the business and join the OEB to provide mentorship, guidance and support to *TR*'s operational teams around the business for the next twelve months.

Despite the rapidly changing developments regarding COVID-19, our business remains solid. Our priority has been to ensure a safe working environment for all our employees around the world. Over the last three months we have all had to adapt, understand, and work together, to protect our businesses, our supply chains and partnerships but key, has been protecting our strongest asset, the physical and mental health and safety of our workforce.

I would like to take this opportunity to say to all our employees across the *TR* network, whether you are working from home, working reduced hours, furloughed, or have been continuing to work throughout at our sites, thank you for sticking with it and adjusting so well in such unusual and challenging circumstances.

I would also like to welcome new colleagues who have joined the *TR* family over the last year, all new shareholders who joined the register over the last 12 months and, thank those long-term investors for their continued support.

TR is made up of a team of people who are collaborating to deliver engineering skills, a first-class sales and logistics service 24/7 around the globe and ultimately shareholder value. My colleagues and I hope that you will find the Report interesting and that it gives you a feel for our business and its culture.

As a Company, our hearts go out to all those who have been affected by or tragically lost the fight in this invisible war. In these challenging times, stay safe and look after yourselves, your friends, and your families.

Yours sincerely

Mark Belton
Chief Executive Officer

Our culture

The *Trifast* culture continues to drive our performance and has been invaluable in dealing with the recent pandemic and the issues associated with it. With teams pulling together and supporting each other through such difficult times, we have been able to maintain the commitment and motivation of our people.

The Group is lucky to be able to operate in so many different cultures across the world.

The culture starts at the very top of the Group and permeates through every location.

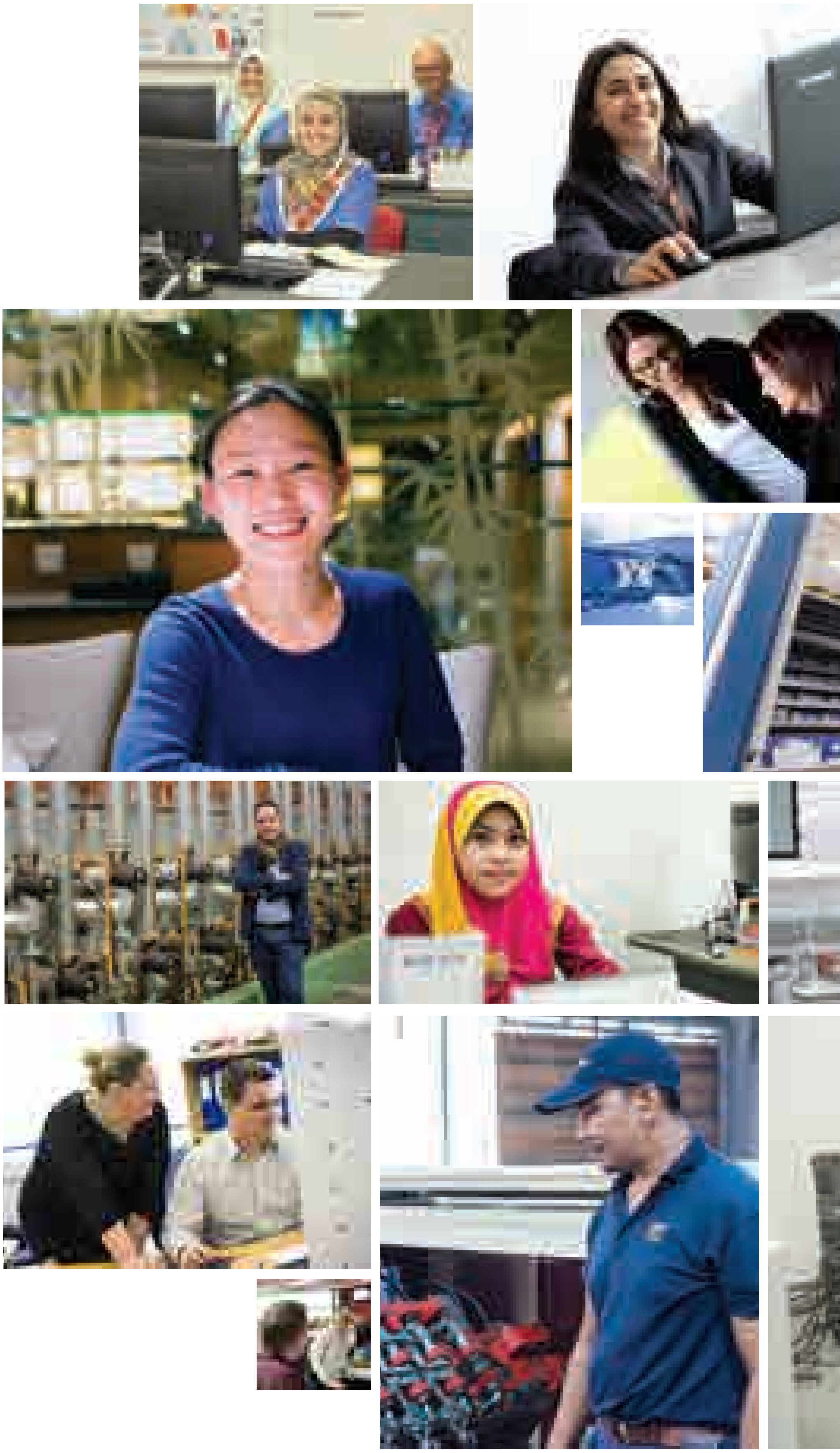
Our own *Trifast* culture sits alongside and has helped us to develop our unique brand. Wherever you go in the world to visit a *Trifast* location, you can be sure of a positive, helpful and friendly welcome.

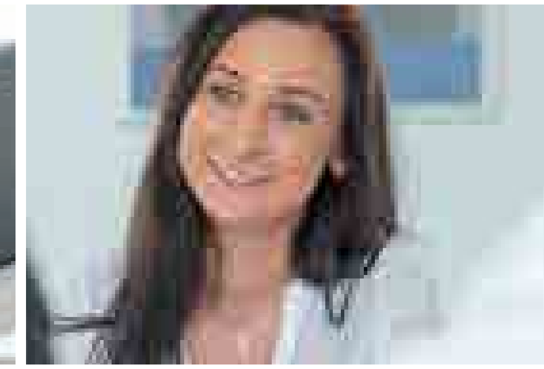
> “What makes *Trifast* different is our people and the commitment that they bring to deliver exemplary service to our customers”

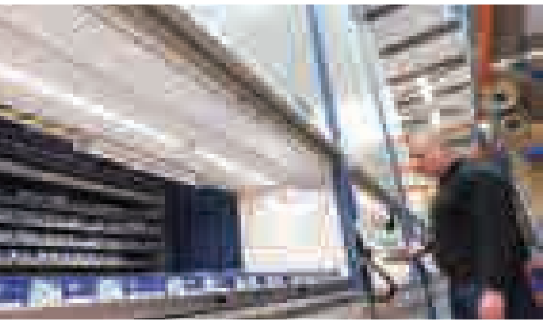
Helen Toole
Global HR Director

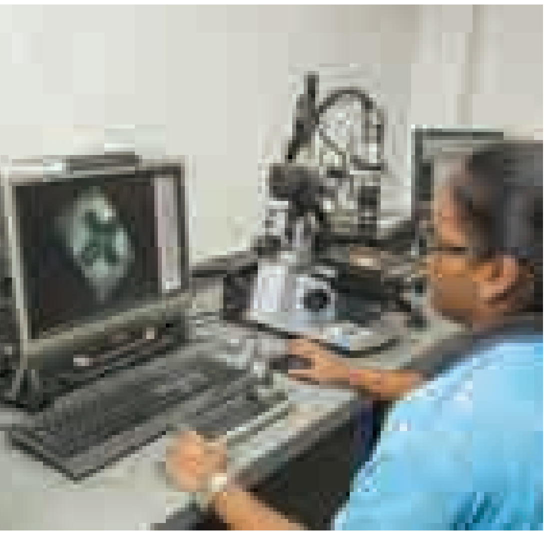
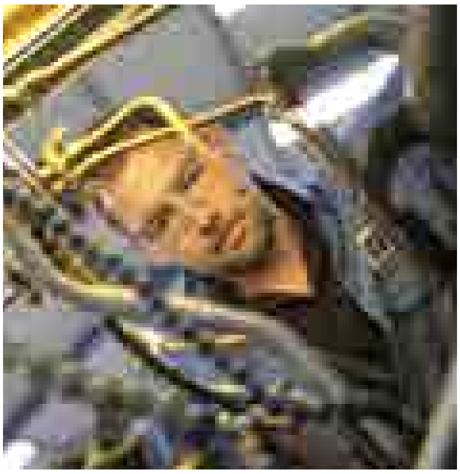
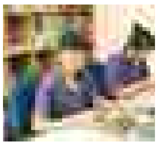
> “The Board would like to thank each and every one of our *TR* colleagues around the world for their hard work, flexibility and dedication over the last six months. By pulling together and supporting each other so well in such extraordinary times we have been able to keep our business, our customers and ourselves safe and ready to face the challenges and opportunities that are still to come”

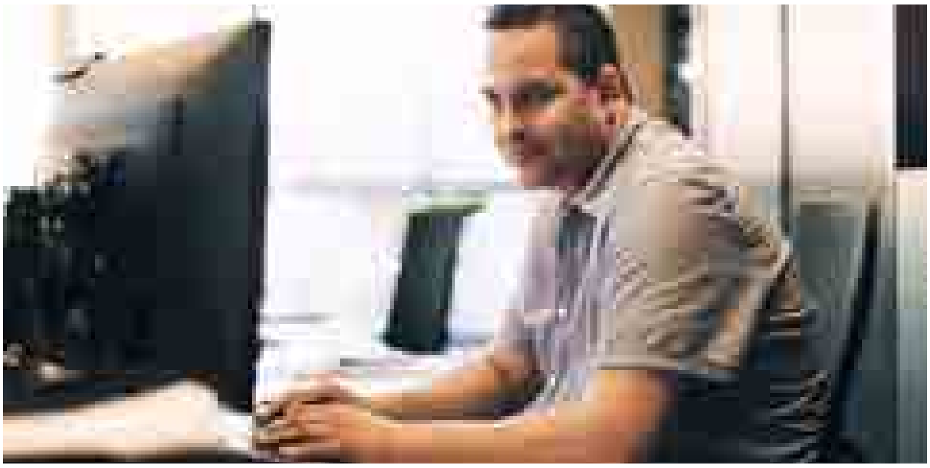
Mark Belton
CEO

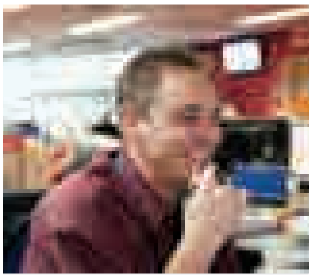









Read more about **Investing in our people** on pages 42 to 47

TR’S GLOBAL SUPPLY NETWORK

THINK GLOBAL, NETWORK REGIONALLY AND SUPPLY LOCALLY

Anticipating the needs of global customers
TR has the ability to service customers in many different parts of the world and this sets us apart from many of our competitors. We respond to major customers’ needs to be in new territories to support them as they expand into these regions.

Broadening our operational footprint
Most recently this has seen us open locations in Spain, Thailand, Gothenburg and the Philippines. In addition, we have been able to support swiftly in opening logistics operations utilising 3PLs (third party logistics) in areas such as Slovakia and the Carolinas.

We will continue this strategy of developing our global *TR* footprint as it is a key USP.

Link to strategy

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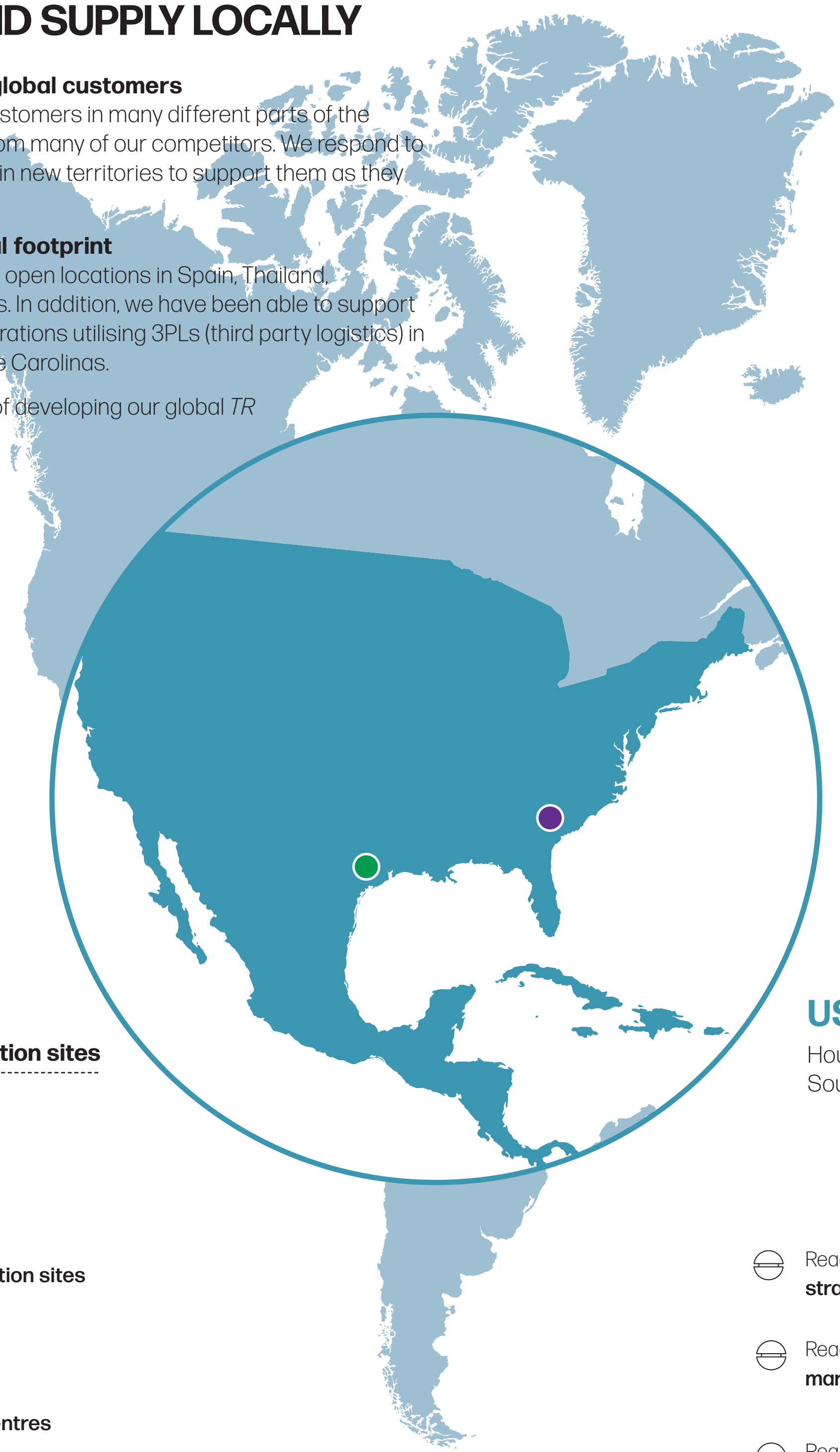


USA

Houston
South Carolina

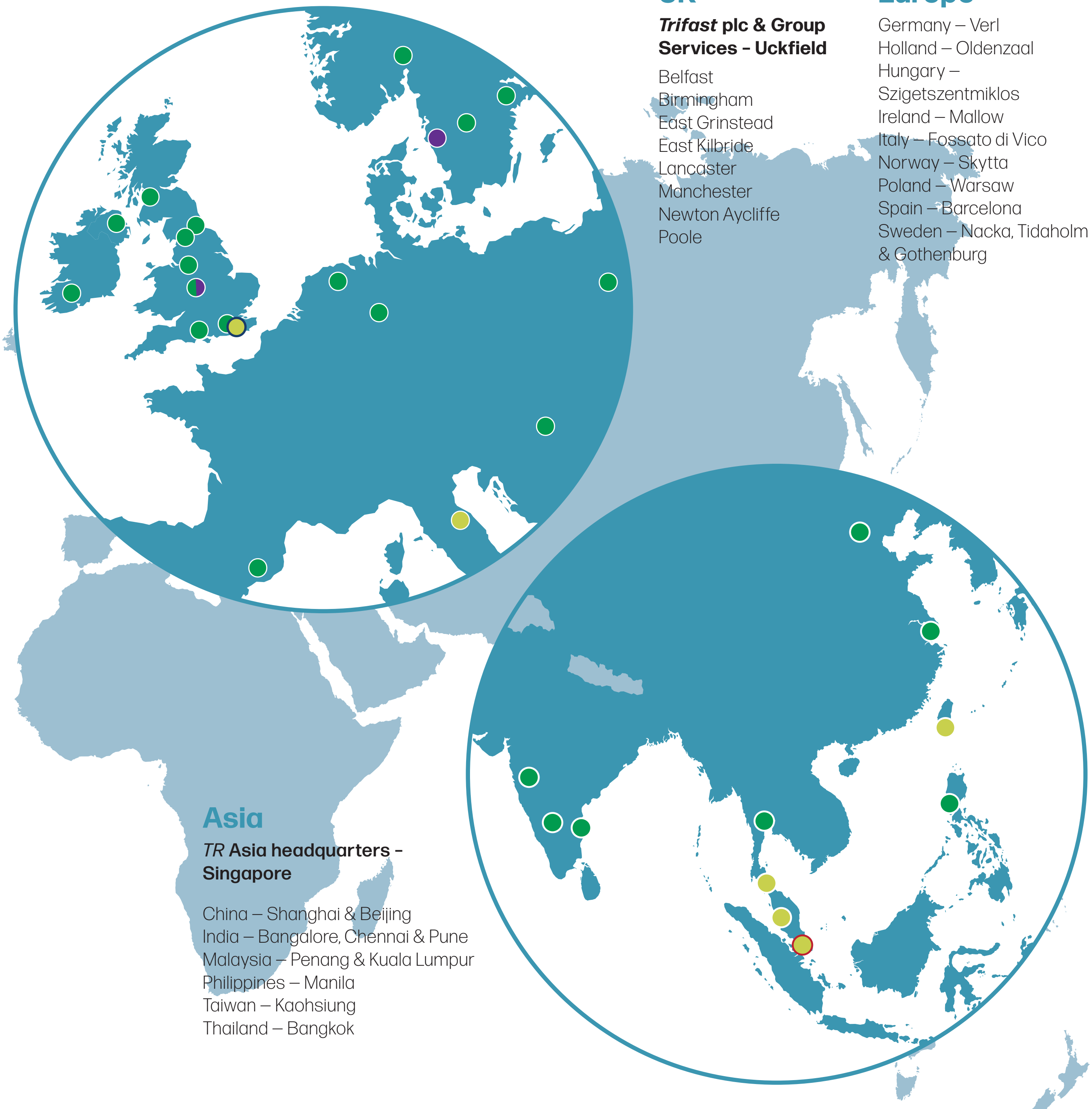
Manufacturing and distribution sites

- ○ Head office *Trifast* plc
- ○ *TR* Asia Headquarters
- ● Manufacturing & distribution sites
- ● Distribution sites
- ● Technical & innovation centres

Read more about **Group strategy** on page 40

Read more about our **Global marketplace** on page 28

Read more about **innovation** on page 36



UK

***Trifast* plc & Group Services - Uckfield**

Belfast
Birmingham
East Grinstead
East Kilbride
Lancaster
Manchester
Newton Aycliffe
Poole

Europe

Germany – Verl
Holland – Oldenzaal
Hungary – Szigetszentmiklos
Ireland – Mallow
Italy – Fossato di Vico
Norway – Skytta
Poland – Warsaw
Spain – Barcelona
Sweden – Nacka, Tidaholm & Gothenburg

Asia

***TR* Asia headquarters - Singapore**

China – Shanghai & Beijing
India – Bangalore, Chennai & Pune
Malaysia – Penang & Kuala Lumpur
Philippines – Manila
Taiwan – Kaohsiung
Thailand – Bangkok

18
Countries

33
Global facilities

8
Manufacturing sites

3
Technical & innovation centres

Invest in our key strengths

> “We are proud to report that every location is back open for business, ready and able to operate at full capacity as demand returns”
>
> **Clare Foster**
> Chief Financial Officer

01

Global logistics network

Reliable distribution and supply solutions around the world that flex to fit our customers' needs

02

Technical and design expertise

Design and application engineering expertise providing fastener solutions to customer application problems

03

Strong investment record

Continuous investment into quality operations and supply keeps us one step ahead of our customers' needs

04

Strong financials

A strong balance sheet, flexible banking facilities and a successful equity raise provide the confidence to invest for growth

05

Generating returns

As a Board, we are keen that dividends play their part in our TSR as soon as is practical

06

Advanced manufacturing abilities

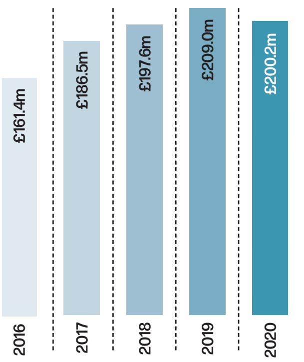
High-quality, competitive manufacturing across eight global locations forms the foundation of our industry reputation which is second to none

Highlights

Financial highlights

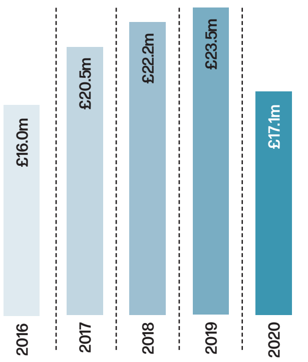
Revenue

(4.2)%



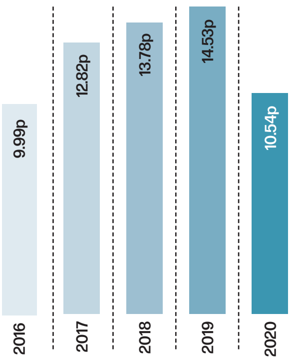
Underlying profit before tax*^

(27.5)%



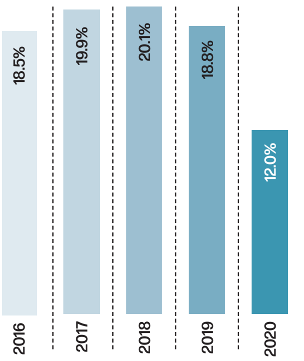
Underlying diluted earnings per share*^

(27.5)%



Return on capital employed*^

(680)bps



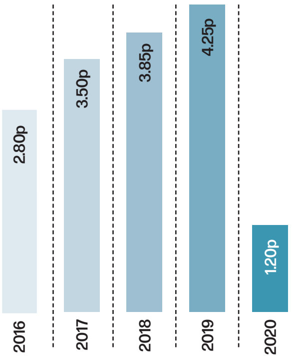
Operational highlights

- Resilient performance maintains revenues of £200m, despite challenging market conditions
- Ongoing market share wins offset automotive downturn
- Underlying operating profit margin holds up well at 9.0% (FY2019: 11.6%)
- Strong cash conversion at 95.9% of UEBITDA reinforces the Group's financial position
- Balance sheet further strengthened by £16m equity raise in June 2020, providing confidence to invest in significant long-term growth opportunities
- Swift and effective action in response to COVID-19 reduces impact on the business
- Project Atlas ended FY2020 on track and on budget, the impact of COVID-19 will continue to be monitored as circumstances evolve
- Pipeline of opportunities and activity levels remain encouraging
- M&A opportunities increase in uncertain market conditions

Read our **Business review** on pages 70 to 75

Dividend per share

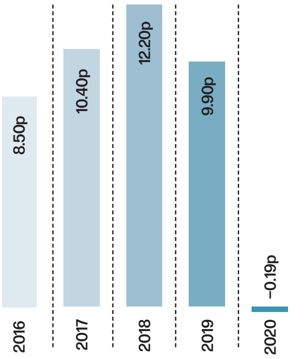
(71.8)%



GAAP measures

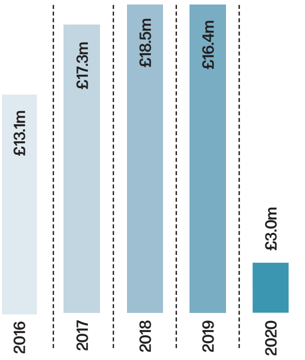
Diluted earnings per share^

(101.9)%



Profit before tax^

(81.5)%



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* Before separately disclosed items which are shown in the financial statements

^ Presented after adoption of IFRS16 Leases in FY2020. For Underlying EBITDA and Underlying EBITDA%, the impact has been an increase of £3.5m and 170bps at CER (before IFRS16: £20.0m and 10.0%) and £3.5m and 170bps at AER (before IFRS16: £20.0m and 10.0%). For ROCE (AER) the impact has been a reduction of 100bps (before IFRS16: 13.0%). Less significant impacts on the remaining metrics have been explained in a separate table shown in the Business Review

COVID-19 and the business

Risk One – Our people

a. COVID-19 could put the ongoing health (physical and mental), safety and security of our people at risk

b. Without adequate support our people may be unable or unwilling to work in the short-term, or it may be difficult for the business to retain and motivate experienced resource in the longer term

c. A perception of unfair treatment could lead to individuals feeling undervalued, reducing productivity levels and long-term loyalty to the business

The initial impacts

Over the course of the last six weeks of FY2020 and the first quarter of FY2021 we have seen the impact of the COVID-19 pandemic significantly widen, leading to government mandated temporary site closures in Singapore, Malaysia, Italy, Spain and India, and customer production line shutdowns predominantly in the automotive sector. This, in conjunction with a general reduction in manufacturing volumes across almost all end markets, has reduced trading levels and forecasts.

However, despite these challenges, we have been working extremely hard to ensure that we understand the risks we are facing now and expect to face in the future. We are acting proactively to manage and mitigate those risks, we are looking after our most important resource of all – our people. We are continuing to protect and build the business for both sustainability in the short-term and success in the long-term.

Trifast's risk mitigation strategy in action

One of the first things we did in response to the global pandemic was to set up a cross-functional global COVID-19 Task Force. This team, largely made up of members from our new OEB (see page 23), 'met' daily at 7.30am (BST) initially, and now meets on a twice weekly basis.

Key responsibilities include developing and implementing our COVID-19 action plan, managing internal communications and driving our responses and activities around the world. This action plan is designed first and foremost to help us to identify and mitigate the risks that the *TR* business is facing in the short, medium and longer term as a result of COVID-19.

> “At *Trifast*, we pride ourselves on being a people business and we believe our average employee tenure of 11 years is good evidence of our ongoing commitment to this”

Health and safety

Our first priority was always going to be to ensure a safe working environment for all of our employees around the world. Because of the nature of our business, in manufacturing and distribution, it is not possible for everyone to work from home and so the actions that we have taken include a mixture of responses, including:

- Immediately identifying and shielding vulnerable employees
- Facilitating home working (where possible), helped by our Project Atlas investments
- Providing appropriate levels of PPE, temperature guns and enhanced cleaning at sites
- Implementing staggered shift patterns and increased spacing between workers at our sites
- Banning all non-essential visitor access to all locations
- Restricting all non-essential travel – internal and cross border
- Closely monitoring and adhering to all local government guidelines – including full site lockdown and restricted staff numbers where appropriate

> “A Group-wide employee survey showed that 96% of respondents were satisfied with how the Group has handled the COVID-19 pandemic”

> “We are pleased to report that every *TR* location is back open for business, ready and able to operate at full capacity as demand returns”

Communication

However, it is not just what you do that makes the difference. A big part of managing the risk to our people is in ensuring that we are regularly and appropriately communicating with our workforce around the world. This has been a key focus for the COVID-19 Task Force, including:

- Global COVID-19 SharePoint site – regularly updated to ensure that information and guidance remains applicable
- Weekly worldwide update issued to all staff
- Regular virtual meetings using digital technology, supported by Project Atlas
- Ongoing regular communications and guidance on specific issues – including maintaining mental wellbeing during isolation, holiday entitlement guidance and the impacts of furloughing (and similar global schemes)
- Regular video messages from the CEO
- Posters placed at all sites detailing location specific working practises
- Regular contact with line managers and direct access to the local and global HR functions for support
- A Group wide employee survey showed that 96% of respondents were satisfied with how the Group has handled the COVID-19 pandemic

A return to work

As we have seen all of our locations start to return to full operation, the focus has shifted to ensuring that we are providing the right guidance and support to allow our people to feel confident that they are coming back into a safe working environment.

This has involved not only a step up in the physical controls operating at our previously closed locations, but also increased communications and appropriate access to physical and mental health support at what can be a challenging time for our people.

Risk Two – Trading

a. If we are unable to support and adapt to our customers changing requirements then this could impact on our short-term trading levels, and our long-term reputation in the marketplace

b. Supplier lockdown and closures increase the risk of stock shortages or stoppages

c. Damage to our trusted external supplier relationships could affect short-term sustainability and our long-term growth

d. Specific logistical challenges in different parts of the world can make getting stock to the right place at the right time more difficult

> “Considerable work has been undertaken with customers and the supplier base to minimise supply chain risks. We are pleased to report that we have been able to keep supply routes open for all our customers, despite the unprecedented logistical challenges around the world”

Trusted Reliability

There can be no doubt that COVID-19 has brought with it a number of significant challenges to supply chain management. From the outset in China, and the restrictions that were placed on this relatively small part of our supplier base (<10%), to the wider spread difficulties that we have seen as further countries lockdown and as our own manufacturing sites have had to deal with mandatory reduced production volumes.

However, it is circumstances like this, where being a long established, experienced distribution business, with a flexible supply base and adaptable logistical solutions comes into its own. There has been an incredible amount of hard work that has gone on behind the scenes here at *TR* to ensure that, despite all of the uncertainty and rapidly changing circumstances, we have not, and we do not plan to let any customer down.

Supporting our customers

Back in January and February 2020, we were focusing on our Chinese business and suppliers to ensure that we were able to continue to supply and service our local and global customers despite the lockdown. As the pandemic spread, these efforts have widened with our supply and sales teams working closely together around the world to ensure that we maintain adequate stock on our shelves.

We are in regular communication with our customers to understand their ongoing needs, as they initially locked down and then as they have wound volumes back up. This has involved a mixture of increased stock ordering to allow us to ride out any potential supply chain blockages, moving stock around the *TR* Group to the place of greatest need, utilising alternative logistics solutions and re-sourcing product where required. As customers come back on line, we have been working with them in advance to respond to their evolving COVID-19 policies and procedures and to fully support the ramp up of manufacturing volumes.

Working with our suppliers

It is not just about the customer side. In our business it is just as important that we work closely with our established and trusted supplier base. Again communication has been key to understand the potential impact of lockdown and closures on lead times. To ensure that we can obtain the stock we need, but also that we can support and maintain our relationships with these important business partners for the longer term.

That support is very much two-way, including *TR* ordering in line with planned volumes to support production capacities in the short term and providing enhanced forward-looking forecasts and re-scheduling to allow improved longer-term production planning. Whilst on the other side, our third-party suppliers have been able to prioritise *TR* supply and step in to provide alternative sourcing options and support short-term product needs in this rapidly evolving situation.

Our world-class external supplier base is hugely important to the ongoing success and sustainability of our business and we are proud to report that despite these uncertain times, we have not looked to extend credit terms with any of our suppliers. We firmly believe that the best way to get through this and succeed on the other side is by working together fairly and for the benefit of all our stakeholders.

We also successfully applied for essential business lockdown exemptions in Italy, Malaysia and Singapore to ensure that our manufacturing sites were back open for business as soon as possible to service our local and global customer base.

COVID-19 and the business

Risk Three – Access to cash

a. A lack of access to cash resources could undermine our ability to continue as a going concern in the short-term or damage our longer-term viability

b. In such uncertain and volatile times forecasting accuracy is inherently more difficult, raising the risk that insufficient/excessive actions could be taken leading to damage to our going concern in the short-term, or our long-term success

> “Strong cash conversion, a significant facility headroom and a successful equity raise provide ongoing resilience in uncertain times”

A good entry point
For *TR*, FY2019 represented the ninth year of sustained growth, whilst over the last five years, including into FY2020, we have maintained strong cash generation averaging *c.*80% of our underlying EBITDA.

In addition, in April 2019 we signed new four year banking facilities with three banks – HSBC, Citi and Natwest. These provide access to £80m of RCF of which £35.7m is undrawn as at 31 March 2020. The £16m equity raise in June 2020 puts the Group in a net cash position and provides additional confidence to continue to invest to maximise our long-term growth opportunities, whilst at the same time ensuring the Group retains a financial position that manages risk and its strategic flexibility. This amount is available for M&A or business as usual purposes.

Under the new facilities we have only two financial covenants (calculated quarterly):

- Adjusted leverage* – Total net debt (pre-IFRS16) to UEBITDA not to exceed a ratio of three
- Interest cover* – UEBITDA to net interest (pre-IFRS16) to exceed a ratio of four

As at the 31 March 2020, our adjusted net debt was £15.2m, and our covenants are well within requirements.

0.80x
Adjusted leverage

30.0x
Interest cover

At 31 March 2020 we had £28.7m of cash in the business, this represents a slight increase on previous years (five year average: £24.5m) to provide a degree of additional flexibility.

Looking ahead with confidence
Daily stress-testing and scenario planning has been in place since the beginning of March 2020 to ensure that we are able to look ahead and make the right decisions at the right times. This will not only allow us to protect and sustain the business but will also ensure that the actions we are taking are measured and appropriate in anticipation of trading conditions improving in the longer term.

There is no doubt that these are very volatile and uncertain times and therefore being able to look ahead with certainty is a very difficult thing. The assumptions that are made about revenues, profitability and cash generation can significantly impact the outcome of our forecasting which can then affect the timing and the nature of the decisions that we make.

To manage this uncertainty risk, we have introduced two main forecasting scenarios into the business.

Scenarios

- Scenario #1 – ‘FY2021 base case’
  An updated base case forecast that reflects the Group’s most likely expected revenue outturn. This scenario starts from known customer and market conditions in a bottom up exercise, which is subsequently reviewed and amended at regional and Group level. This base case includes all Board approved mitigating actions
- Scenario #2 – ‘Extreme but plausible’ (aka ‘Reasonable Worse Case (RWC))’ – a deliberately extreme scenario forecast, designed to reflect what is our best guess at a worst case scenario. This includes everything in scenario #1 with reduced trading plus additional and more material mitigating actions

Both of these scenarios are updated daily and are reported to the Main Board and Operational Executive Board on a weekly basis. Both scenarios forecast income statement, balance sheet, cashflow and banking covenants on a monthly basis for the time period FY2021 through to FY2023.

Standing behind these scenarios we also have a comprehensive and evolving list of cash and profit conservation initiatives that we can, and have, drawn on as required to safeguard the short and long-term future of the business.

To mitigate the challenges around forecasting accuracy, actions are approved when there still remains clear banking covenant contingency in both scenarios and well in advance of any forecast low points.

As a Board we have set a reduced maximum net debt to UEBITDA ratio of 1.5x (FY2019: 2.0x) to better manage the heightened level of uncertainty and risk in the current environment.

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*Adjusted leverage and interest cover are defined in note 34 to the financial statements

Risk Four – Future opportunities

a. Overly aggressive cost control and management could reduce or delay the business' longer-term growth and development

b. An excessively inward looking focus, could lead to us missing specific opportunities that the current situation creates, both in the short and longer-term as we come out of the other side

Actions taken to date

We have already taken a number of specific actions. This is obviously a constantly evolving situation, but the main elements of this as at the time of reporting are:

- To protect our workforce and their ongoing employment, we are making full use of all available government backed job retention and wage subsidy schemes
- Where this is not possible at certain sites, some hours and pay reductions have been put in place to ensure that all our people are being impacted in a fair and balanced way around the Group in response to the reduced trading levels
- The Main Board took a 20% salary/fee decrease for Q1. No annual bonus and no annual salary/fee rises will be paid for FY2021
- All pay-rises across the world have been deferred for HY1 of FY2021
- A recruitment freeze (outside of specific strategic hires) is in place for HY1 of FY2021
- A ban on all non-essential travel is in place for HY1 of FY2021
- We are working closely with all our businesses, customers and suppliers to continue to manage working capital effectively – including stock purchase re-scheduling and enhanced credit control procedures
- We have re-aligned the Project Atlas timetable in the face of the current extensive travel restrictions to defer roll-out until HY2 of FY2021 (see pages 18 and 19)
- We do not intend to propose a final dividend for FY2020 at our forthcoming AGM
- In June 2020 we completed a successful *c.* £16m equity raise putting the business into a net cash position (see pages 14)

Further actions will be taken, as appropriate and as required, to deal with the changing situation. This could include additional profit or cash conservation initiatives being pulled. Or, if circumstances begin to stabilise quicker than our scenario forecasting is currently predicting, then this could involve a relaxation of some of the decisions already made.

> “We are constantly reviewing what this 'new normal' will look like and how we can best address the challenges and opportunities it will bring”

A measured response

Our scenario testing has been designed with two things in mind. First and foremost to keep us safe as a business and to maintain our short-term going concern and longer-term viability. But also to ensure that we do not cut too soon or too deeply so as to damage the business' ability to grow and develop for the longer term.

Sustainable growth will always need investment. Even in uncertain times, it remains just as important that we continue to protect and build our competitive advantage, ready for when a greater degree of stability returns to the market. After all, despite the rapidly changing developments regarding COVID-19 our continued pipeline of new wins and opportunities, means we can afford to remain optimistic about the medium to long-term future of the Group.

For further details on the targeted investments we are still planning to make, including our plans regarding Project Atlas, M&A resource and Supply Chain Management, see pages 18, 19, 24 and 25.

A time of opportunity

Situations like this, always bring both opportunity and challenge. As a business we are incredibly proud to be supporting several global OEMs and subcontractors in the medical sector, a market we have operated in for a significant period of time and where we continue to see ongoing opportunities for us as a business (see case study on page 31). Good examples are our fasteners going into ventilators and medical grade masks across the world, as well as hospital beds here in the UK's Nightingale Hospitals. Our recent further expansion into general industrial is another area of focus. Both of these represent a good counter-balance to the Group's automotive business and are areas that we plan to continue to invest in and build in the coming years.

We consider it is imperative that we continue to be mindful of the future. A post COVID-19 world will undoubtedly be different, however it will also bring with it both organic and M&A opportunities. We will continue to closely monitor the competitive landscape, to service our customers and support our suppliers. Building and cementing our reputation in the marketplace, to ensure that we are always at the front of the queue as new opportunities begin to surface.

We already have an established network of trusted suppliers around the world, however looking ahead we will be applying additional focus to this (see page 24) to ensure that we can maintain and enhance the geographical breadth and resilience of our supplier base. This will allow us to proactively respond to changing market demands as businesses start to look towards local as well as global sourcing solutions.

> “*Trifast* is a global business serving a broad and balanced range of sectors and geographies, with no one customer representing greater than 7% of revenue.
> We are a full service provider to our multinational customers, delivering reliable product engineering, quality and supply via flexible global logistics solutions. Even in uncertain times, this gives a very good base from which to keep moving forward and delivering on our future aspirations”

Equity Placing

Equity placing to preserve strategic investment capability and to maximise growth

On 19 June 2020 we provided an update to the Company's response to the COVID-19 outbreak and the intention to raise capital through a Placing. This has ensured that the Group could continue to invest in long-term growth as well as short-term working capital needs as markets recover.

The key ways in which these funds will be used are:

- To maintain current year investment of *c.*£5m in Project Atlas and other growth enablers
- To deploy up to £10m of incremental working capital investment to accelerate growth
- Ensures the Group will emerge from the crisis with a stronger balance sheet, capable of providing a platform to support further organic and acquisition growth

Activity levels showed an improvement during May and into June and the Group has the ability to ramp up to full production across all its locations as demand returns.

Reasons for the Placing

The Group responded quickly and effectively to the COVID-19 outbreak, reducing the financial and operational impacts on the business whilst also reinforcing its financial position. Whilst the Board believes that its existing resources were sufficient to manage through this period of disruption, the current uncertainty meant that, without additional funding in the short-term, it could have been necessary to defer important investment in the business which could impact future growth prospects.

Project Atlas, the Group's transformational multi-year systems and process investment programme, represents a critical part of the Board's long-term strategic plan and is approaching the roll out phase. To maintain momentum in this programme will require £3-4m of investment over the coming months.

The Placing allows the Board to proceed with this programme in the near term, as well as a further *c.*£2m of planned investment in enhancing the Group's M&A resourcing, unlocking supply chain efficiencies and supporting capacity investment in the Group's high growth operations (including in the USA, Spain, Thailand and India).

The Group has been able to retain its operational capability and has the ability to ramp up capacity quickly across all its sites. As customer demand improves, the rate at which the Group can respond will be determined in part by its ability to invest in working capital. Alongside the ability to maintain its strategic investment programme.

The fundraise will also allow the Group to execute against both committed and opportunistic organic investment initiatives, whilst ensuring the business retains a financial position that manages risk and provides strategic flexibility.

Prior to the outbreak of COVID-19, acquisitions formed a key part of the Group's strategy and the Board believes that the disruption caused by COVID-19 may act as a catalyst to accelerate this programme. Whilst the Board will always act prudently in assessing potential acquisitions against its rigorous criteria, the Placing will help to ensure that there is the scope to act decisively should attractive 'bolt-on' opportunities present themselves.

Placing result

On 19 June, 12,438,132 new ordinary shares of 5p each in the share capital of the Company were placed with investors at a price of 120.5p per placing share, raising gross proceeds *c.*£15m. On 23 June, the broker option was exercised in full, placing a total of 830,000 new ordinary shares of 5p each in the share capital of the Company, raising gross proceeds of *c.*£1m.

The shares became effective on 23 June 2020. The detailed announcements can be found on our website at www.trifast.com

The Company would like to thank shareholders, staff and the founders of *TR* who supported the Placing.

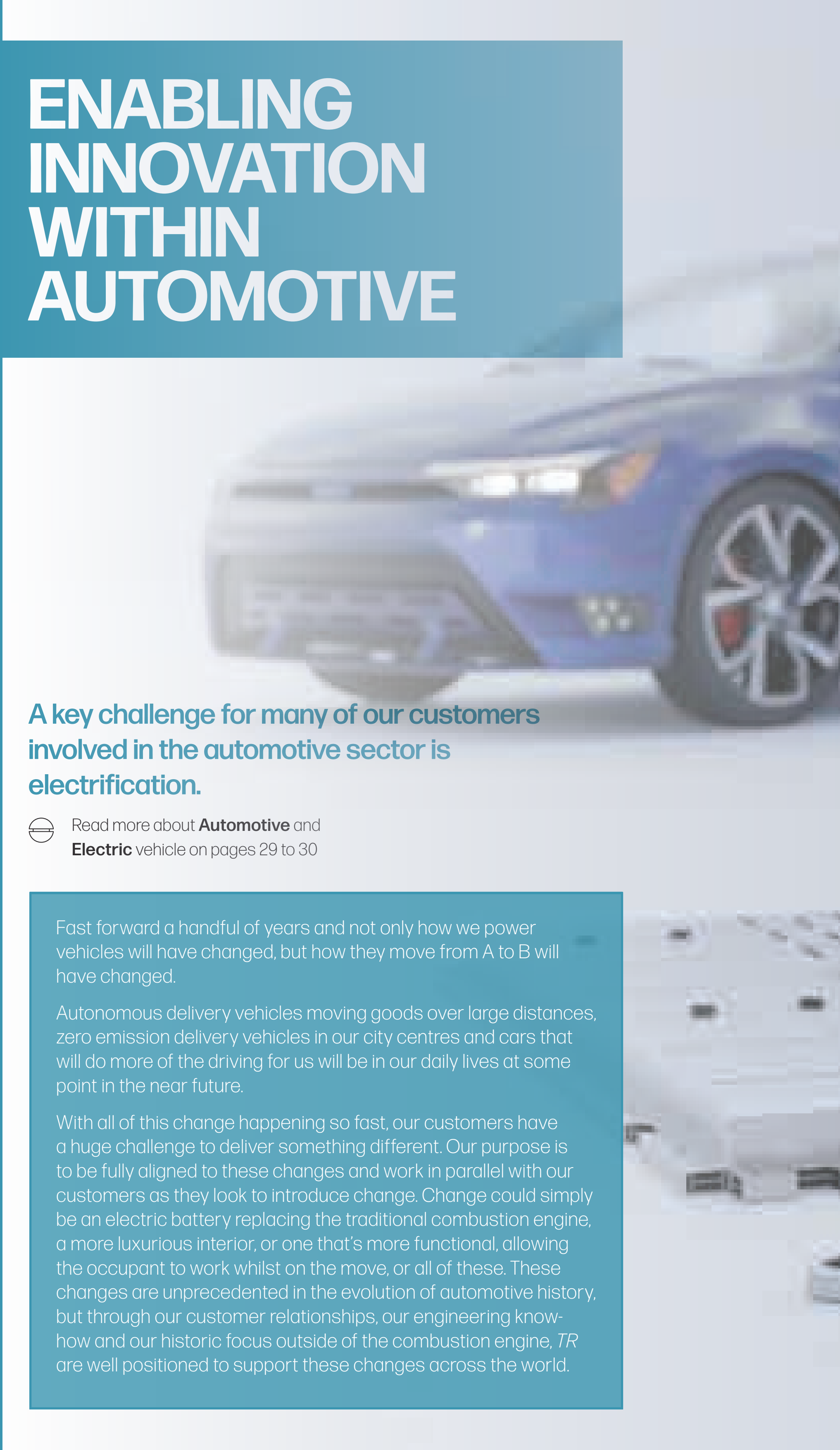
Following the Placing, material interests, representing 3% or more of the issued share capital of the Company are shown below:

Shareholder	Holding	% of TVR
Castlefield Investments (Sanford DeLand)	19,100,000	14.05%
AXA Framlington Investment Managers	13,410,375	9.87%
Schroder Investment Management	12,491,510	9.19%
Liontrust Asset Management	8,397,204	6.18%
Hargreave Hale Ltd	7,729,192	5.69%
Michael Timms (founder)	7,000,000	5.15%
Threadneedle Asset Management	4,906,547	3.61%
Franklin Templeton Investments	4,598,800	3.38%

Total voting rights (TVR): 135,929,041

The up-to-date investor profile can also be found on our website at **www.trifast.com**

01 Strategic report



ENABLING INNOVATION WITHIN AUTOMOTIVE

A key challenge for many of our customers involved in the automotive sector is electrification.

Read more about **Automotive** and **Electric** vehicle on pages 29 to 30

Fast forward a handful of years and not only how we power vehicles will have changed, but how they move from A to B will have changed.

Autonomous delivery vehicles moving goods over large distances, zero emission delivery vehicles in our city centres and cars that will do more of the driving for us will be in our daily lives at some point in the near future.

With all of this change happening so fast, our customers have a huge challenge to deliver something different. Our purpose is to be fully aligned to these changes and work in parallel with our customers as they look to introduce change. Change could simply be an electric battery replacing the traditional combustion engine, a more luxurious interior, or one that's more functional, allowing the occupant to work whilst on the move, or all of these. These changes are unprecedented in the evolution of automotive history, but through our customer relationships, our engineering know-how and our historic focus outside of the combustion engine, *TR* are well positioned to support these changes across the world.

Contents

Trifast – building a better tomorrow

> Despite COVID-19 the next couple of years for *Trifast* remain a very exciting time for our business as we look to implement and invest in a number of significant and positive changes in the way that we are structured and we operate"

We have been successfully investing into our manufacturing and distribution capabilities and capacity for a number of years. These investments have created, and continue to create, a lot of value for the Group. They have helped to secure the right foundation for eight years of profitable growth up until FY2019 and even in the current uncertain macro-economic conditions, it is these investments that are allowing us to better protect our existing business and continue to outperform end markets.

But what happens next…?

Trifast – the next stage of the journey

There can be no doubt that we are currently living in challenging times and as discussed on pages 10 to 13, we have been working very hard over the last few months to ensure that we have all of the right plans in place to face those challenges head on and come out of the other side of this – stronger, fitter and ready to grow.

For *TR* the next couple of years are also going to be a very exciting time for our business. Over the course of FY2021 and FY2022, we will see a number of significant and positive changes both in the way that we are structured and the way that we operate. As well as a plan for further investment into our fastest growing locations as and when market conditions allow.

All of these together will act to transform our underlying business, ensuring that we are in the best possible position to make the most of the current uncertain times, but also, more importantly, to move rapidly forward when more stability returns to the macro-environment.

ATLAS

Project Atlas – a transformational investment to build an integrated global business

Back in FY2018, we performed a comprehensive review of our Enterprise Resource Planning processes and systems around the world. The end result of this review was Project Atlas, a significant multi-year investment into the integration and development of the Group's IT business platform and its underlying processes, policies and procedures.

Project Atlas – what will we become?

Project Atlas is a transformational investment for *Trifast*. For the first time in our history, we will become a fully integrated global business, underpinned by best in class global policies, processes and procedures and a state of the art IT solution, all of which have been designed to ensure that we are able to operate as efficiently and commercially effectively as possible.

As one of the very few truly global businesses in a fragmented marketplace, this will put us ahead of the majority of our competition in our ability to reliably, proactively and cost-effectively service our global customers, as well as in our capacity to maintain, manage and develop our extensive supplier network around the world.

Project Atlas – what will we gain?

Project Atlas has been specifically designed to increase our future underlying operating profits and margin

The direct benefits case
Project Atlas always came with a very strong benefits case, including an ROI of >25% at the point of full realisation. Albeit, this is now expected to be in FY2024 (previously FY2023) due to the COVID-19 implementation deferral period).

The main benefits that form the basis of this calculation have very deliberately been restricted to only those elements that we consider to be both achievable and measurable, including:

- Increased sales opportunities due to reduced quoting times, more efficient sourcing capabilities and improved Group wide access to customer activity data
- Greater integration and automation at enquiry level to facilitate increased in-house manufacturing levels, more effective utilisation of available capacity and a lower external spend
- Specific investments into warehousing technology to drive down picking errors and manual checking procedures
- Improved access to our Group wide product, supplier and demand planning data to help us further develop our supplier networks and reduce input costs

In the current uncertain macro-economic environment we expect the start of benefit realisation to begin in FY2022 and we remain fully confident that the final >25% ROI continues to be both realistic and achievable.

The wider picture
With greater efficiency, comes greater capacity. The roll-out of Project Atlas will, in the short term, create significant capacity within our business which will enable us to innovate, evolve, drive continuous improvement and operational efficiencies and keep ahead of the market.

Together we are stronger…

Increased integration will allow different parts of our business to be better able to support and collaborate with each other. This includes our manufacturing supplying our distribution business with engineering know-how, innovation and, ultimately, trusted reliable product. As well as distribution operating as a truly global sales force for our high quality manufacturing plants.

Even post-Atlas, *Trifast* is still all about our people and we are very pleased to report that Project Atlas, via the roll-out of our first global talent management system, will also help us to make the most of our people. Ensuring that we don't just drive ongoing loyalty but also ambition & personal development across all our people around the world.

Information is power. What we know, who we know and how together we leverage that information is the difference between winning and losing in today's competitive market

Improved access to real-time, Group wide management information, will drive quicker and better strategic decision making and a more proactive approach to opportunities and challenges.

It will allow us to better meet the ever evolving needs of our multinational OEM and Tier 1 customers, as well as to use our global economies of scale to further develop our third party vendor relationships.

Project Atlas supports our M&A ambitions

Via Project Atlas, we will build an adaptable, scalable, secure environment. One that is flexible, rapidly deployable and widely supported to form the backbone of our growing global business.

This will not only support our organic growth journey, but will also provide the necessary foundation to allow us to widen our acquisition size criteria, and further drive this very key element of our strategic growth plans.

Project Atlas – where are we now?

As at the end of FY2020, we are pleased to report that Project Atlas was on track and on budget, although the impact of COVID-19 will continue to be closely monitored as circumstances evolve

As planned, in FY2020 our key focus has been on the finalisation of the analysis work. Followed in the second half of the year by the design and build phase of the project.

As a result of all that hard work, we are very pleased to report that over the course of the last 12 months we have successfully built a global IT solution, that is now ready and waiting to be rolled out as soon as the current circumstances allow.

Given the extensive COVID-19 travel restrictions and the importance of providing adequate training to allow us to fully realise expected benefits, we have inevitably been forced to re-align the project timetable a little, deferring roll-out until the second half of FY2021. Our revised plan has been specifically designed to make best use of this deferral period, by focusing on upfront site by site preparations and additional development and training activities to increase our internal expertise and self-sufficiency.

Looking beyond that short deferral period, the next two years will be all about localisation and roll-out with priority being given initially to our distribution businesses. This will be an incredibly exciting time for us as we start to see all our efforts to date turn into something tangible and transformational around the *TR* world.

With all of the benefits firmly in sight and a strong and dedicated *TR* team behind us, we remain completely confident that we will be able to bring this project to a successful conclusion.

Project Atlas – in numbers

As a consequence of the work undertaken to date on this project, we have incurred direct costs of £5.7m in FY2020 (to date £10.0m), largely relating to project team and consultancy costs. We have excluded £2.5m of these costs from our underlying results, (see note 2), to reflect the unusual scale and one-off nature of this project. We anticipate continuing to do so in order to provide shareholders with a better understanding of our underlying trading performance during this period of investment.

In line with accounting standards, we have also recognised the remaining amount of £3.2m (to date £4.4m), as fixed assets on the balance sheet as at 31 March 2020 (intangible £4.1m, tangible £0.3m). These will start to be amortised as the new IT system is rolled-out across our global sites.

Project Atlas – an investment that will underpin our ongoing organic and acquisitive growth strategy and further integrate our global business to create the *Trifast* of tomorrow

Dara Horgan
Operations Manager
***TR* Mallow**

> *TR* Mallow is excited to be the pilot site to go live for Project Atlas"

Good news and the future

Succession planning

At *Trifast* we have a proud tradition of timely and well-organised succession planning and over the last five years we have seen a series of key changes at both Main Board level and below. Without exception all of these have been successful, allowing for seamless transition and the appropriate retention of knowledge and networks within our business.

As previously reported, in FY2021, we see the continuation of that process, with a number of changes taking place at senior level. We are incredibly grateful to these key individuals. They have built a fantastic foundation for us, from which we can go on to create future opportunities for sustainable and profitable growth.

In November 2019 we announced Malcolm's intention to retire from his position as Non-Executive Chair on 31 March 2020 and to be replaced by Jonathan Shearman.

Malcolm Diamond MBE
Non-Executive Chair
(Retired 31 March 2020)

Having joined *Trifast* for the first time 45 years ago when the Group was in its infancy, there can be no doubt that Malcolm will be a tough act to follow. Malcolm has been hugely instrumental in the development and evolution of our business over the last five decades, an experience that has enabled him to go on to offer sound commercial and strategic support and mentorship in his role as Chair since his appointment in 2009.

> "Having overseen the smooth CEO and CFO succession plan at *Trifast* as well as the adoption of the transformational Project Atlas, now halfway through its four year implementation, I feel comfortable in retiring as Chair at the end of March 2020 knowing that the *Trifast* Board and the business is in such good shape, despite the current uncertainties"

Malcolm Diamond

Jonathan Shearman
Non-Executive Chair
(Appointed 1 April 2020)

After a successful career in investment fund management, stockbroking, investment banking, and charitable foundations, Jonathan has brought added skills to the Board in an energetic, strategic and pragmatic manner, proving his ability to provide direction in a *TR* context. Jonathan already understands and fits within the culture of *Trifast* at both Board and operational level.

Jonathan has been a key part of the *Trifast* Board since his appointment as Independent Non-Executive Director in 2009, becoming Remuneration Chair from 1 July 2009. Over that time the Remuneration Policy has successfully evolved, with policy and report voting outcomes of c.95% achieved across the board over the last five years.

> "I am delighted to have been asked to take the Chair and succeed Malcolm. Over the years I have enjoyed the challenge and work ethic at *Trifast* and its culture which has been a critical component to the success of the business, and it remains key to *TR*'s future growth. I look forward to continuing to work alongside the *Trifast* team in driving the next stage of this international business' transformation"

Jonathan Shearman

Claire Balmforth
Remuneration Chair
(Appointed 1 April 2020)

We consider ourselves very fortunate that Claire agreed to join *TR* from the 1 April 2020, when she took over the role of Remuneration Chair from Jonathan. Claire's significant experience in this area, as well as her wider HR expertise will provide invaluable support not only at the Main Board level, but also beyond that as *TR* enters into such a pivotal time in its history.

> This is an exciting time to join *Trifast* and support the growth and development of the business in the coming years"

Claire Balmforth

Neil Warner
Senior Independent Non-Executive Director,
Audit Chair (Retired 31 July 2020)

Neil Warner, Senior Independent Director, who joined us in 2015, informed the Board of his intention to retire from the Company on 31 July 2020. On behalf of all stakeholders we would like to thank Neil for his invaluable contribution over his five-year tenure and wish him a long and happy retirement with his family.

> I have enjoyed my time as SID and Audit Chair at *Trifast*. During this period, the Company has gone from strength to strength in terms of quality of people, processes and systems. It has been a pleasure working with my fellow Board members and the *Trifast* people"

Neil Warner

Clive Watson
Senior Independent Non-Executive Director,
Audit & Risk Chair (Appointed 30 July 2020)

We welcome Clive Watson who joins *Trifast* as a Non-Executive Director, Chair of the Audit and Risk Committee and Senior Independent Director on 30 July 2020. Having qualified as a chartered accountant with Arthur Andersen, Clive moved into industry, where, over his career, he worked for several international, companies in the UK and overseas gaining extensive experience in a variety of senior finance roles.

> I am excited to be joining the Board of *Trifast* at this stage in its development"

Clive Watson

Read more about **our plc team** on pages 78 to 79

Good news and the future

> I wish I was ten years younger and able to continue to take part in the next phase of growth"

Glenda Roberts

Glenda has become something of an institution within the *TR* culture over the 30 years since she joined in 1990. She also spent ten years on the Main Board, retiring on 31 March 2020. Over this period she has driven the global sales & marketing strategy on our journey from a Group more heavily electronics dependent to one with a more balanced portfolio and no one sector representing more than approximately a third of our global revenues. With the able support of her team, Glenda has overseen the Group's successful penetration into the automotive industry, which now represents 34% of our global revenues. Glenda has built a highly successful global sales team, focused on servicing not just our multinational OEMs and Tier 1s, but also on supporting our local and national sales teams around the world.

In her role as Director on the newly formed Operational Executive Board, Glenda will be providing mentorship, guidance and support to *TR*'s operational teams around the business.

> It is difficult to imagine *TR* without Glenda, but it is also difficult to imagine a better successor than Dan Jack"

Glenda Roberts
USA Director
(appointed to the OEB 1 April 2020)

Dan Jack
Global Sales & Commercial Director
(Joined 8 June 2020)

We are very pleased to welcome Dan Jack to *TR* from 8 June 2020. Ahead of joining *Trifast*, Dan has built 25 years of history within the industry, culminating in his most recent previous position as President of EMEA & APAC regions at one of our key global competitors. Dan brings with him an absolute wealth of knowledge, expertise, experience and networks and will play a key part on the *TR* Operational Executive Board. Following a transition period, Dan will take on the full Global Sales & Commercial Director role.

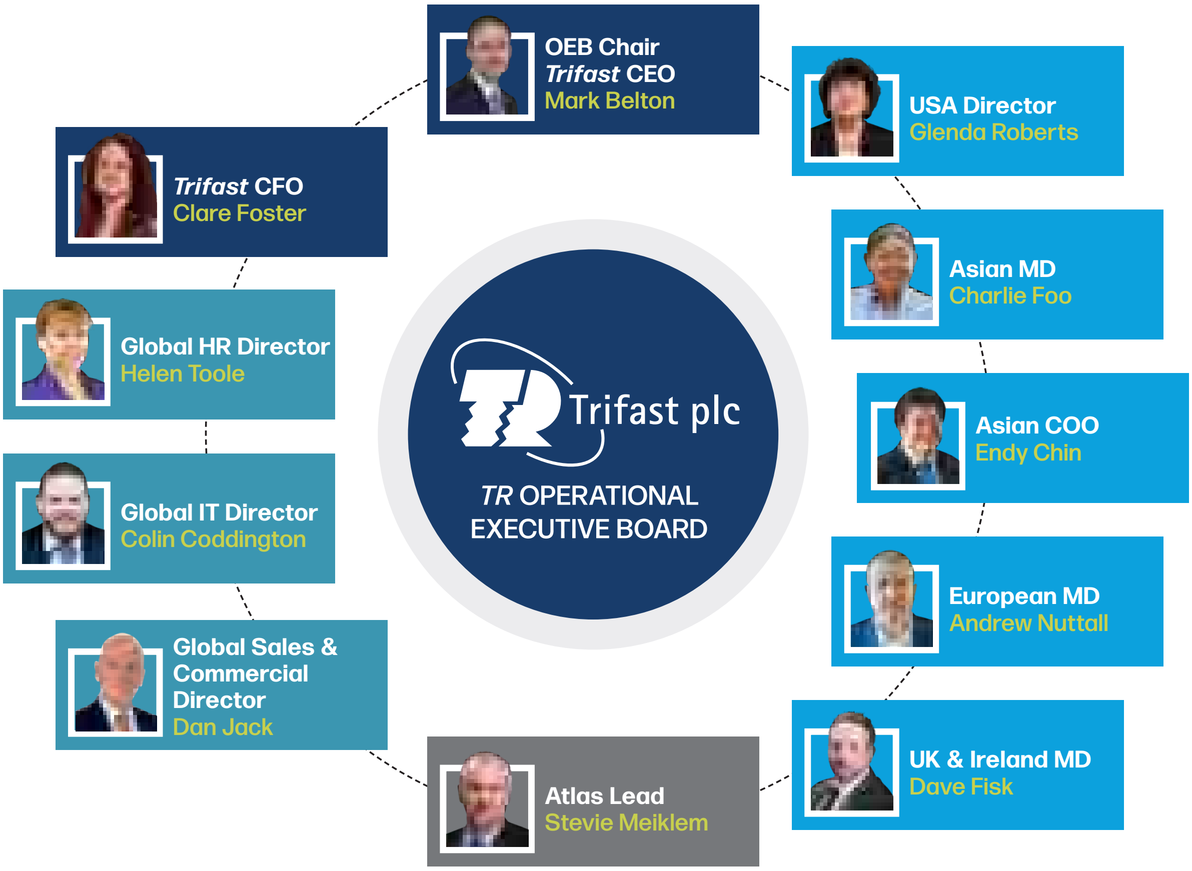
Key areas of expertise

Over his 25-year career within the local and global industry Dan has gained extensive experience in commercial supply chain management, engineering, sales & marketing, and business development. Having worked within the UK, Europe and Asia in management roles he has also developed his skills and knowledge in strategic & financial planning, M&A and project management.

> *TR*'s renown for world-class customer service is enviable. Combining this reputation with continued investment in global manufacturing, a history of appropriate acquisitions and a drive to continuously improve made joining a truly exciting proposition. I am proud to be serving as part of an experienced and motivated team!"

Dan Jack

Introducing our new Operational Executive Board (OEB)



Trifast plc

TR OPERATIONAL EXECUTIVE BOARD

OEB Chair *Trifast* CEO
Mark Belton

USA Director
Glenda Roberts

Asian MD
Charlie Foo

Asian COO
Endy Chin

European MD
Andrew Nuttall

UK & Ireland MD
Dave Fisk

Atlas Lead
Stevie Meiklem

Global Sales & Commercial Director
Dan Jack

Global IT Director
Colin Coddington

Global HR Director
Helen Toole

***Trifast* CFO**
Clare Foster

A global business requires a global strategy and a global strategy demands a global Operational Executive Board (OEB). Since April 2020, for the first time in *TR*'s history, a fully cross-functional and regionally representative OEB has been in operation. The OEB is made up from some of our most experienced and capable senior people from around the world .

This team will devise the strategic direction and goals for our global business and by working together will take responsibility for driving these to a successful conclusion for the *Trifast* Group.

> The OEB is global, cross-functional and designed to drive our integrated business forward – a real engine for sustainable growth"

Key terms of reference are as follows:

- Drive and deliver the Group's profitable growth strategy both organically and by acquisitive means
- Motivate and develop the employee workforce
- Ensure the safety and wellbeing of the workforce
- Commercially, minimise risk within the business
- Realise the Atlas benefits case, in conjunction with the Project Atlas team
- Enhance communication and collaboration within the Group

In the current uncertain environment, wider cost optimisation programmes are also under development by the OEB with a focus on measured and appropriate actions to allow us to protect and sustain the business.

> Data doesn't make decisions, it allows decisions to be made. It is this team that will be making use of the improved real-time data environment post-Atlas to drive effective and dynamic strategic decision making and action across the Group"

Investment in supplier relationship management and supply chain resilience

Over the last five years, we have been investing in our sales teams, both at the Group level and locally around the world. However, there are always two sides to the buy/sell margin we make and, whilst one is most certainly the amount of income that we can generate at the point of sale, the other is the total price we need to incur in order to service that sale.

At *TR*, we consider our established and trusted supplier network to be second to none. Many of these are tried and tested vendors across the globe, who we have worked alongside for a number of years. However it is also true to say that the way that we manage and develop those networks is not something that we have invested significantly in over the last five years, despite the growing revenues we have seen around the world. And it is this coupled with the transformation that Project Atlas will bring in terms of our access to real-time, accurate, global data that has led to some key investment decisions being made on the supply side of our business.

As a result of the above, over the next 24 month period we will be investing in an enhanced supply chain team. This has already started with the successful recruitment of a Global Supply Chain Director, and will be followed by additional global and regional recruitment to support that new role.

Reporting directly into the new Global Sales & Commercial Director, a key focus of this team will be to work closely and develop with our trusted supplier base, to ensure that we are able to make the best use of our global purchasing power and enhanced forecasting capabilities to rationalise supply and drive input cost efficiencies.

As discussed on page 11, looking ahead we will also be using this additional resource capacity to maintain and enhance the geographical breadth and resilience of our supplier base, to ensure we are able to provide secure, reliable local and global supply chains to best suit any of our customers' changing needs in a post COVID-19 world.

John Dick
Global Supply Chain Director
(Joined 8 June 2020)

Key areas of expertise

John's career spans 26 years within the international fastener industry. Having worked in Asia, Europe and North America at a senior level, John has gained extensive knowledge and experience in the development, sourcing, and manufacturing of industrial fasteners. He also has a broad understanding of supply chain management and managing these partnerships successfully on a global basis.

> "I look forward to working with my new colleagues, and adding to the mix my knowledge and experience in fastener manufacturing and global supply"
>
> **John Dick**

Acquisitions

> Acquisitions continue to be a significant part of our investment strategy and we consider it likely that we will see additional opportunities as businesses look to adapt to the challenges of a post COVID-19 world"

In FY2018, we set up an internal acquisition team and an enhanced structure to continue to drive our ongoing proactive and reactive M&A activities.

However, over the course of the last two years, it has become more apparent that in order to drive a greater frequency of transactions, additional investment will be needed. We began this process by identifying external advisers to support us in our two key M&A geographies – USA and China/SE Asia. There is no doubt that this has increased our activities in both of these areas, including the number of opportunities that we are now reviewing. However on its own, external support is never a good enough proxy for adequate internal resource.

As a result of this, in August 2020, we will be joined by an experienced M&A professional. Paul Ranson has worked across all areas of M&A and will work with us and our external adviser networks to lead our global acquisition activities. This will be further supported by the additional PR investments we are making specifically in the USA to enhance our brand and profile in a market where our current relative size against the scale of opportunities can work as a disadvantage.

Although consolidation is constant, our market remains hugely fragmented, with no one player owning more than 5%. This means acquisitions will remain a key part of our growth journey for the foreseeable future. With significant debt financing in place and the recent equity raise, as well as additional internal resource we are confident that the number of opportunities and successful transactions we see will begin to increase in the medium-term.

Paul Ranson
Head of Corporate Development
(Joining August 2020)

Paul is an experienced M&A professional. His 26-year experience captured the full transaction cycle together with commercial and strategic projects on an international basis. At his previous roles with KPMG, a large privately owned multi-national and more recently a boutique Corporate Finance house, Paul has completed cross-border transactions both as an adviser and within a corporate setting.

Key areas of expertise

Strategic M&A origination, project and risk management; due diligence and deal execution; supporting the creation of financial deal models and transition and integration plans.

> I am delighted to be joining *Trifast* at this exciting time as the Board looks to fulfil its growth strategy. The business has a strong, positive culture across the globe and I know that I will be made equally welcome wherever my role takes me"
>
> **Paul Ranson**

Good news and the future

Our fastest growing geographies

There are three territories in the world where our growth has been and in the longer term is expected to continue to be at worst very strong and at best transformational. Over the last five years, we have made it our mission to identify these areas and ensure that we organically invest to make the best of the opportunities that exist. It is the continuation of these investments that will allow us to carry on taking profitable market share despite the additional challenges that the current uncertain environment is placing on us.

> “FY2021 and FY2022 are all about ensuring that we are in the best possible position to make the most of the current uncertain times, but also more importantly, to move rapidly forward when more stability returns to the macro-environment”

USA

The first of these is the USA. Over the last five years the USA has grown with a CAGR of 15.0% and is now two times the size it was in FY2015. The source of this growth is in both the automotive and electronics sectors, with our existing multinational OEM and Tier 1 relationships driving the majority of the wins on the ground.

Once the COVID-19 environment has settled, looking ahead, we expect double-digit growth rates to remain for the foreseeable future and to further support this we are considering additional investments at the right time into our warehouse and sales teams.

Spain

This was our latest greenfield site, set up in November 2016. In FY2020 turnover grew over 50%, meaning that on a monthly basis this site is now already successfully servicing turnover levels in line with a number of our much more established smaller international locations.

Looking ahead turnover is forecast to continue to grow at similar levels once COVID-19 restrictions have been eased. At which time we will be very happy to support with additional warehouse and office staff to manage the increasing demand.

Thailand

Our Thailand operations were set up largely to service a number of multinational OEMs in the electronics sector. Spotting a local opportunity, over the last two years we have been using our Group expertise and multinational Tier 1 relationships to support local penetration into the automotive sector.

The outcome of this is an increase in sales in FY2020 of over 65%. Whilst we cannot confirm that growth levels will remain this high, we do expect to see strong sales growth in FY2021.

To better support this we relocated our Thailand business in January 2020, from central Bangkok to a larger out of town location, closer to the airport. This move will improve staff retention and recruitment and better support the ongoing sales growth.

CASE STUDY

TR FORMAC EXPANDS PRESENCE IN THAILAND AND JOINS ELECTRIC VEHICLE ASSOCIATION

***TR* Formac, one of *Trifast*'s Asian subsidiaries, has expanded its global presence by moving into larger premises in Prawet, Bangkok, in response to strong growth across Asia and winning new business from global OEMs. The new facility provides around 3,000 sq. ft. of space enabling the Company to trade more efficiently and to help further strengthen its position in the growing EV market.**

Operations in Thailand are headed up by Country Manager David Ng, a knowledgeable and well connected individual who has witnessed the fast development of the automotive sector across the country. Chris Black, Global Director of Automotive Business Development, will be supporting David and the *TR* Formac team to increase their market share of the automotive EV sector, sharing his experience and knowledge with the Thailand team.

David commented: "There are huge growth opportunities in Thailand with key focuses on technology and innovation of electric vehicles. With this in mind, and to collaborate with other companies, we decided to join the **Electric Vehicle Association of Thailand (EVAT)** which the Thai government was instrumental in launching.

"There are three phases involving intensive R&D to enable the production of 1.2 million units by 2036 and 690 EV smart charging stations. All types of electrified vehicles are on the agenda; battery, hybrid, plug-in and fuel cell. Moving into bigger premises facilitates our continued growth; it's a key part of our strategic business development initiative to move us forwards."

The Electric Vehicle Association of Thailand (EVAT) was set up in 2015 by individuals from the private and public sectors to promote and support industrial manufacturing, research and development, and EV usage in Thailand. There has been strong recognition within the country, specifically at government level, to strengthen knowledge and global competitiveness of Thailand as an EV manufacturer. Supported by the Ministry of Energy and the Energy Regulatory Commission, the EVAT enables members to exchange information and initiate changes towards a low-carbon transport community.

TR's manufacturing capacity in Malaysia, Singapore and Taiwan totals over 359,000 sq. ft. of factory space producing 525 million components per month. Thailand is the 13th largest automotive parts exporter and the sixth largest commercial vehicle manufacturer in the world with aims to become one of the top performers in the global automotive market.[1]

TR Formac is recognised throughout the industry for world-class products and services, manufacturing and distributing a huge range of industrial fasteners and associated components. PSEP (Power Steel & Electro-Plating) in Malaysia was acquired in 2011 and the Thailand office opened in 2013.

Source: [1] www.aseanbriefing.com/news/thailands-automotive-industry-opportunities-incentives/

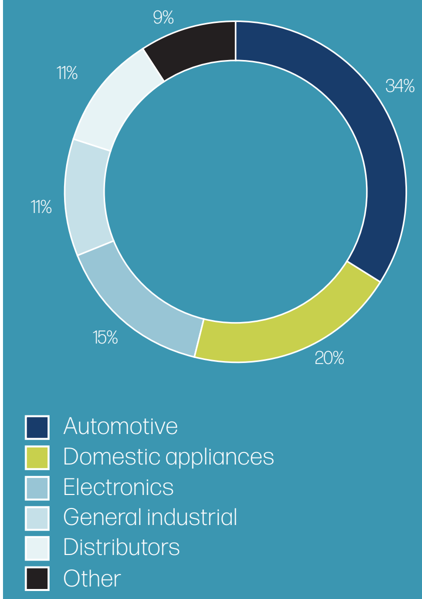
GLOBAL INDUSTRIAL FASTENER MARKET

A highly fragmented market gives us an opportunity to develop our addressable scope.

c.£60bn
Market worth

<1%
Market share

TR customer sectors



Link to strategy

Continue to add value and differentiate

Overview

The fastener market is very diverse and fragmented. We have in the main focused on the product that is consumed within manufacturing assembly plants, and the contractors that support them such as sheet metal subcontractors and plastic moulding companies. For example, there are specialist fastener companies that focus on construction, road and tunnel which is a market that we would be less likely to enter as it is very different to the fasteners that we supply.

Macroeconomic conditions

Metal fastenings dominate the market with a share of 90% of parts sold. However plastic fastenings and other forms of adhesives and bonding products are starting to penetrate this percentage especially in the automotive sector. The USA is still the largest fastener user and in the near future there will be a shift in the supply chain as they onshore as much of their fastener spend in line with the 'one America' policy.

There is encouraging news that the automotive fastener market is expected to grow post COVID-19 in the period between 2021 and 2026. One of the key drivers will be the increased demand for electric vehicles, and subsequently their battery requirements which have a high fastener content. Governments are now offering scrappage schemes to stimulate the market and encourage the changeover from conventional combustion engines. This could be a combination of fully electric plug-in vehicles to hybrids. In turn this also generates the need for charging units on the highways and for domestic use and once again these products have a high fastener content. The increased use of plastics in vehicles means that there will be an increased need for fasteners.

Glenda Roberts
Group Sales and Marketing Director

> "We anticipate that companies will now be looking more closely at their supply chains and onshoring where they can since the Pandemic, so the dynamics may change"

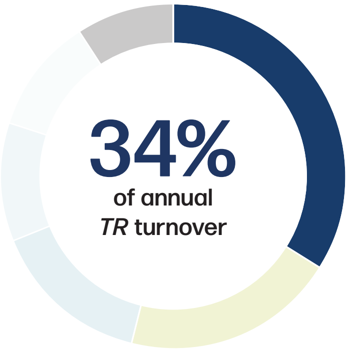
The electronics, 5G telecoms and domestic appliances sectors are all high volume fastener users predominantly requiring smaller diameters compared to automotive. Taiwan and China remain the most competitive for products. We are seeing a shift to Mexico which enables companies in North America to have shortened lead times and we can see that gaining more traction.

The supply chain for Brexit has been under much discussion within the UK. Our cross-functional Brexit team have been putting in place our contingency plans to mitigate the risks attached to this.

Glenda Roberts
Group Sales and Marketing Director

AUTOMOTIVE

Despite the negativity surrounding automotive we have outperformed the underlying market



Read more about **How we create value** on page 38

Overview

Despite the confusion over diesel versus petrol, or electric we have maintained our revenue and percentage of Group sector sales in automotive. We had already won business on new model builds in Europe and North America that came to market with start of production dates during calendar year 2019. This was helped by previous years successes and having a strong pipeline already in place.

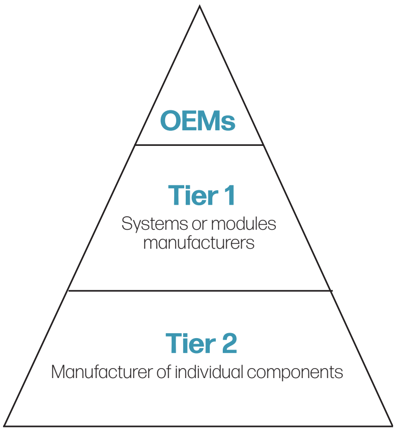
Our focus on maintaining the strategy of supply to the Tier 1s continues unabated. Despite the current slowdown due to COVID-19 we are succeeding in winning business in new areas such as Thailand and India and developing a strong supply network with Tier1's as platform models go global. The reputation that we have built up through working at Group level with their corporate teams, and meeting their stringent requirements at local level, has ensured that we can follow these companies globally. This is true in North America which has seen the most absolute growth during this period as our knowledge of the part numbers, particularly of European components has given us a distinct advantage over USA manufacturers. We don't just focus on an individual part but instead we aim to holistically supply the complete component bill of material. In a car seat that could be over 30 parts.

Link to strategy

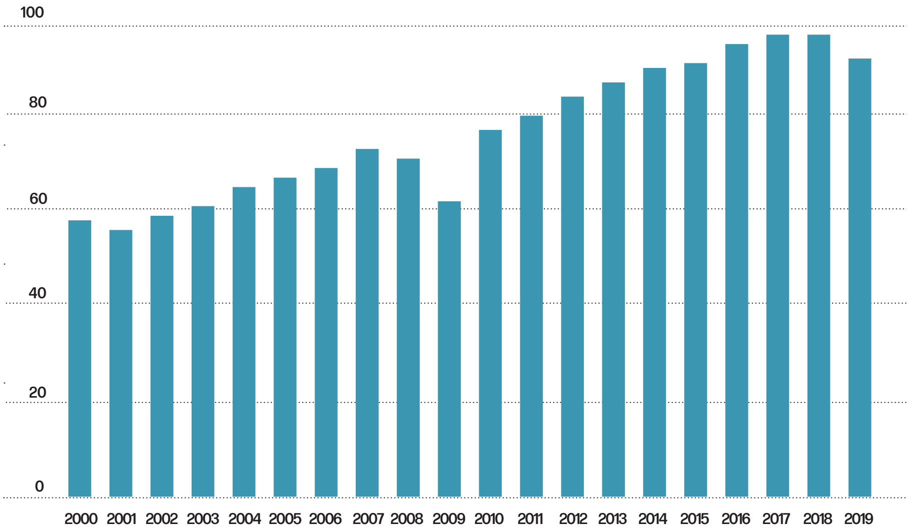
Supply structure

Source: Insights Solutions Global

This illustrates the structure and our strategy and focus is predominantly on the Tier 1s as this is where there is the highest fastener content.



Estimated worldwide automobile production from 2000 to 2019 (in million vehicles) Source: Statista



Global marketplace

Market sectors

AUTOMOTIVE

Electric vehicles (EV)
EV's are the fastest growing segment in automotive today. This is driven by the necessity to provide lower carbon emission vehicles and sustainable clean energy to support the Paris Climate Agreement. This is a global framework to assist countries in reducing global warming to 1.5 degrees centigrade to avoid dangerous climate changes taking place. We supply very few parts for combustion engines or exhaust systems so there is little negative impact. The interior of the vehicles where we supply the bulk of our parts will essentially remain the same. As the technology develops in the vehicle there will be more complex components required as seating and the IP console will have more functionality and increased use of electronics. This has opened new opportunities as we have been able to secure business with the electric charging units both positioned within garage forecourts and with domestic plug-in units. The electric charging units are essentially an enclosure cabinet. We have heavily marketed a complete range of sheet metal fasteners, plastic hardware for cable management and enclosure products such as hinges and locks to support this exciting new development as the roll-out plans gather pace.

Electric battery (EVB)
This is a totally new growth area for the Group and we have created sales and marketing campaigns to reach new companies entering the marketplace alongside the companies that we already work with.

The EVB demand for batteries for E-buses, passenger cars, commercial vehicles, and consumer electronics is set to dramatically increase over the next ten years to satisfy the need for a sustainable green energy solution. We are working to support with technical advice, as the fasteners used are differing in many respects from the parts we conventionally supply today. The EV and EVB developments are fast paced and have resulted in increased demand and an opportunity to supply high quality fastenings and finishes. Some examples are fastenings with electrically isolating components and lightweight non-magnetic fastenings. EVBs require special battery retention bolts and extensive cable management product. There is an increased demand for product such as compression limiters going into the casings all of which we can supply.

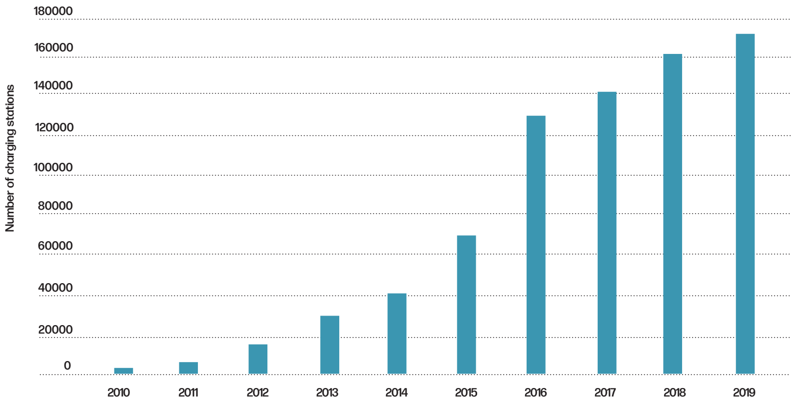
We are working with a number of companies, and we have already secured one global contract and have provided prototype parts to Europe and North America for their new facilities being built to house the production of truck batteries. We have more detailed information and key data available on our website.

ELECTRIC VEHICLE

Electric vehicle charging units

Number of charging outlets installed globally (thousand units)

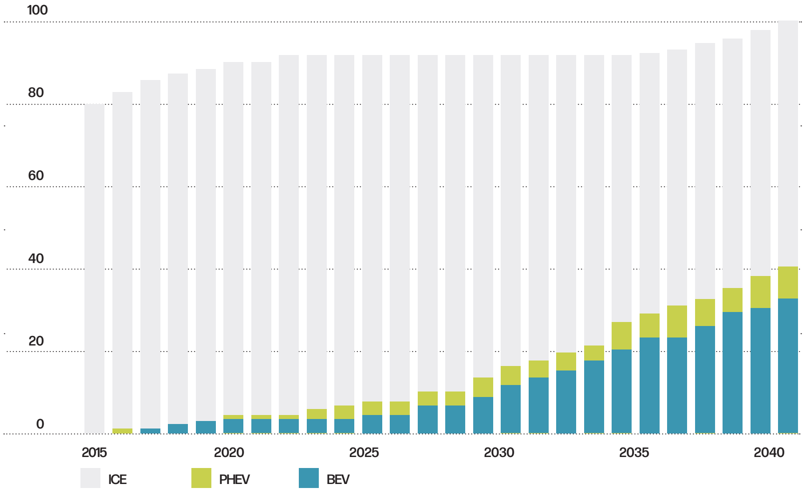
Source: Bloomberg NEF Electric Vehicle Outlook



Battery pack modules (EVB)

Global passenger vehicle sales by drivetrain

Source: Bloomberg NEF Electric Vehicle Outlook



Link to strategy

CASE STUDY

MEDICAL

An increase in fastener demand to support the medical equipment manufacturing sector during the COVID-19 pandemic

By Jeremy Scholefield,
Director of Strategic Business

For over 25 years, *TR* Fastenings has been working with leading healthcare organisations and their subcontractors as a total solution provider of fasteners and Cat C products. *TR* has geared up its capacity to support the medical technology industry during this critical time.

The current landscape

The outbreak of COVID-19, a major worldwide public health emergency, created an unprecedented demand for medical products, a situation never before experienced on this scale at any time in living memory. In response to the outbreak, the world turned to medical companies for vital help, which has galvanised the industry into action and to work in uncharted territories.

To meet the urgent global demand and to alleviate shortages, many manufacturers from outside of healthcare are now reconfiguring their business to develop and produce medical equipment and supplies.

It has been a high growth market for many years and according to the Evaluate MedTech Report produced in 2018, the global medical technology industry is expected to grow at 5.6% per year to reach worldwide sales of US$595 billion by 2024[1]. COVID-19 will most likely have significant influence on this forecast in the coming months.

As the pandemic unfolded, the Governments and Public Health Services of England, Scotland, Wales and Northern Ireland established several NHS COVID-19 critical care field hospitals in various locations across the UK. These temporary hospitals, named NHS Nightingale after nursing pioneer Florence Nightingale, were set up to cope with the anticipated overflow from existing hospitals. We have also seen similar actions being replicated globally.

Medical devices are playing a crucial role in the fight against COVID-19. The critical products requiring fasteners and components are:

1. Respiratory support and monitoring equipment such as ventilators, which help to treat hospitalised patients
2. Personal Protective Equipment (PPE) such as face masks and protective visors
3. Diagnostic tests which identify those infected and further limit the spread of the virus

The Group responded to the UK Government's urgent request to support the immediate needs of established medical equipment manufacturers and new companies diversifying into this sector. With technical expertise, real time inventory availability, a wide range of fasteners and an intricate global supply chain already in place, *TR* has been able to accelerate time to market.

The role fasteners play in medical devices

Although fasteners are typically the smallest components in medical devices, they play an important role in the assembly, functionality and structural integrity of the device. Working directly with a knowledgeable fastener manufacturer early on in the design stage mitigates the possibility of a costly redesign after the product has been launched.

The challenges of working in a changing world

Our fast-track approach to delivering a high volume of products, often within hours, supported the sudden acceleration of customers' needs. We worked through weekends and bank holidays to respond quickly and engage with various medical companies around the world.

The main products we supply are sheet metal fasteners, high grade stainless steel fastenings, plastic and rubber products plus specially manufactured parts to be used in a range of medical equipment. This includes ventilators, medical beds & furniture, ultrasound machines, medical imaging equipment, defibrillators, incubators, medical computer stands, volumetric pumps & infusion devices, vacuum extractors and many other vital pieces of medical equipment.

New medical hardware products introduced

TR has introduced two new products to its range – the L-bow Handle and a Face Visor Kit:

- **The L-bow Handle** can be retrofitted to an existing compatible door handle and allows the door to be opened 'hands free' with your forearm, reducing the risk of direct contact with viruses and bacteria on the door handle. The door opener is made from plastic with stainless steel components and works on various door types with both horizontal and vertical handles from 19mm up to 22mm diameter
- **The face visor kit** contains two Polypropylene clips and a 330mm elastic strap which is quick and easy to fit. A secure, lockable and adjustable method of attaching a strap to a face visor. The kit can be manufactured in various colours with a simple finger pressure closure and release mechanism

Application engineering has proved to be key

In addition to choosing a high quality fastener manufacturer and distributor with a diverse product range, it is also important to work with a company that offers application engineering expertise. Our engineers are fully engaged in the design and make critical recommendations for the interface between the fastener and the medical device.

Due to COVID-19 lockdown restraints, our engineers have fully utilised the modern workplace by using various methods of online virtual communication to ensure the customer receives the highest level of service and technical support.

The future

As the medical landscape changes, preparing for the future has never been so important. The Group is ready to meet the challenge.

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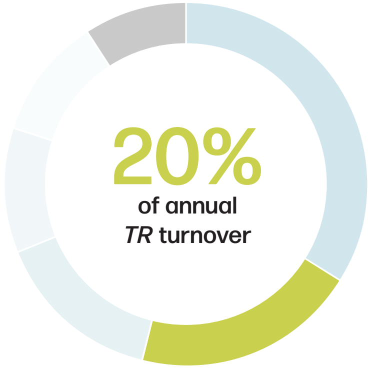
[1] Source: Market size extrapolated from EvaluateMedTech Report,World Preview 2018, Outlook to 2024 https://www.evaluate.com/thought-leadership/medtech/evaluatemedtech-world-preview-2018-outlook-2024

Global marketplace

Market sectors

DOMESTIC APPLIANCES

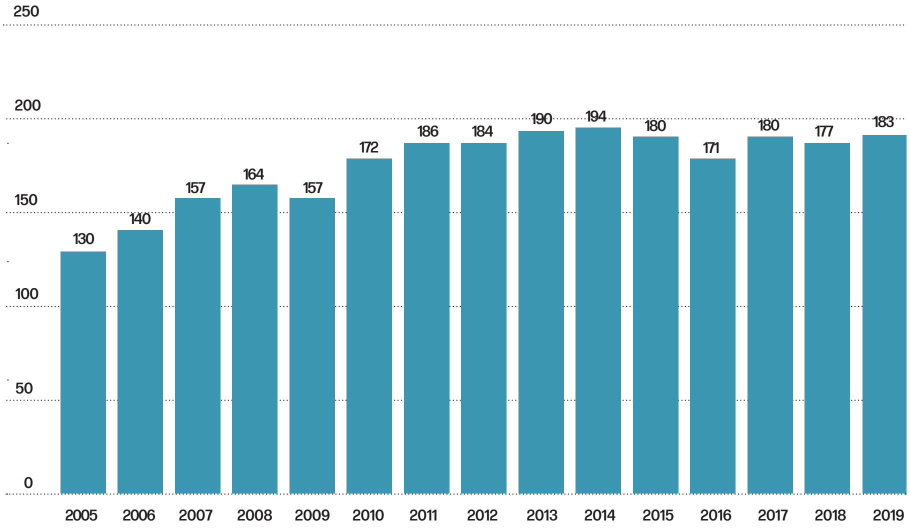
Smart homes and appliances controlled by a central system is a reality today



Trends shaping the market
From a European standpoint, the market is characterised by multiple players and is essentially fragmented in nature. Meanwhile, the South East Asia and China market is supported by growing urbanisation and expanding middle classes. The North American market is the most mature, with high product penetration and capacity for larger-scale appliances. The appliance scale in the US is in contrast with other regions where relatively smaller living spaces drive consumer demand for smaller appliance solutions.

The products that have been traditionally supplied e.g. HOT cookers and high-end ranges, WET washing machines and dishwashers, and COLD fridges and freezers have changed over the last few years significantly. These everyday machines are becoming smarter with IoT (Internet of Things) and AI (Artificial Intelligence) previously seen only in the technology sector. These smart devices have inbuilt sensors, connectivity and the ability to transact data and this frees people up from tasks that were performed manually before. Collaboration between humans and machines in a domestic setting is a relatively new experience, and it can even extend to energy savings through adopting these technologies.

Major domestic appliance sales worldwide (2005 to 2019, US$bns)
Source: Statista



This extends the range of products that we supply to the assembly plants, as the additional features require more electronics and the fasteners both in plastic and steel that are needed to assemble the product.

The trend for designer coffee, and to be your own barista, has seen the market demand for coffee machines surge. We are supplying a number of the major brands with not just the conventional fastenings but many of the bespoke integral parts in these machines.

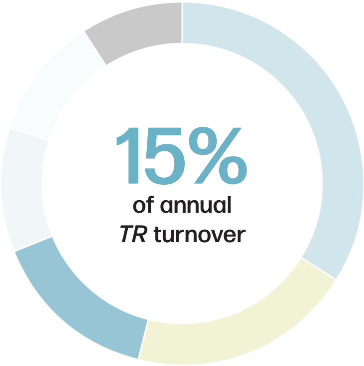
Cordless products
Further change has seen the emergence of battery powered products enabling them to have more flexibility and mobility inside the home, in the garden and in the garage without the need for a power cord and the inevitable extension cable. The batteries are charged through the wall mounted charging station or in a separate standalone unit. Once again this has increased the use of the components that we can supply into cordless vacuums, cleaning machines right through to beauty and hair care products incorporating battery technology.

Our response
The Company's strategy is to ensure that we have a balanced sector base. Domestic appliances are produced in high volumes and as technology changes people want the latest product. So, the future is assured.

Link to strategy

ELECTRONICS

Telecoms, information technology, lighting, ATM & retail hardware, consumer electronics, medical, power & energy products



Trends shaping the market
This is a very diverse sector and encompasses many different industries. Essentially, it's almost anything that has a plug at the end of it, excluding domestic appliances.

Our homes and offices are now full of the latest gadgets, from security cameras, to alarm systems and the latest virtual intelligence assistant that you can communicate with.

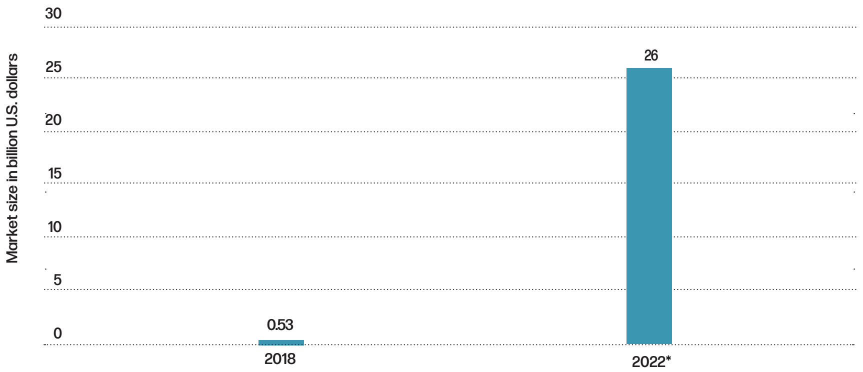
At home, garages in the future will have charging points for electric vehicles, battery operated power tools and garden machinery.

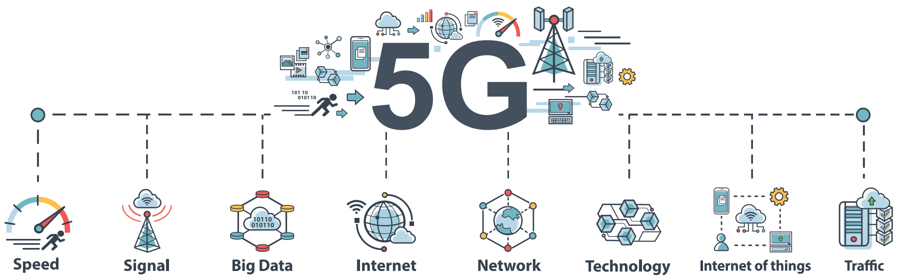
We have heightened expectations of technology in our homes. Therefore, the infrastructure must be in place to support this.

We expect:

- Our Wi-Fi to reach the top of the house and to the end of the garden
- To be able to download data and stream films and music at lightning speed
- To work from home and still be able to connect to the office server or on a train, in a café and have total access to the internet

Size of the 5G network infrastructure market worldwide in 2018 and 2022 (US$bns)
Source: Statista





5G implementation
The implementation of 5G will take communication and connectivity to a new level as the speed will be greatly enhanced along with the coverage and range.

The Group has been involved in 3G and 4G, and we are now engaged in working with companies involved in 5G.

The diagram above shows the infrastructure and the opportunity to sell into the products that are part of this extensive and extended supply chain.

The equipment currently in place must be replaced as it is old technology. These end products are fastener rich so there is a sizeable opportunity to be worked on globally.

> "The technological transformation in this digital age and the innovations that will emerge as a result will ensure that there is an even greater need for our products to hold the world together"

Link to strategy

Global marketplace

Branded products

Sheet metal

Over time we have developed a range of products initially designed for sheet metal subcontractors. Today, we have an 'end-to-end' solution of product for this market sector. We have expanded from the original Hank® rivet bush product, which we still make in our UK manufacturing facility, into a holistic range of products. This includes an ever-increasing range of Hank® self-clinch fasteners, blind rivet nuts, Binx® nut, blind rivets, K-series nuts and more recently we have successfully added the Enclosure Hardware range of products. This provides the customer with an effectively one-stop shop for their needs.

If they are assembling to a higher level of integration, they can access our range of cable management products and PCB (printed circuit board) fastenings. We supply directly to our own customers, and this is the core product range that our distributors purchase from us. This product is used extensively in enclosure cabinets for industries in power supply, telecoms, servers etc and for ducting and panel work. We have seen the demand for this product increase in the medical sector in recent months through our own customer base and increased purchases from Europe from our 36 master distributors.

Enclosure products

This range of products includes hinges, handles, locks and other product required to complete the assemblies. The focus has been on giving designers and specifiers the capability to use our website to create their own assemblies using our data and drawings. Locks are complex products, made up of multiple parts. The variances that are required for them to be fit for the function intended allows the engineer to choose what he wants, assemble them virtually online, and then print the drawing from our system in the material and finish of choice onto their own template. This has been developed by our internal Team which gives us a leading edge as our competitors catalogues are not as intuitive as ours. We have collaborated with several companies who are only too willing to support some of the new ideas that are generated or are needed to support specific customer's needs. We have got parts tooled and to market in short lead times through working closely together. One such example would be the new L-bow handle that we have launched to eliminate the need for anyone's hands to touch a door handle.

Fasteners for plastic applications

Screws and inserts for plastics have been a core product for a long time. As new designer plastics were developed for differing industries requirements the product that we supply has evolved to meet that need. We have an extensive range on the *TR* website, sufficient stock levels, with technical data and training animations to support. A high percentage of this product is manufactured in-house within *TR* manufacturing sites. This product is generally supplied to plastic moulding companies who make everything from medical equipment, car bumpers and IP (instrument panel) consoles, to vacuum cleaners and hair styling products. These are not single use plastics, and instead are recyclable and fit the needs of today's consumers desire for new products. We are constantly working on assessing new thread forms to meet the demands that we see that are required for the future and to meet the demands of the plastics industry for lightweighting.

Brass inserts are still used today to strengthen a plastic boss in a moulding to allow a fastener to be used in assembly. A good example would be the electric junction box in your home or office that has to have strength and durability as it is in place often for over 15 years. We are seeing an increased requirement for products such as compression limiters and we have developed and worked on special parts for a number of automotive battery applications which is a new and growing field for us.

New sectors

We have a constant eye on what the new product trends are or new industries that are being developed. The EV and EVB development is leading us into new customers and new products, and this will become a separate sector during the next year. PTS, the stainless distributor, we acquired in April 2018, has given us the product support and access to stocks of stainless steel that have really helped in the development of both EVB and medical.

We have been successful on 3G and 4G technology platforms over the years. The emergence of 5G and the new infrastructure opens even more product demands and requirements as the old systems are replaced.

We have completed internal research papers on the growing use of robotics across many industry sectors and we are poised to launch our plans for development. There is a growing trend for more environmentally focused products, the need for clean air in all areas of our lives. Health and wellbeing, fitness products including bicycles are another key area of focus. There is no shortage of sector diversity which will generate new areas of revenue and improve our lives at the same time.

TR global teams

We have a defined global account structure which supports and assists in coordinating customer activities across the *TR* sites. Customers with multiple sites globally want to have the same supply and service experience regardless of which of our locations is managing them. This is especially true when we have new developing locations such as Spain, Thailand and India. This involves sharing of knowledge of the customer, the contracts we have in place and their key drivers and expectations. We can add value by supporting on site, joint customer visits and through working as virtual teams through coaching and mentoring with ideas and technical skills to achieve common goals until they grow to the size where they are self-sufficient. The use of Skype and more recently Microsoft Teams has enabled us to have virtual meetings to pool knowledge on products, aid with problem solving and support on technical issues, give sourcing and commercial advice which helps to secure more business wins.

Distributors

Distributors are a key focus for development as the old advert says, "they can reach the parts that we cannot". In Europe for example, we have 36 loyal master distributors. A high percentage are in areas where we do not have locations e.g. Israel, Slovakia, Slovenia, Greece, Bulgaria and Latvia to name a few. We supply bulk stock on a planned basis and in turn they then sell on to a myriad of local companies that we could never reach or service. This supports the *TR* brand growth and they are proud to have the *TR* brand names on their literature and vans. We also have over 100 distributors in the UK distributing our product.

TR has a range of proprietary products that are predominantly in demand for supply to the sheet metal and plastic moulding industries. There is a robust stocking policy in place to enable us to service quick spikes in demand to support both our own OEM business and that of the distributors we support. This product is a substantial part of the records that we have on the *TR* website. The customer has the ability to download drawings and technical data, product animations, and helps in illustrating the features and benefits that can be used in a production or sales environment to assist with product selection and training.

Marketing support

Additional support is provided with product sample boxes, product data and customer flyers, in-house training sessions at their own location and even in-field support at their customers to assist in winning business. This is a growing sector of our business and the knowledgeable team that manage these accounts are dedicated to giving a high level of service.

Summary

We have increased the range of *TR* branded product over the last few years. We are adding more sheet metal related products so that we can service a greater share of potential spend.

Link to strategy

Read more about our
Strategy on pages 40 to 53

Innovation

A COLLABORATIVE APPROACH TO WORKING WITH OUR CUSTOMERS TO IMPROVE THEIR PRODUCT AND PROCESSES

> Ideation – imagination and desirability alongside collaborative application engineering"

Read more about **Electric vehicles** on page 30

Innovation for *TR* is responding to customers' needs, to changing market advances, and marketing those advantages so that we can add value and increase our product offering.

Currently the emergence of new technologies across the sectors is at an all-time high. Rarely is this some new and life changing product, but more subtly providing application solutions to meet new requirements, environmental and often manufacturing processes or production issues. It will not be a surprise that automotive is top of the list of new challenges and areas of opportunity with EV development. However, we are seeing the emergence of requirements in diverse sectors within 5G and telecoms infrastructure, industrial lighting, medical and constantly emerging technology.

5G infrastructure

The global roll-out is underway with a combination of structural installations as well as the individual components, antenna's, power amplifiers, microwave filters and diplexers. These products are fastener rich and have differing requirements such as tuning the microwave signals and being capable of withstanding heat, vibration and other environmental factors. They are often installed in remote exposed locations and are subject to harsh conditions in all weathers.

Connected devices with the demand for fast data both in residential and commercial has driven the need for 5G. This has necessitated changes as the enhanced requirements has meant that the equipment used needed to be upgraded. This includes the base stations with the microwave technology, the street enclosure cabinets, switchgear assemblies and all the product needed on the antenna masts, including fixing kits. We are working with brass products often silver plated to high-grade stainless steel to cope with the adverse weather conditions. We have been providing technical support to companies in these industries.

Industrial lighting

We have supplied this sector for over 30 years. Much of this product was for professional indoor and outdoor luminaires, many of which have to withstand hostile environments and we meet these challenges. As this market developed, and with the introduction of LED, the product changed.

Over time the units became lighter and became more aesthetically pleasing. We have been heavily involved for many years with some of the top brands, and as part of our service offering, we have played a major part in supporting the technical aspect of supply. Meeting the quality criteria of product that could be in situ for many years was one area where we provided expertise on materials, finishes and vibration proof fasteners. Cost was another key driver and we have developed some unique products as a result of this close technical collaboration which included technical 'lunch and learns' on site, workshops and line walks.

We developed a unique fastening system for suspended ceilings which met the safety and strength criteria and gave the customer a major cost saving in the process - see image 1.

Medical

We have been supplying the medical industry for more than 25 years, but the COVID-19 pandemic suddenly catapulted us into new areas where we had not been previously involved. Initially we saw large spikes in demand for our product in China going into medical companies making hospital equipment. We were able to maintain supplies throughout the virus as it spread in China. Our product was needed to support the builds for medical machines, including ventilators, to equip the new super hospitals in Wuhan, Shanghai and Beijing.

However, as the virus spread to Japan, Italy and then the whole of Europe, to the UK and North America the needs became more varied and included product for hospital beds, ventilators, robots that enter dangerous environments and components for full face visors. We responded to governments' requests for companies that could support these increased volume needs, but also provide technical input and guidance. During this time we were proactive with our marketing, advertising the products that we could supply speedily from stock including rubber and plastic parts, cable management and even castors.

Current and new customers that had never made medical products before requested our help, particularly needing our product knowledge on stainless steel parts for example to meet the stringent medical requirements. We produced prototypes of parts that would carry the varying tubes and cables for ventilators, and latterly the fixings for the full-face visor masks that the industry was demanding.

Technology

We were asked to assist on a design application that required a plastic printed circuit board support. This range of PCB supports runs into the thousands, but this application was unusual as it required three boards to be secured together, rather than the usual two. This was a unique design challenge. Additionally, there was an added requirement for the material to be conductive. The next task was to source a conductive polymer composite nylon which contained a conductive filler, turning the material from an insulator to a conductor. We evaluated the key elements of the PCB's, one of which was copper, to establish spacing, hole sizes and panel thickness. This required us to work with our supplier and design a single cavity prototype tool for sample and material evaluation. A final design was tweaked, and a production tool was manufactured together with an initial batch in 30 days. We have an extensive Fast Track Tooling Programme in place to bring innovative products to the market quickly. The final design was approved and was tested in the electronic imaging device offering the customer an assembly saving, giving them commercial advantage, with a bespoke solution in a matter of weeks.

Virtual training support

With over 60,000 parts on our *TR* website it can be difficult for our customers to find the right fastener for the right application. At the end of 2019, our in-house team started to create a library of video animations showing, in detail, how different product types work.

So far, we have created over 130 animations which are being used on the website, in social media campaigns, on our YouTube channel and by our distributors across the world. As well as these product animations, we have now completed five industry videos which are used to target new customers in these sectors – electric vehicles, servers & enclosures, medical, robotics and 5G with more to follow.

Read more about **Continuing to add value and differentiate** on pages 50 to 51.

1. Plastic gripper – unique fastening system for suspended ceilings
2. *TR* Face Visor Kit
3. Detection technology printed circuit board support
4. Reverse expansert installation animation

How we create value

Our Group business model

Providing *Trusted* *R*eliability at every turn

WE ARE A 24/7 'FULL SERVICE PROVIDER' OFFERING 'END-TO-END' SUPPORT TO ALL OUR CUSTOMERS

TR is a recognised and established global brand across a wide range of manufacturing sectors. Our aim is to offer the highest levels of customer service and experience at every point of contact. We don't just sell industrial fastenings – we design, we problem-solve, we engineer, we manufacture, we source and we reliably deliver high quality, often complex components and logistical solutions to production lines across the world.

Our success and ongoing growth is based on a unique blend of high quality in-house manufacturing, our long-standing customer relationships, on and off-shore flexible supply chains and adaptable, consistently reliable global logistics.

INPUTS

Our people
We have *c.*1,300 employees based in our 33 locations across the globe, who deliver high-quality service, technical expertise and product quality to our customers.

Read more on page 4

Our global logistics network
We have been a global supplier of fasteners and related components for 45+ years. Over that time, we have established secure and proven logistic networks across the world. We now offer a seamless and reliable supply to over *c.*75 countries.

Read more on page 28

Manufacturing facilities
High quality, competitive manufacturing across eight global locations forms the foundation of our industry reputation which is second to none.

Read more on pages 6 to 7

Partners and relationships
Trifast has a structured approach to engaging with its strategic supply chain partners, to establish long-term relationships which create sustainable value for both *Trifast* and its suppliers.

Read more on page 24

Financial strength
A strong balance sheet, flexible banking facilities and a successful equity raise provide the confidence to invest for growth.

Read more on page 8

Investment
To make the most of the opportunities for growth and to keep moving forward, we must continue to invest in our business, whether this is in our people, manufacturing capabilities and quality, our business infrastructure or in finding the next successful acquisition.

Read more on pages 48

HOW WE OPERATE

DESIGN AND APPLICATION

Assemblies simply cannot function without fastening solutions. Our custom engineered components influence and enhance the freedom and versatility of design necessary to create assemblies that deliver at the peak of their potential. Our engineers are experts in fastenings, but also in their application within assembly solutions, allowing them to provide valuable input when engaged both early in the design phase and throughout the supply cycle as part of a collaborative approach.

HIGH QUALITY MANUFACTURING

Our eight manufacturing plants spread across Asia, Europe and the UK provide reliable, timely and high quality product to our key multinational OEMs/Tier 1s around the world. The parts we choose to manufacture in-house tend to require more complex manufacturing processes and/or stricter quality requirements. This allows us to make best use of our extensive engineering know-how to drive the greatest value add for our customers.

SOURCING OF COMPONENTS

Two-thirds of the Group's revenue is sourced from our established network of world class external suppliers located across the globe. This means we are not restricted by what we can manufacture in-house or source from one geography. Instead, by being a truly 'one-stop' solution for all their fasteners and related components we are able to streamline and tailor the procurement process to meet our customers' needs.

FLEXIBLE GLOBAL LOGISTICS

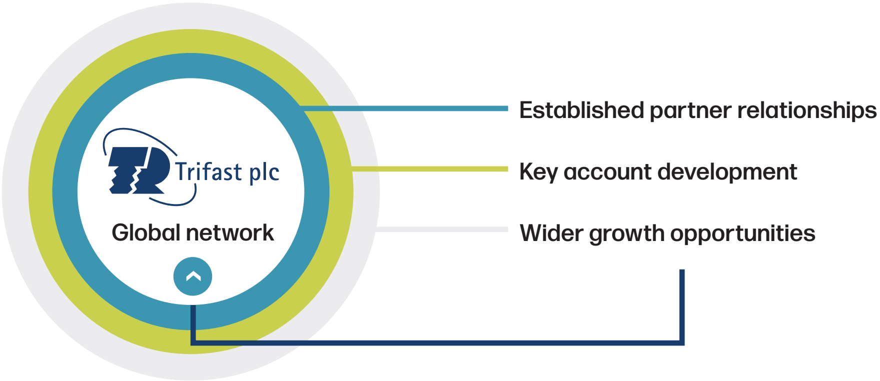
We have established secure and proven logistic networks across the world, offering seamless and reliable supply to *c.*75 countries. From complex and totally reliable VMI and 'Just-in-Time' delivery to local third party warehousing and straightforward ex-works solutions, we are able to provide the most cost effective supply logistics to suit our customers' needs. Being where our customers need us to be is our ethos, delivering whatever they need from a business perspective, with the same *Trusted* *R*eliability wherever they are geographically.

POSITIONED FOR SUCCESS

OPPORTUNITIES FOR GROWTH

The strong relationships we have built with our key global customers over the last 45+ years are considered a significant asset to the Group. We continue to prioritise the development, protection and maintenance of these relationships so as to grow our market share with them across the world.

Our key focus is always on added value to the customer, with zero compromise on quality.



Established partner relationships
Our global presence enables our teams to collaborate together and with our customers. Through our world-class supply chain, we complement processes and can deliver a cost-effective solution and efficient service

Key account development
At any point in time we will be working on a number of new multinational OEMs – building networks and trust, developing a better understanding of their needs and spotting the opportunities that will provide us with that initial route to supply

Wider growth opportunities
As a wider business, we are also constantly looking beyond specific customer relationships. Be it a specific product range, patented technology, a new market focus or a geographical hot spot, we are always working together to drive our ongoing growth

INVESTING FOR GROWTH

Ongoing capital expenditure in new manufacturing and inspection plants within our factories has become almost routine in recent years, while sustained high growth in a number of our distribution locations has been driving targeted investment into our people and our warehousing. In the short term, we have chosen to defer some of these investments until the macroeconomic environment settles. However, investing for growth will continue to be a core element of our underlying business model for the foreseeable future.

VALUE GENERATED FOR OUR STAKEHOLDERS

Our people
We continue to invest in our training provision for our employees to ensure that we have the best skill sets that are relevant to each of our job roles. Additionally, *Trifast* is committed to providing a safe and fair environment, we enforce this commitment through our Health and Safety, and Environmental Management systems.

Read more on pages 42 to 47

Customers
Our reputation in the industry for quality is second to none at a time when customers are beginning to focus more and more on this. We are known for our commitment and ability to go the extra mile for our customers, solving issues before they arise and stepping in where competitors have fallen short.

Read more on page 41

Suppliers
Our suppliers and our global manufacturing sites provide us with the goods and services we rely on to deliver to our customers. They range from substantial multinational companies to small-scale local businesses providing bespoke services when they are needed.

Read more on page 49

Communities
It is our responsibility to respect and value others and maintain high ethical standards in everything we do. We are committed to the care and stewardship of the communities and environments our businesses are involved in as a Group or across our 33 locations.

Read more on pages 54, 58 and 59

Investors
We operate a regular investor communications programme where management are available to all shareholders. Part of this programme includes investor roadshows in association with our key announcements, capital days and operational visits.

Read more on pages 14 and 119

Environment
We have a responsibility to reduce the impact that the Group has on the environment through continuous improvement initiatives that will create sustainable ways for us to save energy, waste and also to deliver improved efficiency and productivity.

Read more on pages 54 to 57

Our Group strategy

CORE STRATEGY

Focus on multinational OEMs/Tier 1s

Link to KPIs:

- Group total revenue
- Medical/General industrial sector growth
- Key multinational OEM/Tier 1 revenue
- Underlying operating margin

Read more in **Strategy in action** on page 41

INVESTING IN OUR PEOPLE

Our people are our greatest resource

Link to KPIs:

- Group total revenue
- Key multinational OEM/Tier 1 revenue
- Return on capital employed ('ROCE')
- Broaden skills of management

Read more in **Strategy in action** on pages 42 to 47

INVESTMENT DRIVEN GROWTH

Careful investment for tomorrow's growth continues to be a key element of our strategy

Link to KPIs:

- Group total revenue
- Return on capital employed ('ROCE')
- Manufacturing to distribution ratio
- Underlying cash conversion as a % of underlying EBITDA

Read more in **Strategy in action** on pages 48 to 49

CONTINUE TO ADD VALUE AND DIFFERENTIATE

Quality and innovation underpins everything that we do

Link to KPIs:

- Group total revenue
- Key multinational OEM/Tier 1 revenue
- Underlying operating margin
- Geography of supply

Read more about **innovation** on pages 50 to 51

ACQUISITIONS

In a fragmented market, acquisitions provide a key growth opportunity

Link to KPIs:

- Group total revenue
- Return on capital employed ('ROCE')
- Underlying diluted earnings per share ('EPS')
- Manufacturing to distribution ratio
- Geography of supply
- Market sector growth

Read more in **Good news** on page 25

OPERATIONAL EFFICIENCIES

An efficient and effective cost structure is the best way to future proof the business and support our growth strategy

Link to KPIs:

- Group total revenue
- Underlying operating margins
- Group underlying profit before tax
- Underlying diluted earnings per share ('EPS')
- Underlying cash conversion as a % of underlying EBITDA

Read more in **Strategy in action** on pages 52 to 53

Strategy in action

CORE STRATEGY

Focus on multinational OEMs/Tier 1s

> “Even against a difficult macroeconomic backdrop, *TR* is in a good position to continue to grow”

We are a global business serving a broad, balanced and expanding range of sectors and geographies. We have established and trusted trading relationships with over 100 multinational OEMs/Tier 1s, with no one customer forming more than 7% of our global turnover.

We assign strategic account status to 25 of these to reflect where, as a business, we see the greatest opportunities for growth. At any point in time, these will always be made up of a mixture of household names and Tier 1 manufacturers spread across the automotive, domestic appliances, electronics and general industrials sectors.

We are a value-add supplier of specialist component parts, with over 75% of our revenues being derived from customer specific, branded, or licensed products. We provide guaranteed quality and *T*rusted *R*eliability of supply (sometimes for hundreds of parts at a time), via flexible global and local logistics solutions as well as the engineering ability to solve complex and sometimes urgent manufacturing challenges for our customers. Because of this, we are able to avoid competing solely on price and therefore can retain and build on our business relationships for the longer term.

What does it mean to be a *TR* customer. . .?

Our aim is to offer the highest levels of customer service and experience at every point of contact. We will never lose the personal touch, as we believe the best way to add value is to align our capabilities to our customers' needs as a result of listening and understanding their business.

In short, at *TR* we care.

Our account teams are there to work in partnership with our customers. This approach enables us to fully understand their challenges and to tailor our offering accordingly, whether it be a combination of manufacturing and sourcing a variety of components to provide a single point of contact or engineering a custom solution for a specific application.

The breadth of our portfolio and in-house expertise in terms of designing custom solutions ensures our customers have unfettered access to the highest quality components. Coupled with our global and local supply chains, those components can be delivered with absolute consistency wherever our customers are.

What does this mean for *TR*. . .?

It is these core skills that continue to allow us to increase market share and extend our sector spread across a wide customer base and put us in a good position to keep moving forward and delivering on our future aspirations, even in a less certain world.

Notwithstanding the current high degree of uncertainty across all of our markets and geographies, we continue to see the next few years as being a period of ongoing market share growth. Using as a base the strong foundations we have built, the investments we have made over recent years and the transformational benefits that Project Atlas will provide (see pages 18 and 19). We will be working hard to ensure that we are best able to seize the many opportunities that will come out of this current period of global uncertainty to grow further into our key global customers, to expand our market sectors and increase our market share for the long-term.

Read more about our **KPIs** on pages 68 to 69

Strategy in action

INVESTING IN OUR PEOPLE

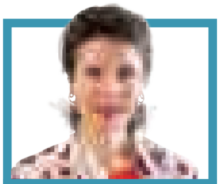
> *Trifast* is an organisation that is lucky to have a mixture of cultures spanning 33 locations in 18 countries"

Global HR team

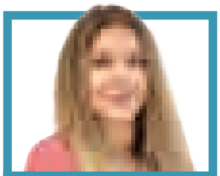
Helen Toole
Global HR Director

Rebecca Rutter
Global HR Data and Process Manager

Luke Murphy
UK HR Manager



Julie Fry
UK Payroll & Benefits Manager



Lydia Ball
HR Administrator

Global HR transformation strategy
Last year we reported that a new global HR transformation strategy would be presented to the *Trifast* Board. The strategy was presented and is in the process of being delivered – the main elements of the strategy are detailed below.

New HR management system
As part of the wider business transformation programme, we have invested in a new global HR management system - MIcrosoft Dynamics 365 Human Resources. During the past year we have undertaken all of the analysis work and have built a modern, fit-for purpose system that will be rolled out globally during calendar year 2020. The analysis phase included the implementation of global HR rules and processes that have been agreed by all Entity Directors and HR business partners across all of our locations. All employees will be fully trained in the use of the system and our first location went live in July 2020.

The system comprises employee self-service where employees can request holiday and update their personal information, a new modern performance review system allowing all employees to update journals as often as they would like to. Requests can be made by managers or employees at any time to have a performance meeting, making the system much more dynamic and flexible.

The self-service system will enable us to have all of our employee information in one place with a robust reporting facility giving us the ability to proactively respond to any emerging issues in a more timely and appropriate manner.

We will also have a skills analysis capability that will enable us to become a much more agile organisation where we easily know where specific skills are located within the Group. This will allow us to quickly pull together teams for particular projects and allow training activity to be focused in the right areas. Employees will be able to rate their skills, with their managers using the skills rating structure that is embedded within the system.

One part of the HR strategy is to work closely with colleagues across the world to enable us to implement global best practice policies and procedures, as well as being able to talk with them about enhancements to the software system.

In October 2019, two three-day conferences were held – one with all UK, European and USA HR business partners and one with all of our Asian HR business partners. The conferences were a method of being able to inform all partners about the role that we are looking for them to fulfil as well as to set out the HR strategy to ensure that they can help with the implementation.

Both conferences were very successful and we now have a very strong network representing all of our locations and virtual meetings are held every fortnight with both groups. The meetings are used to update the Group on the progress of the roll-out of the HR system as well as to inform them of other HR related changes and hot topics. It is also an opportunity for all partners to raise any issues they may have in their locations that we can assist with. They allow the Group team to be able to react in a timely, efficient and effective way.

Training and development
As part of the continued investment in the Group HR function, a new learning and development strategy will be produced for the Group ensuring that we drive organisational learning and development in line with the overall business strategy. This will include the management of all employee development activity across all of our locations, starting with onboarding a new employee. Working with senior management teams, we will be assisting managers and our employees to advance their skills and knowledge through the introduction of learning strategies, performance measures and e-learning courses.

The new performance review system will provide a comprehensive overview of both training provision and training needs.

A lot of the training activity over the last 12 months and upcoming year will be based around the training needs for the roll-out of the Atlas programme. Training remains a priority for the Group and the introduction of a new learning and development strategy will help all of our employees to undertake relevant learning.

Health, safety and environmental management system
As reported in last year's Annual Report, we have invested in a new health, safety and environmental management system. The system has been rolled out to all of our UK sites and the roll-out will continue through Europe, USA and then to Asia.

The system effectively and efficiently replaces our existing risk assessment tracker and audit non-conformance tracker and facilitates the reporting of hazards, incidents, positive incidents, audits and risk assessments. It is an all-inclusive system that all employees can use – reinforcing the important message that good health, safety and environmental practice is the responsibility of all employees, wherever they may work.

The system will assist us in our aim to achieve accreditation against the ISO 45001 Standard (Health and Safety Management). It allows us to have all of our management documentation in one place and in the same format, ensuring that there is a consistent process of reporting. It will also give us true, real time data about any accidents, incidents or hazards and allow us to respond quickly and appropriately. We will also be able to show where our improvements have been made and allow us to share best practice more easily.

It also strengthens our existing ISO 14001 (Environmental Management) system through the ease of completing environmental risk assessments, environmental incidents and the completion of audits and management reviews.

Employee engagement

We continue to communicate regularly with all of our employees. Many of the updates are Project Atlas programme and COVID-19 related as these are the areas of most change that will affect all of our employees. Business readiness assessments and surveys are carried out at various stages. The results of these surveys allow us to carry out relevant and timely interventions to ensure that all of our employees are prepared for the changes ahead.

We are currently researching new methods of carrying out global employee surveys as well as finalising research for a new global employee assistance programme. Both of these initiatives will be reported upon next year.

Read about our **Designated NED** on pages 84 and 92

Wellbeing of employees

The wellbeing of employees is paramount. This includes not only their physical health but also their mental health. A number of managers have been trained in mental health awareness and we have introduced our first mental health first aiders.

As part of the review of our benefit provision we have sourced an Employee Assistance Programme (EAP) providing mental health support for those who may be struggling with stress, anxiety or depression.

We have been acutely aware that some employees have struggled with being away from the workplace during the COVID-19 pandemic. A SharePoint site has been set up as part of our response and includes a number of hints, tips and guidance to assist employees in coping with these uncertain times.

Over the coming months, we will be reviewing our benefit provision globally to ensure that we have the most appropriate support for all of our employees.

Equality and diversity

Trifast is an organisation that is lucky to have a mixture of cultures spanning 33 locations in 18 countries. It continues to be important that we value those different cultures and spend time understanding each of them. The vision to bring the Group closer together is working effectively. An example of this has been the setting up of the Global HR Business Partner network and has also been realised in the responses to COVID-19. Colleagues are working very closely on a daily basis to ensure that good and best practice are shared allowing us to learn from each other and mitigate as many risks as we can.

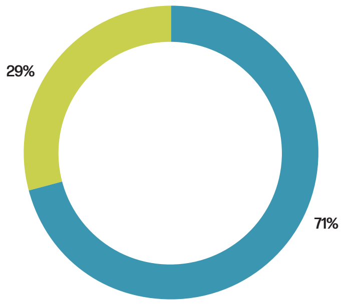
Equality and diversity are important parts of our culture. We recognise the strengths that a diverse workforce can bring. Our aim is to continue to make equality part of our every day work and ensure that we remain focused on providing a workplace where employees feel comfortable to be themselves. As an organisation we make every effort to eliminate discrimination, create equal opportunities and develop good working relationships between our teams.

Throughout the employment relationship, from recruitment to retirement, we do not discriminate against any characteristic. Our Corporate Code of Conduct makes reference to the *Trifast* values and links to the relevant Group-wide policies.

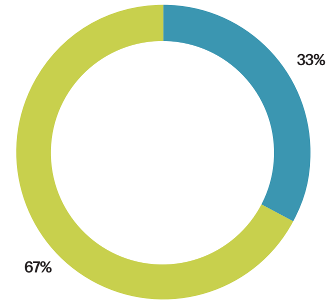
Composition of Group FY2020

Read more about our **new FY2021 team** on pages 78 to 79

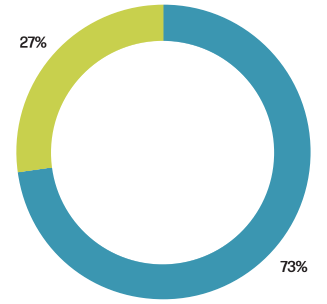
Trifast plc Board



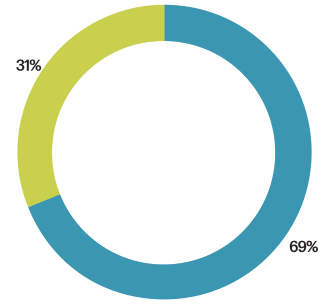
Trifast plc Executive Board



Executive and Senior Managers



All other employees



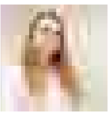
🟦 Male
🟩 Female

Strategy in action

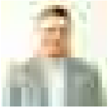
INVESTING IN OUR PEOPLE

Student opportunities

We remain committed to providing opportunities for young people to understand how a global organisation operates. For the 12 months being reported on we have had two university placement students based in the UK. One has been working in the Sales department and one within the HR department. Both departments have reaped the benefit of having such enthusiastic students working with them for 12 months. We hope to be able to offer the same to other students in the coming year.



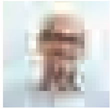
Rosalind Manning
Student Placement – HR Support



Dan Occomore
Student Placement – Sales Support

We are increasing our activity within the Enterprise Adviser network. Both Helen Toole, Global HR Director, and Luke Murphy, UK HR Manager, are Enterprise Advisers providing a connection between schools and the local business community.

The particular area of the school curriculum of interest to us, based on our industry is STEM (Science, Technology, Engineering and Mathematics). Our in-house Head of Web Development, Keith Gibb, has developed a presentation about 3D imagery and printing and computer generated output that is hoped can be distributed to schools around the country. The video will show students the type of work that they can get involved in and provide advice as to how to find a career within that field.



Keith Gibb
Head of Web Development

Apprenticeships

We are proud that we continue to provide apprenticeships throughout our locations. Apprenticeships are located in:

TR Fastenings, UK

- **Brian McCord**
  Sales
- **Ben Rees-Webbe**
  Sales
- **Lydia Ball**
  Human Resources
- **Emily Haigh**
  Warehouse
- **Lucas James**
  Warehouse
- **Shani Coker**
  Administration
- **Henry Hague-Jones**
  Sourcing
- **Patrick Deane**
  New Product Introduction
- **McKenna Longstaff**
  Business

TR Kuhlmann, Germany

- **Yasin Akbulut**
  Warehouse
- **Tolunay Öztürk**
  Warehouse
- **Isabella Piergies**
  Administration

Apprentice Q&As

Emily Cowens
Former Business Administrator Apprentice
based in the North East

What did you do before you joined *TR* Fastenings as an Apprentice?
Before I started working at *TR* Fastenings, I worked at River Island as a Sales Assistant for a year, before that I went to college to study for my Level 2 beauty qualification.

What is your role at *TR* Fastenings?
I am a Business Administrator Apprentice.

How did you get your Apprenticeship?
I got my Apprenticeship through enrolling at a college called ITEC who help you find a suitable Apprenticeship. Once you've found the right Apprenticeship you study your business qualification with them.

What does your typical day involve?
My typical day involves confirming all of the delivery notes, updating text in works orders, communicating with our kitting companies, filing and scanning, placing purchase orders and assisting the sales team on a daily basis.

What takes up most of your time?
Updating the text in the works orders at the moment, as I can get hundreds at a time and going into each order and updating the text is very time consuming.

What is the best aspect of your role?
Communicating with different people over the phone on a daily basis as I enjoy speaking to people. I love being constantly busy and always having jobs/work to do every day.

And the most challenging?
Being given a job with a tight time frame to work to when I already have a lot of other jobs that need doing.

What is your greatest achievement at *TR* Fastenings so far, i.e. what are you most proud of?
I am the main point of contact for our kitting companies, which I am really proud of, as I have full control of checking what is going out to them on a weekly basis and what we are receiving back. Another achievement is that I have never had a sickness day in the time that I have worked here.

How do you wind down after a hard day?
After a hard day I usually go straight to the gym and then come home and have a nice hot bath then relax watching telly (Love Island).

What does the future hold?
Having now passed my Level 3 Business Administration qualification. I am now working as an Office Administrator at *TR* Fastenings (UK).

Shani Coker
Administration Apprentice
based in Uckfield

What did you do before you joined *TR* Fastenings as an Apprentice?
I worked with horses for 6 years until I sustained a knee injury which meant it was too dangerous for me to carry on. With no experience of working in an office I thought it would be best for me to apply for an Apprenticeship so I could receive the training I needed to gain skills to allow me to progress within a successful company.

What is your role at *TR* Fastenings?
I am an Administration Apprentice.

How did you get your Apprenticeship?
I saw the position advertised online and after researching *TR* I could see they would be a good company to work for, so I applied for the job and was accepted for an interview. It was very informative and I was given a tour of the office and warehouse where I would spend a lot of my time. From this visit, I got a nice feel of the people I would be working with and the environment I would be working in and shortly after my interview I was offered the Apprenticeship role and happily accepted it.

What does your typical day involve?
My role is varied but typically I start off by making sure meeting rooms are set up for the day and turning the TV on in reception! I will then confirm the delivery notes stock transfers and re-works. I answer the phone, check my emails and deal with any travel requirements that people need such as booking flights, airport transfers and hotels and order food for any meetings. I also sort the post out in the mornings, ensuring the right post goes to the right people/departments. I also sort the post in the afternoon; putting labels on envelopes ready for the postman to collect.

What takes up most of your time?
Confirming delivery notes and answering the phone. (The phone rings a lot!)

What is the best aspect of your role?
The variety of work I get to do. Every day is different! Apart from the day to day jobs I have to do, every day brings something different.

And the most challenging?
Sitting still! After working with horses and being on the move all day I definitely struggle sitting still for most of the day. However, I do have to walk out to the warehouse to collect the delivery notes before I can confirm them so this helps me be less restless.

What is your greatest achievement at *TR* Fastenings so far, i.e. what are you most proud of?
Remembering people's names in the office! There is a lot of people in the office to remember and building a relationship with my customers.

How do you wind down after a hard day?
I have 2 dogs at home so I quite like to take them for a walk after work which helps me to relax after a hard day. The other thing I like to do is a have a glass of wine and watch a comedy programme or film.

What does the future hold?
I would like to use my Apprenticeship to progress within the company and to develop my skills further. I love learning new things and this is a very exciting opportunity for me.

INVESTING IN OUR PEOPLE

Gender pay gap

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 brought into effect a requirement for large UK employers, such as our main UK trading subsidiary *TR* Fastenings Ltd, to report publicly each year on the differences in the aggregate pay and bonuses for men and women. The Regulations mandate how organisations in England, Scotland and Wales with 250 or more employees must calculate a standard set of key metrics on their gender pay and gender bonus gaps and the format and medium in which they must report them.

Our gender pay reporting continues to provide reassuring data that supports our reward and recruitment strategies.

The full gender pay gap statement for the reporting period is included below.

In brief

The table below shows our overall median and mean gender pay and bonus gap based on hourly rates of pay, and bonuses paid, as at the snapshot date – 5 April 2019.

Pay and bonus (Female compared to Male):

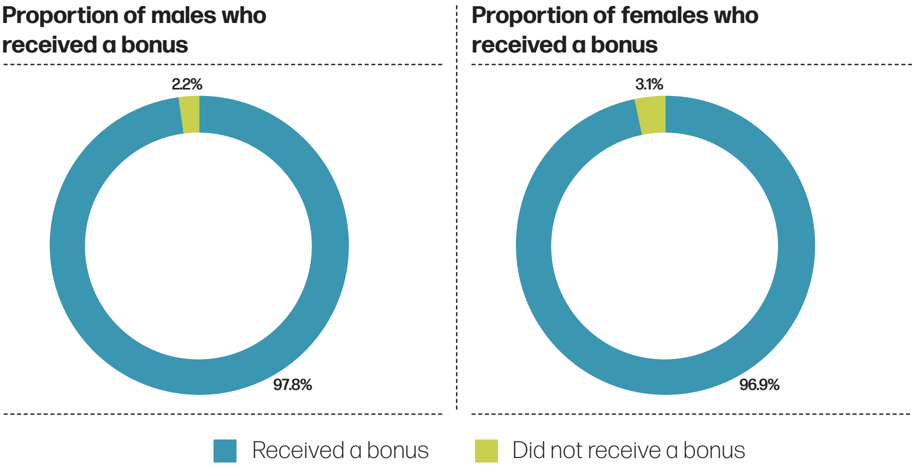
	Median	Mean
Hourly pay	+7.0%	-4.7%
Bonus pay	0.0%	-7.9%

The table above shows that based on a median average, our female employees are paid 7.0% more than our male employees. The mean average displays our male employees as being 4.7% higher paid than our female employees. This result represents a change in the mean average from 0.9% in FY2018 and a change in the median average from 8.6% in FY2018.

These results compare very favourably when compared with the pay gap average of male employees being paid 9.6% more than female employees.

The bonus difference mean figure highlights a 7.9% difference in favour of male employees – this represents a reduction on the previous year (FY2018 -14.8% in favour of male employees).

Proportion of colleagues awarded a bonus in FY2019



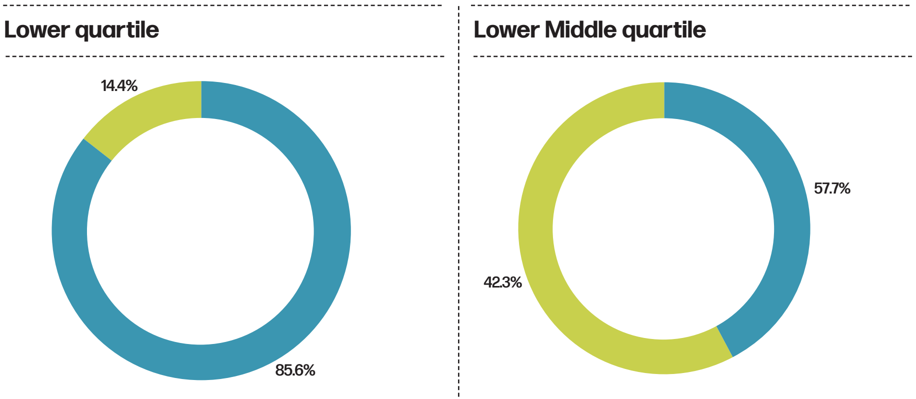
Proportion of males who received a bonus

Proportion of females who received a bonus

These charts illustrate that the numbers of men and women paid a bonus are in line. As a Company we continue to reward all of our employees. The only reason the statistics do not show 100% is due to eligibility criteria based on start and finish dates.

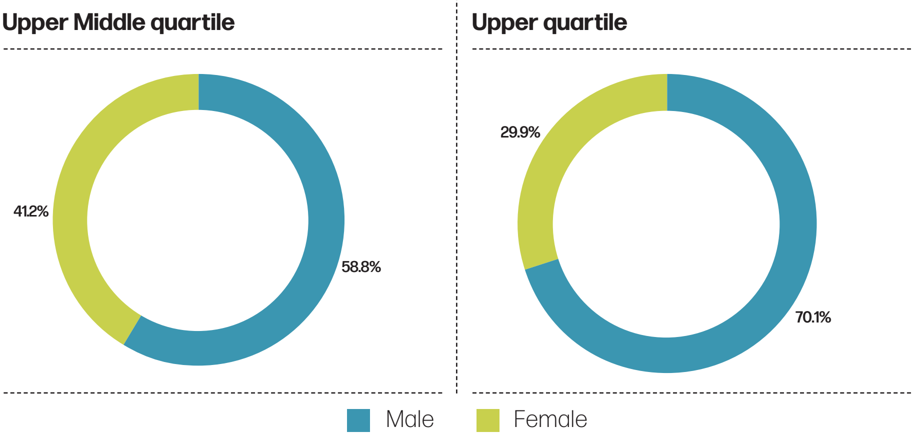
Quartiles

The following charts illustrate the construction of each quartile.



Lower quartile

Lower Middle quartile



Upper Middle quartile

Upper quartile

This is our third year of reporting and we are pleased to again provide positive news. All of our decisions about recruitment, promotion, training and development are made within our framework of equality. Going forward we will continue to ensure that all our employees reflect our Company values, especially those of integrity and fairness.

The results demonstrate our continued commitment to equality, and we continue to celebrate them.

Code of business conduct

Last year we produced a Corporate Code of Conduct ('Code') that was distributed in hard copy to all our locations and is also available on our website. All our employees have been asked to read and fully understand the Code which contains our vision, our mission and our core values, together with our policies for ensuring ethical business practice.
The Code not only helps our employees but also helps our customers, our suppliers, our distributors, contractors and other suppliers of goods and services all around the globe to understand our requirements to observe all relevant laws and regulations.

The policies and documents that are applicable to the Code of Business Conduct are as follows:

- Business Ethics and Responsible Behaviour Policy
- Anti-Bribery Statement and Policy
- Modern Slavery Statement
- Environmental Policy
- Health and Safety Policy
- Product Quality Procedures
- Equal Opportunities Policy
- Equal Pay Policy
- Dignity at Work Policy
- Whistleblowing Policy

All employees are aware of the global Whistleblowing Hotline that is available to them in their own language. The hotline is hosted by a third-party company and is available for employees to report any activity or behaviour that they do not feel is appropriate. No reports have been submitted to the Hotline within the last 12 months.

Adherence to the policies within the Code are audited as part of the Group HR Audit process.

Read more about our **KPIs** on pages 68 to 69

Strategy in action

INVESTMENT DRIVEN GROWTH

> We pride ourselves on being where our customers are. Partnerships function better in close proximity, and we are committed to investing strategically to ensure our global footprint and our supply chain is always aligned with our individual customers' unique needs and requirements"

For *TR*, FY2019 represented the ninth year of sustained growth. And whilst we recognise that the challenging macro-economic conditions in FY2020 and into FY2021 will temporarily knock us off that growth journey, we remain completely confident in both the previous investments that we have made into the business and our plans to continue to invest as required for our future growth.

Sustainable growth will always need investment. However, in the current more challenging conditions, we have taken the opportunity to review, prioritise and defer where appropriate. This will ensure we are focusing resources and efforts to not only best protect our short-term position, but more importantly to protect and build our competitive advantage, ready for when a greater degree of stability returns to the market.

FY2020 – a focused investment journey

Capital expenditure in FY2020 has been significantly lower than in recent years with the main incremental investment being made into our Taiwanese operations to complete the 20% capacity expansion that was started in FY2019.

On the distribution side, as planned we have completed a 20% extension at our Lancaster Fastener warehouse. This has provided us with much needed additional picking locations as well as bulk storage facilities to support our future growth plans and maximise the full potential of our current site in Morecambe, UK.

By far the biggest investments that we have been making over FY2020 are of course into Project Atlas.

Looking ahead

We continue to see focused investment as a core part of our ongoing strategy. With additional investments in our digital capabilities already underway. These are focused on ensuring that we make best use of the strong foundation that Project Atlas will bring, in order to continue to evolve and stay ahead of the competition.

Having completed a fairly significant round of capital investment into our manufacturing capabilities and capacities around the world in recent years, and given the current uncertain conditions, additional incremental investments are expected to be lower in this part of our business in the short-term.

However, targeted investments are still under review in our high growth distribution businesses to facilitate ongoing market share gains in these key geographies, as detailed on page 26.

Read more about our **Project Atlas** on pages 18 to 19

CASE STUDY

TR AWARDS

Signify (formerly Philips Lighting) – *TR* Holland received fifth and sixth 100% delivery award

2020

Supplier Award

TR Fastenings has once again received recognition for its 100% delivery record from Signify for the sixth year running.

A 0% failure rate over a 12-month period is an impressive achievement as *TR* supplies over 400 lines of C-class products to Signify in Eindhoven, Holland, including screws, nuts, clips and plastic components. *TR* Holland has supplied into Philips since 2008, providing technical expertise for bespoke parts and establishing a strong and collaborative relationship over the years.

This year, due to the global COVID-19 crisis, the judging and award certification took place as a virtual event. Signify recognised the high performance of Hans Nijhof, Laurens Wekking and Jeanette ter Riet from the *TR* site in Oldenzaal, who continue to provide excellence in delivery services to customers.

> “Our on going commitment to provide exceptional services across our entire business remains as strong as ever. It has been a challenging time with priority given to the health and safety of our employees but we have adapted and reacted quickly to ensure delivery and service levels to our customers remain high. We are delighted that our hard work and dedication have been recognised for another year and I am very proud of the team”

Ron Vlutters
Managing Director of *TR* Holland

Yanfeng Automotive Interiors – *TR* USA recognised as Distinguished Supplier for third year running

TR Fastenings has been recognised as a ‘Distinguished Supplier’ by Yanfeng Automotive Interiors for the third year running.

Yanfeng Automotive Interiors (YFAI), the world’s largest supplier of automotive interiors, recognised 19 of its suppliers during the ‘North America Supplier Performance Awards Ceremony’ on 6 February, at its Michigan Tech Center.

TR has previously been granted Distinguished Supplier status by YFAI (in 2019), following its award for Supplier Excellence in 2018.

TR USA is supported by its manufacturing colleagues in SFE Taiwan.

> “Each year, this event is an opportunity for us to recognise our suppliers for their commitment to excellence. Their dedication enables our team to provide our customers with the high-quality products they’ve come to know from YFAI”

Jim Bos
Vice President, Global Procurement, for Yanfeng Automotive Interiors

> “It is a huge honour to receive this recognition for ‘Flawless Execution’. These Awards celebrate suppliers’ outstanding track record in quality, cost, logistics, development, technology, and service and to be acknowledged in this way is testament to *TR*’s commitment to providing our customers with consistently high-quality products. We are very proud of the strong relationship we have with YFAI, which is built on our teams’ exceptional industry knowledge, manufacturing excellence, and outstanding customer service”

Jose Vera and Brad Allen
Business Development Managers at *TR* USA

Strategy in action

CONTINUE TO ADD VALUE AND DIFFERENTIATE

> *TR* – a global business that offers *T*rusted *R*eliability at every turn"

Read more about **Innovation** on pages 36 to 37

Our engineering knowledge and experience, supported by our high quality manufacturing locations, means we are able to add real value to our customers throughout the purchasing cycle. From initial enquiry and product development, through to ongoing reliable supply management, we have the skills across the world to problem solve, and to drive efficiencies throughout the life of the build.

Our engineering value add continues beyond design and enquiry stage with our technically skilled engineers delivering cost savings to customers throughout the supply relationship. Through specific component design or process applications we add value and generate efficiencies on an ongoing basis. Working with our customers to reduce product volume, assembly time or weight, or to localise supply chains. This in turn helps us to manage price discounting demands, win customer loyalty and further enhance our reputation.

Our reputation in the industry for quality is second to none at a time when customers are beginning to focus more and more on this. We are known for our commitment and ability to go the extra mile for our customers, solving issues often before they arise, adapting quickly to supply chain challenges and stepping in where competitors have fallen short. All of this commitment is supported by established on and off-shore supplier networks and valuable licences that mean we can reliably supply a full range of quality product to meet our customers' component requirements across a broad range of sectors.

We continuously undergo and pass customer audits in our manufacturing and distribution locations. With external recognition also evident in the various awards we have once again received during the year.

Looking ahead

Looking ahead we see investing in quality and engineering as an ongoing requirement, as the demands our customers place on us increase across all sectors of our business. We have a very strong foundation to work from, with plans already in place to continue to invest in and build our teams and capabilities around the world.

We are also looking at how best to invest in and develop our supply chain team to ensure that we are able to continue to work closely both with our existing trusted supplier base as well as exploring additional sourcing opportunities and thereby provide greater supply chain flexibility to our end customers. Further details are provided on page 24.

We believe that the global integration that Project Atlas will bring to our business, will also differentiate us from the competition in the here and now and future proof us, so we stay fit and ready for the challenges yet to come. Further details are provided on pages 18 and 19.

Read more online at **www.trfastenings.com**

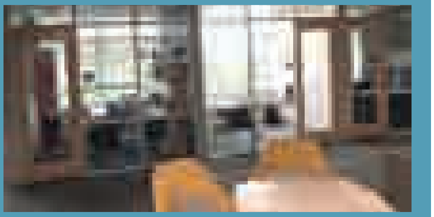
CASE STUDY

TECHNICAL & INNOVATION CENTRE – GREENVILLE, SOUTH CAROLINA

In the last few years we have successfully opened technical & innovation centres in Gothenburg, Sweden and Birmingham, UK. These locations are in prime locations where there are automotive clusters and engineering headquarters for both OEMs and Tier 1s focusing on new EV and EVB developments.

Greenville in South Carolina, USA was an obvious choice for a third technical & innovation centre as it has a fast-developing automotive sector with Volvo, BMW and Mercedes. Clemson CU-ICAR innovation clusters specialise in automotive engineering research and enables students to learn about advanced manufacturing and materials and connected and automated vehicles. The university has incubator units for companies to be on Campus and be part of the new technologies, meet and share information and have access to business and network opportunities.

Our team visited and spent time being shown the inner workings of the faculty and, without hesitation, secured an incubator unit. This has been ideal for *TR* business managers and application engineers to work from and to be part of the new technology being developed. It is early days for us but it is an amazing launch pad for expansion into this region and to be part of the new, fast paced and changing face of automotive as we embrace clean technology through reducing carbon emissions.



Manufacturing and distribution sites

- ● Houston, *TR* USA
- ● Technical & innovation centre, South Carolina

Strategy in action

OPERATIONAL EFFICIENCIES

> *TR* is committed to continuous improvement. We understand the importance of an efficient and effective cost structure, so as to best future proof the business and our strategy for growth”

As a Group, *TR* is committed to continuous improvement. We are always looking for ways to make our processes more efficient, whether that is by improving our manufacturing capacity and utilisation, working with our vendor base to manage costs, increasing our available warehousing space or improving our management and business information systems.

We understand the importance of an efficient and effective cost structure, so as to best future proof the business and to support our strategy for growth. This is even more the case, in the current challenging macroeconomic conditions.

The first half of FY2020 saw us make a number of short-term cost savings and deferrals to help manage the impact of reduced trading levels on our underlying operating margin.

COVID-19 has further accelerated our activities in this area, with a number of cost reduction and management actions taken at the end of FY2020 and into FY2021. Full details of this are provided in our separate COVID-19 report on pages 10 to 13.

Operational efficiency and automation are also two of the key wins that will come out of Project Atlas which will be further supported by the introduction of the OEB, which has been specifically tasked with driving our ongoing strategy in this area.

Read more about our **OEB** on page 23

ACQUISITIONS

Read more about **Good news** on page 25

Corporate social responsibility

Jenni Davies
European Health, Safety and Environmental Manager

Read more about our **ESG and more** on pages 78 to 83

> Our trusted reputation gives our employees, customers, stakeholders, and the communities in which we operate the confidence to partner and do business with us"

Communities

At *Trifast* we have a continuing commitment to conduct our business operations in a fair and ethical manner and to comply with all relevant laws and regulations, within all our operating locations.

We recognise that our business activities can have an impact on the communities in which we operate and we remain committed to interacting responsibly with those communities and all of our stakeholders. As a global Company we bring together people from a wide variety of backgrounds, origins, experiences and cultures. It is our responsibility to respect and value others and maintain high ethical standards in everything we do.

Health, Safety and Environment ISO 14001

Trifast is committed to providing a safe and fair environment, we enforce this commitment through our Health and Safety, and Environmental Management systems and our continuous improvement cycles surrounding them. This is implemented through a firm auditing process, and the roll-out of our Health, Safety and Environmental software solution – EHS Engage.

The ISO 14001: 2015 Environmental Management Systems standard is held in our UK, European, USA and Asian facilities. This has given us a firm grasp on our businesses environmental aspects and impacts, allowing us to control and minimise our effect on the global and local environment.

Our Environmental Policy remains committed to:

- Minimise energy consumption per full time equivalent (FTE) and square metre as is reasonably practicable
- Prevent pollution as far as is reasonably practicable
- Reduce the production of waste and develop effective waste management and recycling procedures, as well as disposing of unavoidable waste in such a way as to minimise its environmental impact
- Minimise emissions when defined as having a significant impact
- Periodically review its environmental arrangements, and performance against objectives to ensure that it remains relevant and appropriate
- Encourage awareness of internal and external environmental issues, and this Environmental Policy
- Reduce, control and where applicable prevent the use of restricted substances
- Conduct its activities in full knowledge of, and compliance with, the requirements of applicable environmental legislation, approved Codes of Practice and other environmental requirements agreed by top management

CSR Pillar	Stakeholder(s) involved	Expectations	Top level aims
Our people	Employees & their families Customers Suppliers Investors NGOs Regulatory organisations Neighbours & local communities	Legal compliance Good standards of health, safety & wellbeing Data reporting Auditing	Comprehensive employee support Employer of choice On time comprehensive auditing Year-on-year reductions of accident rates Effective implementation of software solutions
Communities		Fair & ethical Legal compliance Impact awareness	Professional & ethical standards Respect for culture & values Trusted reputation
Environment & sustainability		Legal compliance Retention of ISO 14001 accreditation Control of emissions Data reporting Auditing	Control of emissions Minimising environmental impact On time comprehensive auditing Year-on-year reductions of incident rates Effective implementation of software solutions
Suppliers		Compliance with local legal requirements Sign up to our quality and sustainability agreement Management of their sub-suppliers Sign up to the modern slavery act	Strong business relationships with key suppliers On time comprehensive quality auditing Regular planned visits Business review meetings with key suppliers Continued risk assessment

ISO 45001
We are currently working towards accreditation to ISO 45001 Occupational Health and Safety Management Systems. To aid us in the implementation of ISO 45001, we have invested in a Health and Safety software solution. The software roll-out is now underway, and will aid us in effective management of incidents, risk assessments, non-conformity management and strengthening our auditing methods.

We have a firm responsibility and support framework in place for our Health, Safety and Environmental Management, which ensures continuity of the Company strategy from the CEO to the Operational staff, supported by the H, S & E Team.

Through our Health and Safety Policy, *Trifast* remains committed to:

- Provide safe and healthy working conditions which aim for the prevention of work related injury or ill health
- To eliminate hazards, so far as is reasonably practicable, and reduce occupational health and safety risks
- Conduct its activities in full knowledge of, and compliance with, the requirements of applicable legislation, approved Codes of Practice and other requirements agreed by top management

Sustainability
Our commitment to be a sustainable business underpins everything we do and this culture is integrated into our day-to-day operations around the globe. It is important to us to demonstrate our approach to all parties who have an interest in our business. We regularly review and address the key social, ethical and environmental issues that could have a bearing on our operations.

Working as a team we:

- Act in an ethical and responsible manner
- Take care of all our employees
- Are accountable for our impact on the environment
- Deliver support to local communities through volunteering and charitable donations
- Look to deliver best value to all stakeholders

ISO 14001

Targets
In FY2018 we set two ambitious targets to achieve within two years.

- **to reduce our waste to landfill by 10%**
  By optimising on our current recycling solutions and implementing new measures, we had achieved the required 10% reduction target by FY2019. We increased this target by a further 5% and ended FY2020 having achieved a 16.4% reduction in our waste to landfill over the two-year period
- **to reduce our global carbon footprint by 5%**
  Through implementing some simple cost effective solutions, we had achieved a 2.58% reduction in the first year. By FY2020 we had achieved a 10.45% reduction since FY2018, more than doubling our initial target

In adherence with our ISO14001 management system, we will be looking to set new targets during 2020/2021 – and will continue to measure our existing KPI's.

Suppliers
Our suppliers and our global manufacturing sites provide us with the goods and services we rely on to deliver to our customers. They range from substantial multinational companies to small-scale local businesses providing bespoke services when they are needed.

Trifast has a structured approach to engaging with its most strategic supply chain partners, to establish long-term relationships which create sustainable value for both *Trifast* and its suppliers.

Corporate social responsibility

Carbon footprint FY2020

Our emissions data includes all material emissions of the six Kyoto gases from direct sources, and from purchased electricity, heat and steam and cooling where applicable. No direct source material emissions have been omitted.

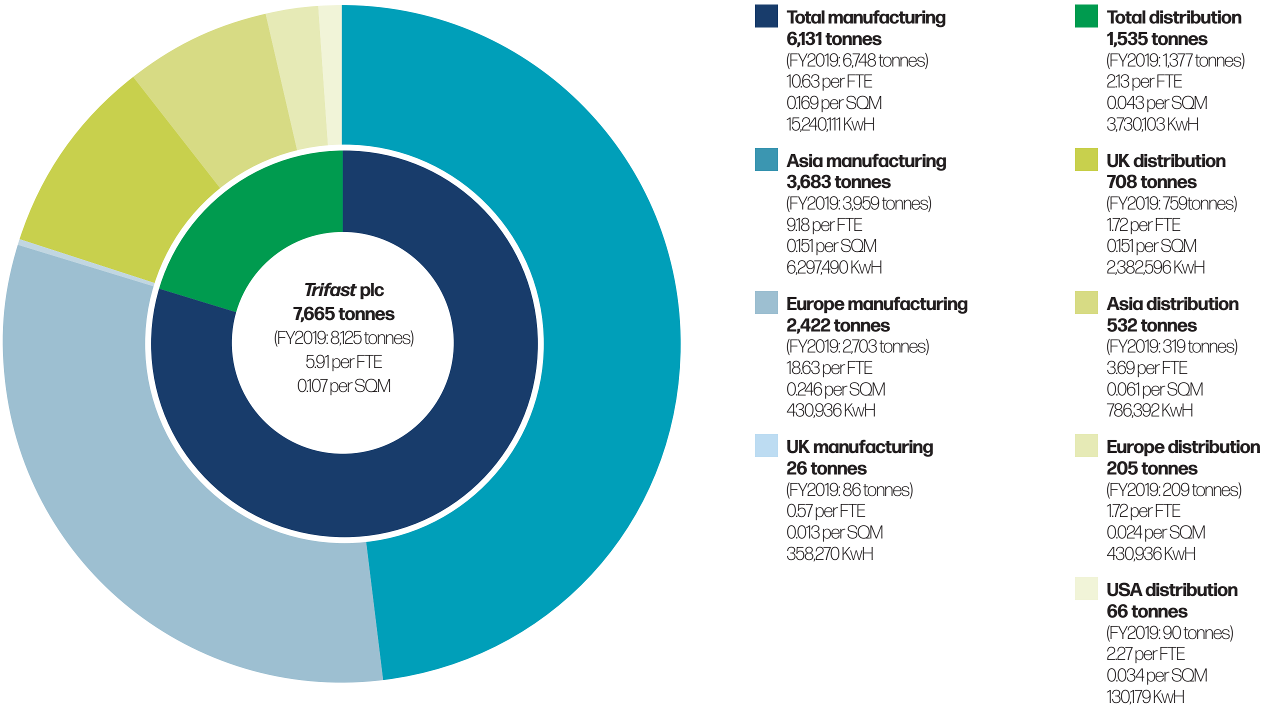
Data Period for reporting	FY2020	FY2019
Total Scope 1 emission	**1,891**	1,872
Purchased fuels	**1,221**	1,278
Company vehicle Use	**670**	595
Total Scope 2 emission	**5,774**	6,252
Purchased electricity	**5,774**	6,252
Total GHG emissions	**7,665**	8,125

Figures are reported in tonnes of CO_2e (Carbon Dioxide Equivalent)

Reports are calculated in the following ways:

- Tonnes of CO_2e
- Tonnes of CO_2e per FTE (Full Time Equivalent)
- Tonnes of CO_2e per SQM (Square metres of floor space occupied by the Company)

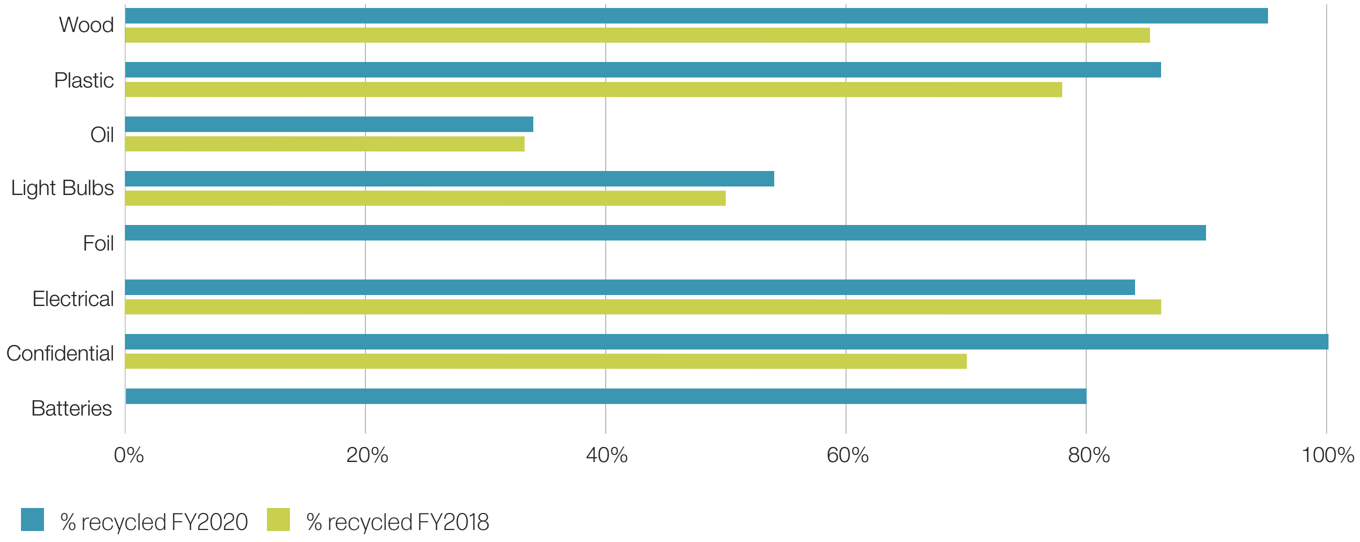
The FY2020 calculations have been made utilising the IEA "2018 CO_2 emissions from fuel combustion" and "2018 emissions factors" data sets. The FY2019 figures have been reworked to also utilise these figures for comparative purposes.



	Tonnes of Co_2e per FTE			% Change	% Change	
Data Period for reporting	FY2020 actual	FY2019 actual	FY2018 actual	FY2018 to FY2020	FY2019 to FY2020	FY2020 Target
***Trifast* plc (KPI)**	**5.91**	6.4	6.6	-10.45	**-7.66**	6.27
Total Distribution	**2.13**	1.99	2.28	-6.58	**7.04**	2.17
Asia Distribution	**3.69**	2.22	2.2	67.73	**66.22**	2.09
USA Distribution	**2.27**	3.1	1.33	70.68	**-26.77**	1.26
Europe Distribution	**1.72**	1.76	2.32	-25.86	**-2.27**	2.2
UK Distribution	**1.72**	1.85	2.32	-25.86	**-7.03**	2.2
Total Manufacturing	**10.63**	11.7	11.5	-7.57	**-9.15**	10.93
Asia Manufacturing	**9.18**	9.87	9.31	-1.4	**-6.99**	8.84
Europe Manufacturing	**18.63**	20.79	16.82	10.76	**-10.39**	15.98
UK Manufacturing	**0.57**	1.87	16.82	-96.61	**-69.52**	15.98

Waste to landfill reduction

Waste Stream	% recycled FY2018	% recycled FY2020	% reduction of waste to landfill FY2018 to FY2020
Batteries	0.00	**80.00**	**80.00**
Cardboard	92.30	**96.20**	**4.05**
Confidential	70.00	**100.00**	**30.00**
Substances	12.50	**14.00**	**10.71**
Electrical	0.00	**0.00**	**0.00**
End of Life	0.00	**0.00**	**0.00**
Foil	0.00	**90.00**	**90.00**
General	0.00	**0.00**	**0.00**
Light Bulbs	50.00	**54.00**	**7.41**
Metals	66.67	**71.00**	**6.10**
Oil	33.30	**34.00**	**2.06**
Organic	0.00	**0.00**	**0.00**
Plastic	77.80	**86.00**	**9.53**
Toners	0.00	**0.00**	**0.00**
Wood	88.90	**95.00**	**6.42**
			16.42



Trifast in the community

1. ***TR* Fastenings Inc encourages STEM careers**
TR's North American location sponsors the Obra D. Tompkins High School's Robotics Club (better known in the FIRST Robotics Competitions (FRC) as the Steel Talons).

2. ***TR* partnering with local college as Enterprise Advisers**
Helen Toole, Global HR Director and Luke Murphy, UK HR Manager based at *TR*'s head office in Uckfield, have partnered with the local college and will work with them to provide support as Enterprise Advisers.

3. ***TR* Kuhlmann take part in a MINT Chess event**
In December 2019 staff from *TR* Kuhlmann held a chess event, that was organised with local registered association Mint-Technikum (Mathematics, Computer Studies, Natural Sciences, Technology)

4. ***TR* Fastenings Inc. putt their skills to the test in a tee-rific charity golf match**
TR was invited by Yanfeng Global Automotive Interiors to take part in the 21st Annual Plymouth Community United Way Tee Off For A Friend Golf Classic and Dinner.

5. ***TR* Fastenings North East donates to local Food Bank at Christmas**
Staff at *TR* North East donated food and toiletries to supply to the St Clare's Church Food Bank in Newton Aycliffe.

6. **Continued support for Mick Kirby, Sussex based clay pigeon shooting champion**
TR is proud to support disabled sportsman Mick Kirby who took on his biggest challenge to date in October 2019, ascending Mount Kilimanjaro to raise money for charity.

7. ***TR* Fastenings Uckfield raises over £130 for Movember 2019**
Employees at *TR*'s head office in Uckfield, joined over 400,000 of their 'Mo Bros' and 'Mo Sistas' across the world during the month of November.

8. **Employees at *TR* Scotland show continued support as they raise money for Save The Children**
In December 2019, the team took part in Christmas Jumper Day raising £270 for Save The Children; a charity that was launched in 2012 and that now supports over 100 countries.

9. ***TR* Scotland shows continuous support with Christmas food and toy drive 2019**
The donations to these drives started early last year, as a result of discussions held by the site's 'Continuous Improvement Team' who meet every two months to discuss ideas to improve culture, team work and the office environment.

10. ***TR* Fastenings Inc. donate to Toys For Tots at Christmas**
The *TR* team in the USA donated to the charity, established in 1947, that collects new toys to be distributed to the less fortunate at Christmas. The charity has distributed an impressive 566 million toys to date, supporting 258 million children.

11. ***TR* continues Jamie Bedwell sponsorship as he sets sights on 2024**
TR is again sponsoring successful Sussex triathlete Jamie Bedwell, as he continues on his quest to reach the Paris Olympics in 2024.

12. ***TR* proud to encourage young talent by sponsoring Uckfield FM Community Awards 2019**
TR Fastenings were proud to again be supporting the Uckfield FM Community Awards by sponsoring the Young Person of the Year Award.

13. **Lancaster Fastener proud to support Sydney Terry**
Lancaster Fastener is proud to support Sydney Terry who has been Slalom Racing for over 18 months and has competed throughout the UK for Pendle Race Squad, based in the North West of England.

14. **Continued support for local team, Uckfield Grasshoppers JFC**
TR is a proud sponsor of Uckfield Grasshoppers JFC. The club was set up in 1981 by a group of local parents, since then it has grown into a club with over 250 registered members and teams from Under 6s to the Under 16s – including several girls in the younger "mini-soccer" age groups.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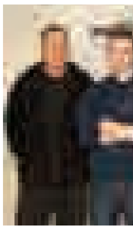


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TOYS FOR TOTS

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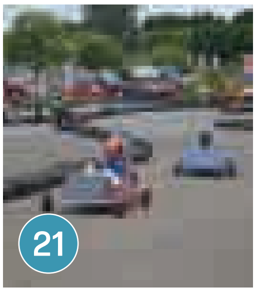
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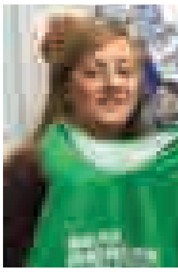


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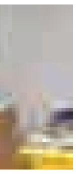


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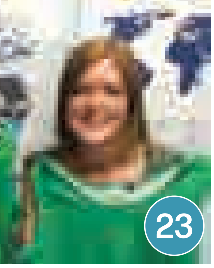
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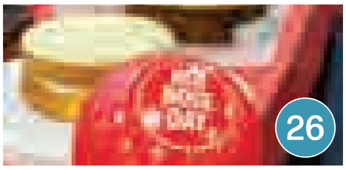
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15. *TR* Uckfield finds fundraising a piece of cake for Macmillan Coffee Morning

Employees at *TR* Fastening's head office in Uckfield, raised an impressive £272.78 for Macmillan Cancer Support in September 2019.

16. *TR*'s Hayley Neilly takes on the Three Peaks Challenge with just days' notice!

TR Transactional Sales Co-ordinator, Hayley Neilly, walked the Three Peaks in North Yorkshire with just days' notice to raise money for Raystead Centre for Animal Welfare in East Sussex.

17. *TR* renews sponsorship of Buxted Football Club

TR is proud to renew its sponsorship of Buxted Football Club, who were established over 100 years ago in 1918. Since the launch of the team they have gone from strength to strength, and have in the past had four senior teams running in various divisions across the Mid-Sussex Football League.

18. *TR* Fastenings provide support to Hungarian racing team

TR Fastenings Hungary is providing technical and product support to Hungarian racing team, Arrabona Racing. The team started in 2014, supporting and encouraging students to produce, design and manufacture single seated race cars and compete against each other in several events.

19. *TR* Fastenings continues to support Formula Student team in Sweden

TR Fastenings has renewed its support of a Formula Student motorsport team from Sweden for the third consecutive year. The team will be driving and competing in electric cars they have designed and built themselves at the Italian Riccardo Paletti circuit.

20. *TR* Fastenings, proud sponsor of the Newick Cricket Club

Piers Morgan and friends returned to Newick Cricket Club for a nail-biting summer stand-off. A record-breaking turnout of an estimated 2,500 - 3,000 people returned to the King George V playing field in Newick in July 2019.

21. *TR* Fastenings hosts annual Uckfield Kit Car Mini Grand Prix

TR hosted the 17th Uckfield Mini Grand Prix featuring over 250 local school children in its car park in July 2019. This is the only race in the UK to feature kit cars being driven side by side by children in a grand prix style competition.

22. Kevin races to the finish for charity in London to Brighton bike ride

In June 2019, *TR*'s Kevin Gladman, Data Controller, completed the London to Brighton British Heart Foundation Bike Ride in an impressive 5 ½ hours, with the average time being anything ranging from 6–10 hours, raising a grand total of £208.

23. Jenni returns for second Mighty Hike for Macmillan

TR's Jenni Davies and Katie Boddy, who are both based at the Newton Aycliffe site, took on the Northumberland coast for the Macmillan Mighty Hike in July 2019, raising money for the charity in memory of their friend and colleague Linda Woodward.

24. Don Lamb rocked all the way to the finish line in musical Madrid marathon

Don took part in the EDP Rock'n'Roll Madrid Marathon in April 2019 in support of Newburn Sea Cadets, a charity providing opportunities for local children aged 10-18 ranging from first aid skills to studying marine engineering courses.

25. *TR* Fastenings continues supporting the annual Little Horsted Fun Run

TR sponsored the 10th annual Little Horsted Fun Run that took place in May 2019, just minutes from *TR*'s Head office.

26. Comic Relief fundraising is a piece of cake for *TR* Fastenings team in Uckfield

Employees at *TR* Fastening's head office raised over £200 for Comic Relief. The total was raised by selling cakes, red noses and taking part in 'Guess Katherine Ryan's favourite flavour cupcake.

Risk management

Viability statement
In line with provision 31 of the Code, the Directors have assessed the prospects of the Company taking into account the current position and principal risks to determine whether there is a reasonable expectation that the Group will be able to meet its liabilities as they fall due over a specified period of time.

The Directors have carried out this longer-term viability assessment over a period of three years as this aligns with the Group's detailed forecasts. Three years is considered an appropriate period of time for the Group as it strikes the right balance between the need to plan for the long-term whilst considering the uncertainty that arises in relation to assumptions the further you look ahead.

In assessing the prospects of the Group over the three-year period, the Directors have also considered the Group's current financial position including, the successful *c.*£16m equity raise in June 2020, as well as its financial projections in the context of the Group's cash and debt facilities and associated covenants. These financial projections are based on a bottom-up budgeting exercise for FY2021 and FY2022 which has been approved by the Board and a more top down view aligned to the Group's strategic objectives for FY2023. Due to the current high degree of macroeconomic uncertainty, three year projections have been performed to reflect both a most likely scenario outcome and an extreme but plausible one, both of which are being updated daily and reported to the board on a weekly basis (for further details see our specific COVID-19 discussions on pages 10 to 13). Under both of these scenarios the Group's projections indicate that cash and debt facilities and projected headroom are more than adequate to support the Group over the next three years.

In conducting the assessment, the Directors have considered the principal risks outlined so as to determine the impact on the financial position and performance of the Group. These risks have been identified by the Board, and are actively monitored on an ongoing basis, the most significant of which are considered in more detail below:

1. COVID-19 has had and is expected to have a significant impact on the operations and trading performance of the business in the short term and longer term. A full discussion of how the business is dealing with the risks associated with COVID-19 is included on pages 10 to 13.
2. A protracted global economic downturn (such as may be the case following COVID-19) would impact negatively on our ability to continue to grow and invest as a business. However, as for the majority of customers we still only represent a relatively small proportion of their global fastening spend, even in a time of volume reduction, we would continue to expect to have the opportunity to secure growth via customer specific market share increases. As a business, we operate in a very broad and balanced range of sectors and geographies. In addition to which, we have no one customer that represents more than 7% of our Group revenue, and no one end automotive OEM that represents more than 5%. This means that we are not overly dependent on any one customer, market or sector for our ongoing success, which greatly increases our business sustainability even in these uncertain times.
3. Potential impact that Brexit could have on the business due to foreign exchange movements, the possibility of a general downturn in the UK economy and/or the future impact of WTO tariffs. To date the impact has largely been in the form of foreign exchange translation tail winds, as the weakness of sterling has increased our Group results at AER over the last three years. In time there is a risk that this could reverse if the relative value of Sterling were to increase again. Such a reversal would reduce absolute consolidated profits in sterling, however as it is unlikely to have a significant impact on the underlying margins that the overall business can secure, it would not raise a significant viability risk. If we do end up in a hard Brexit scenario, with increased tariffs and administration costs on the UK/EU border, this will have a short-term impact most specifically on a percentage of the UK's distribution business. However, as a global business with worldwide logistics and over 70% of our revenue generated outside of the UK, we consider we have the flexibility to withstand any UK specific challenges by either adjusting our supply routes in the medium term, or even potentially following our contract customer base overseas if UK manufacturing moves in the longer term.
4. A serious quality issue occurring, both in terms of an immediate reduction in revenue, and possible penalties incurred, and longer term, considering the impact to our reputation, including the possible risk that this could lead to the loss of one or more of our key multinational OEM customers. We have robust quality processes in place around the world, both in terms of our own manufacturing processes and our vendor assessment and sourcing policies. In addition, our established global quality team and issue resolution procedures ensure that any supply problems that do arise are dealt with and resolved as soon as possible for our customers, ensuring that the costs incurred by us and the end customer are minimised as far as possible. However, although this has not happened in our 45+ year history, it is possible to imagine a more significant quality issue arising with a customer which could result in substantial recall costs and penalties. In case of these circumstances, we carry an annually renewable Product Guarantee/Recall insurance policy which is underwritten with first class security in the London insurance market. Although, the ongoing negative impact on the business may still be significant whilst the market builds back up its trust in the Group.
5. The risk of a significant cyberattack, or data security breach could incur penalties and have a serious impact on the Group's ability to trade in the short term, with longer-term negative implications to our reputation in the marketplace and therefore our ability to meet our growth targets in the medium term. We have made substantial additional investments to our cyber security, including our back-up data storage and power systems in recent years and have global IT policies in place that are managed by a dedicated in-house team. We continue to invest in IT security and are rolling-out ISO 27001 around the world. However, in this world of heightened cyber risk, it is not impossible that a circumstance could arise where our trading results have been negatively impacted as a result of a cyber threat or data loss.

The scenarios are hypothetical and purposefully severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group. It is considered unlikely, but not impossible, that the crystallisation of a single risk would test the future viability of the Group. However, as with many companies, it is possible to construct scenarios where either multiple occurrences of the same risk, or single occurrences of different risks could put pressure on the Group's ability to meet its financial covenants. In the case of these scenarios arising, various options are available to the Group in order to maintain liquidity so as to continue in operation such as accessing new external funding early, more radical short-term cost reduction actions and reducing capital expenditure. As discussed on pages 10 to 13, certain actions have already been taken in reaction to the current COVID-19 situation. However notwithstanding this, we retain a comprehensive and evolving list of cash and profit levers that we can draw on as required to continue to safe guard the short and long-term future of the business.

After considering the risks identified and on the basis of the assessments completed, the Directors believe that there is a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the next three years.

Risk management

How the business manages risk to achieve our strategic objectives

Trifast's risk management process is designed to improve the likelihood of achieving our strategic objectives whilst continuing to protect the interests of the Group's employees, shareholders and other key stakeholders. The Group is committed to conducting business in compliance with all applicable laws and regulations and in a manner consistent with its values and Global Code of Ethics see page 88.

Risk appetite

Trifast recognises that the management of risk requires a level of commerciality to enable the business to meet its joint strategic objectives of protecting stakeholder interests whilst creating stakeholder value. The Board therefore takes responsibility for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The appetite the Board is willing to take is discussed further in the Audit Committee Report on pages 88 to 91.

Risk management framework

Main Board

Ensures that risk is managed across the business

Defines the Group's appetite for risk

Assesses the Group's principal risks and opportunities

Operational Executive Board (OEB)

Inputs into Main Board's process for setting risk appetite

Implements strategy in line with the Group's risk appetite

Leads operational management's approach to risk

Audit & Risk Committee

Monitors and reviews the effectiveness of the Group's risk management framework

Reviews, updates and submits the Group's principal risks and uncertainties to the Main Board

Monitors and reviews the Group's ongoing compliance with relevant laws and regulations

Operational Management

Creates an environment where risk management is embraced and the responsibility for risk management is accepted by all employees

Implements and maintains risk management processes, including the maintenance and monitoring of the risk register

Employees

Active in the day-to-day management of risk

Embedded within the new HR management system - Microsoft Dynamics 365 Human Resources

Activities in the year

Annual risk review process

On an annual basis the Main Board, Operational Executive Board and Operational Management teams are involved in a detailed risk assessment of the Group's strategic plans. This process focuses primarily on those risks associated with the execution of the Group's strategy and the results are reported to the Audit Committee and the Main Board for consideration and approval.

Compliance with Laws and Regulations

Each year the Group reviews its key policies to ensure ongoing compliance with all relevant laws and regulations, including anti-bribery, whistleblowing and share dealing. The results of this review are reported to the Audit & Risk Committee for consideration and approval and reported to the Main Board where appropriate.

Internal audit

The Group operates an internal 'health check' review process which operates on a rotational basis across all business units. These reviews cover both operational and financial controls and are carried out by senior Group finance personnel. Results of these reviews are reported to the Audit & Risk Committee for consideration and reported to the Main Board and Operational Executive Board where appropriate.

Cross functional reviews

A series of functional reviews are carried out on a rotational basis across all business units, including quality, supply, IT/cyber security and HR. All such reviews are conducted by senior Group functional personnel and the outcome of these reviews are reported to the Main and Operational Executive Board and Audit & Risk Committee for consideration as appropriate.

Risk management

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
COVID-19 and the macroeconomic environment Trend ^	A significant decrease in global manufacturing volumes will lead to a reduction in trading and profitability across our businesses Traditionally distribution/manufacturing sectors bear the effect of inventory reduction in challenging economic periods earlier than other industries	A comprehensive discussion of how the business is dealing with the specific risks associated with COVID-19 is included on pages 10 to 13 In more normal times, by operating globally and across a number of sectors, the Group is better able to manage the risk of regional or industry contractions. As customers move, or expand, we have the capability and flexibility to move with them, whilst our first class customer service works to protect us from rapid supplier changeover We hold <1% of the overall market meaning trading growth via market share can remain credible even in a falling market	As a result of COVID-19 the global economy has been in a period of significant contraction since the beginning of the calendar year 2020. How quickly regions and sectors can come out of this situation is currently unclear, although general market sentiment is moving more towards a slower recovery than the sharp V-shape that was originally expected This will undoubtedly make conditions more challenging for *Trifast* in the short to medium term

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Personnel & resource Trend >	Without both adequate resource and appropriate investment in our people and succession planning across all levels of the business from the Board down, we may not be able to deliver our future strategic plans and long-term success COVID-19 has brought additional challenges to the way that we manage and protect our staff as working practices change	Our succession planning and gap analysis processes identify key employees and roles within the business and are designed to broaden and transfer our specialist knowledge and skills base. We invest heavily in our people via ongoing training and our Group wide performance development programme to ensure there is adequate opportunity to allow our people to 'move up' within *TR*. Our planned investments in Project Atlas (see pages 18 and 19) will further enhance this. Rewards are reviewed annually to ensure they remain at levels that are competitive within the marketplace As discussed in detail on pages 10 to 13, we have worked hard in the current uncertain COVID-19 situation to ensure that we prioritise the health and wellbeing of all of our people around the world	The Group enjoys extremely high retention levels with over 50% of staff having been in the Group for more than ten years and the average length of service being over ten years. All key succession risks are appropriately managed The rapid and extensive actions we have taken in response to COVID-19 have helped to mitigate the current heightened risk level

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Quality and manufacturing Trend >	We recognise that the quality of our manufactured and externally sourced products is of critical importance. Any major failure will affect customer confidence and may lead to immediate financial penalties	Our established global quality team maintains our Group wide quality compliance protocols. Quality inspection processes across our manufacturing and distribution sites and vendor base are robust, allowing us to offer zero-defect supplies to customers where required and appropriate insurance is maintained and reviewed annually	The Group has not experienced any substantial quality issues. Quality is moving further up the agenda across all sectors of our client base and we are continuing to invest to meet this

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Foreign exchange volatility Trend >	A significant portion of the Group's revenue and profit is generated outside of the UK. Due to translation risk, the Group results could be adversely impacted by an increase in the value of Sterling relative to foreign currencies. In addition, a transactional risk exists as the Group sources certain products from the Far East for sale across Europe	Transactional hedging is achieved via the commercial matching of transactions wherever possible. Non-functional currency balance sheet items are minimised and net investment hedging is used for any significant acquisition finance We regularly review our foreign exchange mitigation strategies with our advisors to ensure that these remain fit for purpose in these challenging times	Foreign exchange volatility has been significantly higher in recent years across a basket of the Group's key currencies Our results have been presented at CER and AER to assist our stakeholders' understanding of the underlying business. Further information in respect of the Group's policies on financial risk management objectives including policies to manage foreign exchange is given in note 27

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Loss of a key customer and debtor exposure Trend ^	Good relationships with our customers is key to the business. Any lack of holistic support or an inconsistent approach to the trading and management of key global customers across the Group increases our exposure to customer loss Increased trading levels and uncertain market conditions can lead to higher debtor balances, raising our exposure to customer failure and bad debt write downs	We maintain strong credit control procedures from new customer set up, through to regular monitoring as trade develops. As discussed on page 11, we are working very closely with customers across all of our businesses in these uncertain times to ensure we continue to effectively manage working capital levels including enhanced credit control procedures Our global multinational OEM focus means we are able to build strong head office and local relationships with our key multinational customers, improving our supplier power and helping us to retain and grow key trading relationships for the longer term	Despite the current uncertain market conditions we have only received a relatively small number of credit term/payment plan requests from specific customers. None of which have led to significant recovery issues to date The Group has not in recent years experienced any substantial credit issues and attrition of our key multinational OEMs remain very low

Risk management

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Interruption of supply Trend ^	The Group sources products both internally and externally for customers around the world. If we were unable to supply a customer in line with their ongoing manufacturing requirements, the risk both to our reputation and in terms of potential stoppage penalties could be substantial	As discussed on page 11, we have been working extremely closely with our suppliers during these unprecedented times to ensure that we can successfully keep all supply routes open for our customers We hold appropriate stock levels to service our customers' needs at all times. Our pan-global presence means we are able to operate along multiple transport routes, shielding us from localised issues. For all key products we maintain multiple sources to ensure adequacy of supply. Our approved vendor due diligence processes also help to mitigate the risk of a supply chain breakdown. We ensure that our top 20 suppliers are visited at least every year to maintain this	COVID-19 has brought with it a number of significant challenges to supply chain management. Countries have been in lockdown, supply routes have been disrupted and our internal and external supplier bases have had to deal with government mandated reduced production volumes Despite this, our long established and experienced distribution business, with its flexible supply base and adaptable logistics has continued to offer timely and reliable supply to all of our customers

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Inventories obsolescence Trend ^	The Group holds substantial inventory balances across the world. As the business grows or as volumes fluctuate in a period of uncertainty these levels can increase in the short term. Higher stock levels lead to an increased exposure to obsolete inventory	As discussed on pages 10 to 13, we are working closely with all our businesses, customers and suppliers to continue to manage working capital levels effectively, including enhanced demand forecasting and stock purchase re-scheduling Stock management processes are a key part of the Group's internal controls. We continue to invest in stock management processes and systems to ensure we keep optimum levels across the world. Our multi-locational set up, allows us to reduce lead times, and therefore stock holding, as far as possible	Volatile ordering levels have increased the amount of stock held on hand at 31 March 2020 Our supply chain and purchasing teams are already working hard to reduce this over the course of FY2021

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Cyber security **Trend** >	Unauthorised access to, or a breach of, our systems, networks or premises, could immediately and materially affect our reputation with possible implications for revenue and growth over the short to medium term. Such a breach may also cause financial loss	We have undertaken a review of our cyber security controls worldwide. Additional investment has been made where required to manage our risk. Our IT policies are managed by a dedicated in-house team and access to systems is strictly limited to appropriate personnel. Comprehensive IT risk reviews and PEN tests are routinely carried out across all our sites and we hold ISO/IEC 27001:2013 accreditation in our Group IT function Following the introduction of GDPR in 2018, we appointed a Group Chief Privacy Officer and implemented a framework of activities to ensure the Group's compliance with this legislation	To date the Group has not experienced any significant cyber security threats or data breaches

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Impact of BREXIT: **Trend** >	**FX/Transaction risk/ pricing pressures** The prolonged weakness in Sterling has brought inflationary pressures to our imported purchase costs into the UK	We perform ongoing reviews of our global supplier base as a matter of course to manage pricing pressures that arise. In the UK these reviews have been designed to specifically focus on the ongoing impact of foreign exchange fluctuations to ensure we continue to strike the best deal with our suppliers	In FY2019 and FY2020, we have seen the negative impact of input price increases on our UK margins. This has reduced margins in our UK business by *c.*2.0%
Trend >	**Post-Brexit trading rules (WTO)** A default to WTO rules could have a negative impact on trading between our UK sites and the EU/our EU sites and the UK The specific tariffs attached to our products are relatively low at <5%. Meaning the main risk to our business is a possible disruption at the UK/EU border. If not appropriately managed this could potentially lead to lost distributor sales or customer line stops	As a global Group with a number of EU subsidiaries we are in a strong position to manage our supply chain to allow trading routes that bypass a UK-EU or EU-UK transfer to a large extent We have had a cross-functional Brexit team in place for the last three years who have been carrying out our contingency plans to help mitigate the risks attached to a potential no-deal Brexit scenario The most important element of this planning was a detailed line-by-line review of our UK/EU supply routes. As a result of this, we invested in additional stock ahead of 31 March 2019 to ensure we could comfortably manage the impact of any border disruption arising as the result of a no-deal Brexit	The situation at the moment remains very unclear, but we note that a hard Brexit may lead to a default to WTO rules We will continue to monitor the situation closely and to review our longer-term options, as circumstances develop In the short term, we will continue to hold higher stock levels on both sides of the border to ensure we can keep our supply chains open whatever the final outcome

Risk management

Risk	Description and potential impact	Current mitigation	Has the risk materialised?
Impact of BREXIT: Trend >	**UK Brexit specific macro-economic environment (non-COVID-19)** Given the degree of uncertainty in the wider market, the extended weakness in Sterling and the risk of restrictions to our ongoing access to the single market, the UK economy may contract in the medium term. If we are unable to react to a possible slow down, sufficiently quickly and effectively, then temporary trading/restructuring losses could be incurred if the UK business needs to resize	Regular quarterly forecasting and sales trend analysis at UK level will identify any issues as soon as possible. Whilst our access to the UK distribution market, acts as a good barometer of the wider marketplace, providing us with an early insight in to toughening market conditions and allowing us to react quickly and effectively if a changing situation demands it In the short term, manufacturing levels are protected by existing manufacturing investments in the UK. Although the marked slowdown in investment since the referendum in 2016 may lead to future challenges In the long term, we are a global business with the flexibility to follow our customers wherever they may end up following any prolonged downturn in the UK manufacturing industry	Our largest UK sector, automotive, has seen manufacturing volume reductions over the last 24 months and we expect this volatility to continue into FY2021 Outside of some well-publicised automotive line stoppages in April 2019 to manage the fall-out of a potential no-deal exit, we have continued to see no evidence of a Brexit-led contraction in UK manufacturing to date We will continue to monitor the situation closely over the coming months to ensure we are able to react quickly to any change in circumstances

Cyber security

CYBER
SECURITY

Every year, the scale of attack increases and the impact intensifies across the globe. With this in mind, we have been addressing the key cyber-security challenges that *Trifast* plc faces.

As we embrace our digital transformation to the cloud, it has created new and unanticipated risks. This translates into a growing cyber-attack surface, which requires modern measures to counteract the threats faced in our new cloud-based landscape.

Following a year of logical and physical risk assessments, our focus has been to resolve new vulnerabilities identified across the Group. This has led to the requirement of additional staff to create our first Information Security Operations Centre (ISOC). Security information and event management data is now identified, analysed and investigated to prevent attack or intrusion.

Over the past year, the Group has seen a significant increase in phishing attacks. These attacks have now become more sophisticated and persistent due to our cloud exposure.

In response to the global digital transformation, the ever-changing set of security and privacy regulations provided by governments has increased, compounding the difficulty of managing cyber risks. On 1 June 2017, China implemented the Cybersecurity Law of the People's Republic of China, providing heightened regulatory oversight across the internet and network domains for mainland China. A proposed update in December 2019 would have had a dramatic effect on the right to remove data from China. At present, the update is yet to be enacted, but we will continue to review security and privacy legislation in China and other countries across the globe.

TR Fastenings UK (TRF) achieved the renewal of its cyber security certification on 15 March 2020. The HM Government Cyber Essentials scheme is designed to help UK organisations improve their defences and publicly demonstrate their commitment to cyber security. The certification means that TRF is now qualified to bid for government and other highly sensitive contracts, due to its exceptional standard of base controls in cyber security. This certification is not only evidence of our credibility in cyber security, but also our dedication to quality and integrity when it comes to customer information.

Our continued efforts in information security rewarded us with the achievement of our third-year certification from the British Standards Institution (BSI) for Information Security Management System (ISO/IEC 27001:2013). Achieving the renewal shows our commitment to information security. It demonstrates that we continue to employ a management framework of policies and procedures that helps to keep our information secure and provides confidence to business customers and partners.

In order to keep our staff safe and meet regulatory requirements, we have implemented a new security awareness training portal. Our new innovative technology fuses psychology and behavioural science with artificial intelligence to transform cyber security and data protection awareness. Our education is now GCHQ and IISP accredited to improve security behaviour and attitude within *Trifast* plc.

The security challenges highlighted above clearly point to the fact that our digital transformation provides us with great opportunities but also great risks. To mitigate these risks, we must exercise vigilance over the constantly changing global cyber landscape. As an organisation we must stay informed, be proactive in our defence and threat intelligence, and above all, be prepared for a cyber-attack.

CYBER
ESSENTIALS

Key performance indicators

The Main and Operational Executive Boards and the Operational Management teams regularly monitor and develop a range of financial and non-financial Key Performance Indicators (KPIs) to allow them to measure performance against expected targets, which can be analysed under various categories.

The following represents a selection of these indicators:

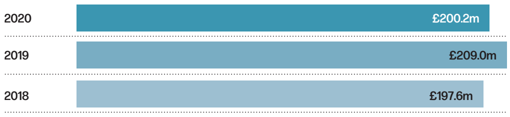
Financial KPIs	Link to strategy	Relevance and performance
Group total revenue	🟠 🔵	Our clear strategy for long-term growth makes turnover an important barometer of the Group's success Turnover has grown significantly from 2016, increasing by 24.1% to £200.2m (FY2016: £161.4m), equating to 5.5% p.a
Underlying operating margin*	🟡 🔵	Growth is about more than just the top line. Controlling our cost base is a key part of our investment plans Reflecting our success in this area, underlying operating margin has been maintained at just under 10% despite the uncertain macro-environment
Group underlying profit before tax*	🟣 🔵	Growing underlying profit before tax over the longer term is a key measure of the underlying performance of the business This has decreased significantly year on year in FY2020 due to the challenging market conditions. However in the five years from FY2014 to FY2019 our UPBT CAGR was 20.8%
Underlying cash conversion as a % of underlying EBITDA*	🟠 🟣 🟡	Our quality of earnings is reflected in our ability to consistently turn underlying EBITDA in to underlying cash The Group continued to be cash generative in FY2020 with an adjusted conversion rate of 95.9% against a target of 70-80%
Underlying return on capital employed ('ROCE')*	🟢 🔵	ROCE measures the return that we are able to provide our equity investors. Maintaining this continues to be a key focus of the Group Reflecting reduced profits, our ROCE has decreased in FY2020 by 680bps to 12.0% (FY2019: 18.8%). Excluding the impact of IFRS16 this decrease would be lower at 580bps, to 13.0%
Underlying diluted earnings per share ('EPS')*	🟠	EPS is a key target for the Group. Our clear strategy for growth is focused on increasing this ratio year on year This has decreased significantly year on year in FY2020 to 10.54p due to the challenging market conditions In the five years from FY2014 to FY2019 our UDEPS CAGR was 19.5%
Strategic multinational OEM/Tier 1 revenue	🟡 🔵	Working to grow this revenue as well as building relationships with new multinational OEMs is the backbone of our overall growth strategy

* Before separately disclosed items (see note 2 in the financial statements). The relevance of these measures and calculations are also discussed in note 2, note 26 and the glossary on pages 184 and 185. For reconciliations to equivalent GAAP measures, please see note 34 in the financial statements and the five-year history on page 186

Non-financial KPIs	Link to strategy	Relevance and performance
Broaden skills of management	🟢	Training programmes continue to be developed that allow our employees across the globe to learn together and share best practice. These programmes include operational, functional and leadership elements and are designed for our employees to enhance existing, and acquire, new skills
Manufacturing to distribution ratio	🟠	By maintaining and expanding our manufacturing capabilities and capacities around the world, we will not only reduce our reliance on purely distribution revenues, but we will also be able to improve our profit margins as revenues increase faster than the underlying semi-fixed cost bases we have in our manufacturing sites

Historic performance

Position on target?



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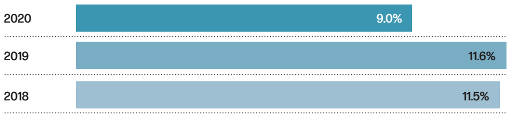

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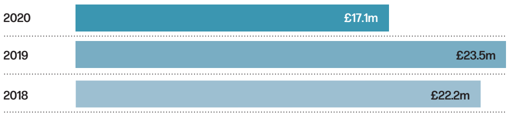

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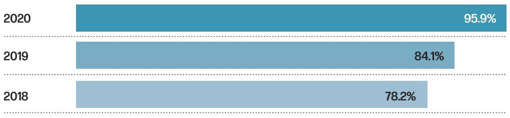

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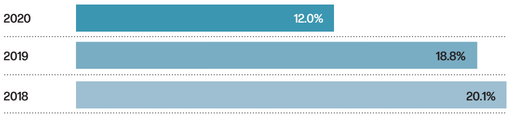

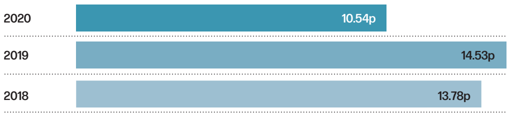

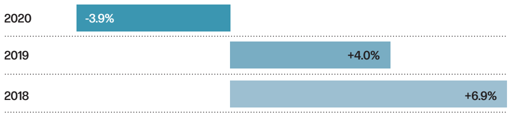

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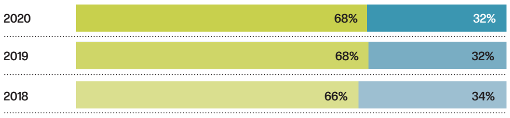
Historic performance

Position on target

Over the last five years, 34% of UK employees have completed the management development programme

✓



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Our strategic pillars

- Core strategy
- Investing in people
- Investment driven growth
- Continue to add value and differentiate
- Operational efficiencies
- Acquisitions

Read more about our **strategy** on pages 40 to 52

Business review

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2).

Mark Belton
Chief Executive Officer

Clare Foster
Chief Financial Officer

> The Group delivered a resilient performance in FY2020. We have sustained both business and customers, despite challenging market conditions"
>
> **Mark Belton**
> Chief Executive Officer

> Cash generation has been strong, with an increased conversion rate of underlying EBITDA to underlying cash of 95.9%"
>
> **Clare Foster**
> Chief Financial Officer

Our Group performance

	FY2020 CER	FY2020 AER	FY2019	Movement at CER	Movement at AER
Revenue	**£200.5m**	**£200.2m**	£209.0m	(4.0)%	(4.2)%
Gross profit^	**£55.1m**	**£55.1m**	£62.6m	(12.0)%	(12.0)%
GP%^	**27.5%**	**27.5%**	30.0%	(250)bps	(250)bps
Underlying operating profit ('UOP')^	**£18.0m**	**£18.1m**	£24.2m	(25.4)%	(25.2)%
UOP %^	**9.0%**	**9.0%**	11.6%	(260)bps	(260)bps
Operating profit (OP)^	**£4.0m**	**£4.1m**	£17.1m	(76.7)%	(76.1)%
OP%^	**2.0%**	**2.0%**	8.2%	(620)bps	(620)bps
Underlying EBITDA^	**£23.5m**	**£23.5m**	£26.4m	(11.2)%	(11.1)%
Underlying EBITDA %^	**11.7%**	**11.7%**	12.7%	(100)bps	(100)bps
Underlying profit before tax^	**£17.0m**	**£17.1m**	£23.5m	(27.7)%	(27.5)%
Profit before tax^	**£2.9m**	**£3.0m**	16.4m	(82.2)%	(81.5)%
Underlying diluted EPS^	**10.52p**	**10.54p**	14.53p	(27.6)%	(27.5)%
Diluted EPS^		**(0.19)p**	9.90p		(101.9)%
Underlying ROCE^		**12.0%**	18.8%		(680)bps

^ Presented after the adoption of IFSR16 Leases in FY2020. For ROCE the impact has been a reduction of 100bps (before IFRS16 13.0%), less significant impacts on the remaining metrics which been explained in a separate table at the end of the business review

The Group delivered a resilient performance in FY2020, despite challenging market conditions and the initial impact of COVID-19 in Q4. Revenues decreased by only 4.0% at CER and 4.2% to £200.2m at Actual Exchange Rate ('AER') for FY2020.

We are encouraged and supported by the fact that we have sustained both business and customers over this difficult period. However as previously reported, we have seen trading decreases across all our key sectors, as production volumes have reduced, and country lockdowns were put in place across the world.

The largest source of market share growth continues to come from our multinational Tier 1s in the automotive sector, with market share gains most specifically in the USA, Thailand and Spain successfully offsetting the impact of both volume reductions and Q4 production line shutdowns.

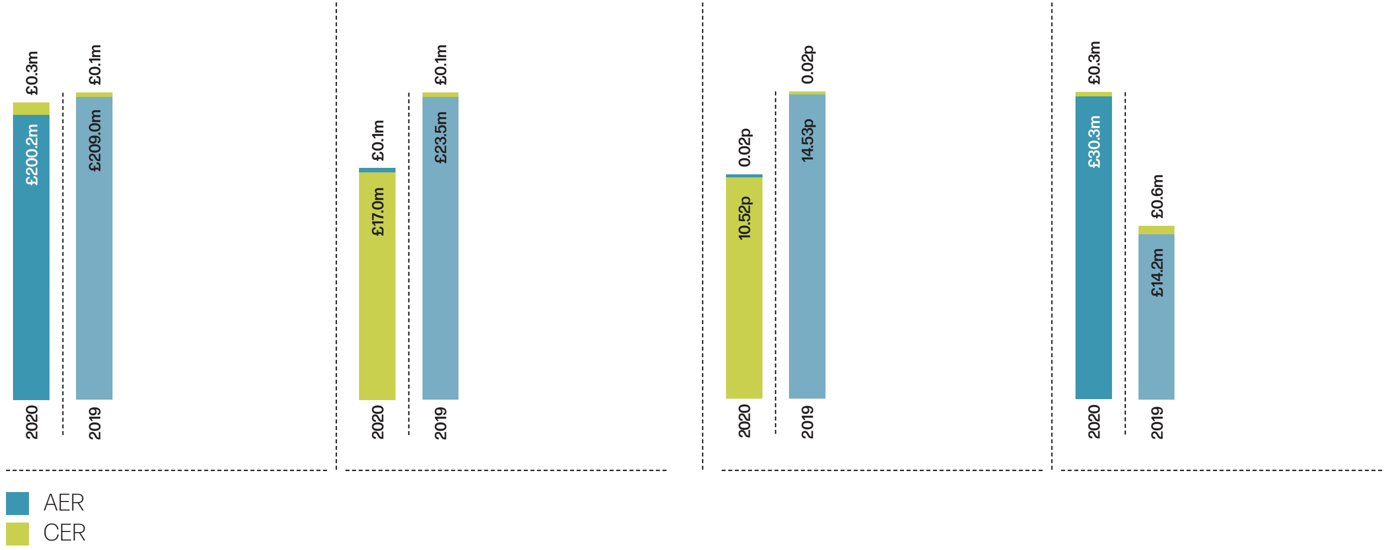
Gross margins have decreased by 250bps to 27.5% (FY2019: 30.0%) largely because of product mix shift, reducing sales and, particularly in Italy, foreign exchange fluctuations. Whilst underlying operating margins have decreased to 9.0% (FY2019: 11.6%) as the impact of revenue reductions against a semi-fixed cost base has been partially offset by overhead savings.

Reflecting the above, underlying PBT has reduced to £17.1m at AER (FY2019: £23.5m) leading to a reduced underlying diluted EPS of 10.54p (FY2019: 14.53p).

Statutory profit before tax reduced to £3.0m at AER (FY2019: £16.4m) due to the factors above and separately disclosed items (see note 2) including impairment charges in the year of £7.8m. The impairments in VIC and PSEP are due to the impact of COVID-19 on their respective discount rates and short to medium-term cash flows (see note 14). Despite the negative impact of the macroeconomic factors which are outside of our direct control, management believe the outlook for VIC and PSEP continues to be positive. Post-tax, this resulted in a diluted loss per share in the year of (0.19)p (FY2019: diluted EPS of 9.90p).

CER continues to be the best way of understanding the progress of our underlying business. To aid understanding, the impact of this on our key metrics is illustrated in the graph below.

FX effects



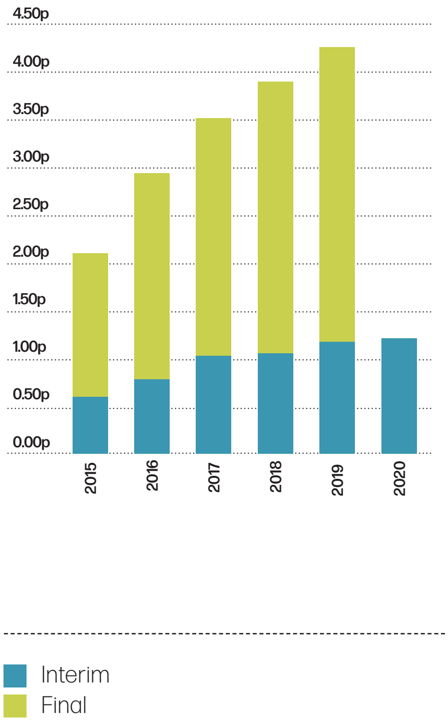
Revenue

Underlying PBT

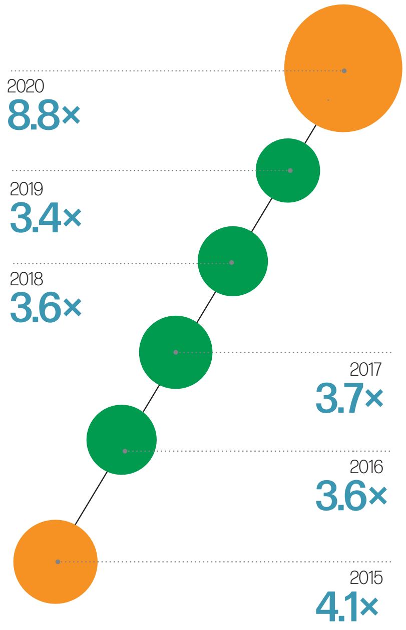
Underlying diluted EPS

Net debt

Dividend progression



Dividend cover



Dividend policy

The interim dividend of 1.20p per share was paid on 9 April 2020 (FY2019: interim 1.20p; final 3.05p).

To allow us to appropriately manage our financial position and flexibility in such an uncertain time, as we have already announced in April 2020, we are not proposing a final dividend for FY2020. We plan to revisit this decision on a regular basis depending on how the wider macroeconomic environment develops.

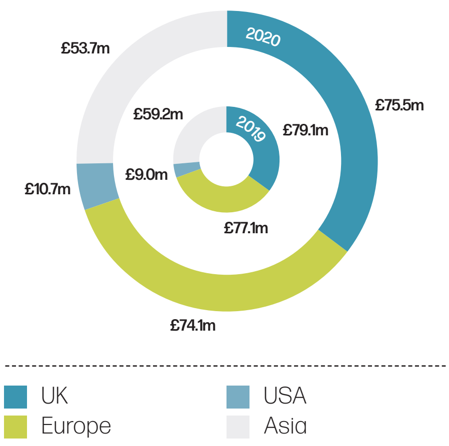
As a Board, we are keen that dividends play their part in our TSR as soon as is practical. For the medium-term, we still believe that an appropriate level of dividend cover is in the range of 3x to 4x. However, as is always the case, the actual dividend each year will need to take in to account our ongoing strategy for investment driven growth, any acquisitions, and the working capital requirements of the business.

Business review

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2).

Revenue by region (CER)*

FY2020	**£200.5m†**	**-4.0%**
FY2019	**£209.0m†**	



* Regional revenues include intercompany

† Group revenue, after eliminating intercompany

Revenue

Due to the challenging market conditions throughout FY2020, coupled with the impact of COVID-19 in Q4, we have seen revenue declines across nearly all our regions, ranging from 3.9% to 9.4%. The one exception to this being in the USA, where we are very pleased to report that strong double digit growth continued, up by 18.7% to £10.7m (AER: 22.7% to £11.0m; FY2019: £9.0m) largely due to market share wins in the automotive sector.

Our European operations have seen a 3.9% reduction in revenue to £74.1m (AER: 5.7% to £72.7m; FY2019: £77.1m). Well-publicised decreases in automotive volumes have been felt most noticeably in Holland and Sweden. Reduced volumes in domestic appliances and regional lockdowns in Q4 have decreased trading levels in Italy. Production volume declines in the electronics sector have reduced revenues in our Hungarian operations and weakened general industrial demand in Germany has hampered trading levels here. Helping to offset some of those challenges, even in the current very uncertain environment, our newest greenfield site in Spain has gone from strength to strength, with a >50% trading increase via market share wins in the automotive sector.

In Asia, we have seen the steepest decline in revenues of 9.4% to £53.7m (AER: 8.0% to £54.5m; FY2019: £59.2m), in part as the impacts of COVID-19 were felt more strongly in Q4, most specifically in China, where lockdowns were in place as early as February 2020. It is reassuring to note however, that we are now seeing recovery coming through earlier at our Chinese sites, with trading levels towards the end of Q1 of FY2021 already returning to be in line with the start of FY2020. The lockdown in Malaysia at the end of Q4 has impacted on both the electronics and domestic appliances sector sales in the region, especially at one of our largest domestic appliance OEMs. As reported at the half-year, our automotive business in Taiwan has continued to be negatively impacted due to volume reductions in its key European market. However, these losses have been offset to a large extent by >65% increases in trading levels at our Thailand operations and the beginnings of a return to strength at one of our largest Malaysian automotive OEMs.

Overall, our UK business has declined by 4.5% to £75.5m (FY2019: £79.1m) with well-publicised production volume decreases in the automotive sector being exacerbated by Q4 production line shutdowns and reduced distributor sales, most noticeably to the EU. We are pleased to report that our latest acquisition, PTS, has continued to show growth of >5% despite the current uncertain macroeconomic conditions, helped by increased medical sector and other distributor demand in Q4 driving a strong trading finish to the year.

Underlying operating margins

Underlying operating margins have reduced by 260bps, to 9.0% (FY2019: 11.6%) to generate an underlying operating profit of £18.0m (FY2019: £24.2m).

In Europe we have seen a 300bps decrease in underlying operating margin to 7.9% (FY2019: 10.9%). Gross margins have reduced as product mixes have shifted and start of production delays, specifically in the automotive and electronics sectors have continued. Whilst as previously reported, the remainder is largely related to Italy, where movements in the average €:$ exchange rate have increased $ purchase costs unfavourably against a largely € denominated revenue base.

The reduction in sales over a semi-fixed cost base has further reduced margins, although we are pleased to report that we have been able to mitigate the impact of this in part, via careful overhead cost savings despite the ongoing investments required into our fast growing Spanish site (see page 26).

In Asia, underlying operating margins have held up exceptionally well, with a reduction of only 80bps to 15.1% (FY2019: 15.9%), although reducing sales against a semi-fixed cost base has had a negative impact. We have been able to more than offset this through short-term overhead cost savings. Again, this is despite the investments we continue to make in our successful Thailand operations (see pages 26 and 27).

In the UK, underlying operating margins have decreased by 190bps to 9.1% (FY2019: 11.0%). Gross margins have been lower in the region, reflecting a change in product mix due to a drop in distributor spend and some temporary increases in stock provisioning as the result of higher levels on hand. However, it is reduced sales over a semi-fixed cost base that have driven most of the reduction.

In our small, nonetheless fastest growing region, the USA, underlying operating margins have remained low at 2.0% (FY2019: 4.9%). This reflects the very positive impact of double-digit revenue growth but offset by the ongoing investments for future growth we are making within the business (see pages 26 and 51).

Net financing costs (at AER)

Interest costs have increased to £1.0m (FY2019: £0.7m). The main reason for this is the inclusion of £0.4m of expense in relation to right-of-use lease liabilities, following the adoption of IFRS16.

Taxation (at AER)

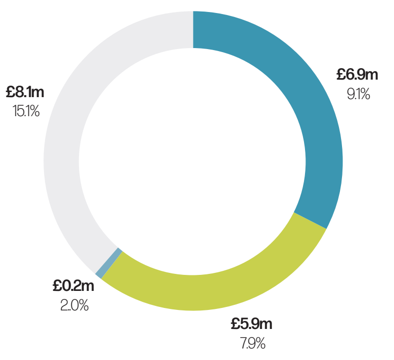
The underlying effective tax rate (ETR) is broadly in line at 23.1% (FY2019: underlying effective tax rate: 23.6%).

Subject to future tax changes and excluding prior year adjustments, our normalised underlying ETR is expected to remain in the range of *c.*22–25% going forward.

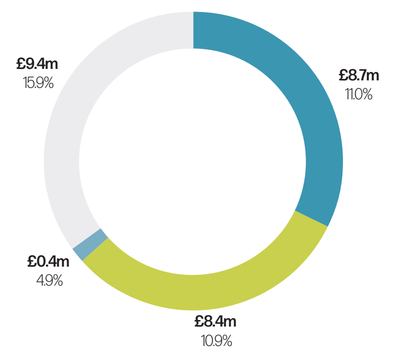
The main reason for the difference between our FY2020 ETR of 107.8% and the FY2019 ETR of 25.4% is due to the impairment charges in the year and reduced deferred tax on share options.

Underlying operating profit and margin by region (CER)

FY2020 **£18.0m†** **9.0%**



FY2019 **£24.2m†** **11.6%**



■ UK ■ USA
■ Europe ■ Asia

† After deducting central costs

GAAP Measures: operating profit by region (AER)*

	FY2020		FY2019	
	Profit/(loss) (£m)	Margin	Profit /(loss) (£m)	Margin
UK	5.1	6.8%	7.1	9.0%
Europe	(2.8)	(3.8)%	7.0	9.1%
Asia	7.1	13.0%	9.1	15.4%
USA	0.2	1.8%	0.4	4.7%
Central costs	(5.5)	N/A	(6.5)	N/A
Total	**4.1**	**2.0%**	**17.1**	**8.2%**

* After allocating separately disclosed items, including goodwill impairments

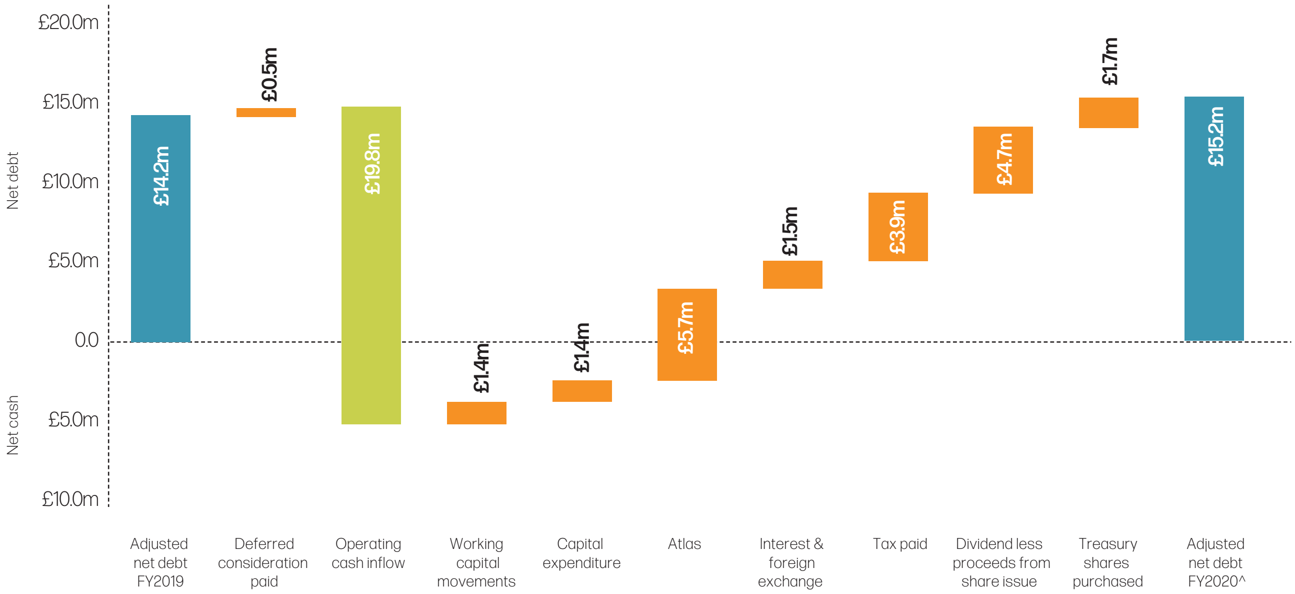
Operating margins have reduced from 8.2% to 2.0% largely due to the factors above and goodwill impairments in the year of £7.8m.

In the UK and USA reductions are largely due to the factors above. In Europe and Asia this is also true, however impairment losses of £7.0m (VIC) and £0.8m (PSEP) have further impacted margins in these two regions respectively in FY2020.

Business review

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate 'CER') and, where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2).

Adjusted net debt bridge (AER)



^ Adjusted net debt is stated excluding the impact of IFRS16 Leases, including right-of-use liabilities, net debt increases by £15.1m to £30.3m and operating cash inflow before changes in working capital increases by £3.5m

Net debt (AER)

Our net debt position at the end of FY2020 has increased by £16.1m to £30.3m (FY2019: £14.2m). Some £15.1m of this increase is due to the adoption of IFRS16 Leases. Excluding the impact of this, our pre-IFRS16 adjusted net debt is significantly lower at £15.2m (excluding the impact of prepaid arrangement fees relating to the refinance in April 2019, adjusted net debt would be higher at £15.8m).

Cash generation has been strong, with an increased conversion rate of underlying EBITDA to underlying cash of 95.9% (FY2019: 64.9%) as stock levels have stabilised and trade debtors have reduced due to slower trading at the end of the year. Year-end stock levels have remained higher than our historic average, largely due to the high degree of volatility in current demand. However, our operational teams have been working extremely hard to help us secure a £4.1m stock reduction to £59.2m in HY2 (HY2020: £63.3m; FY2019: £57.6m).

Project Atlas has driven additional investment of £5.7m in the year, of which £3.1m has been capitalised as an intangible asset (see page 155). As planned, excluding Project Atlas capital expenditure has been lower at only £1.4m in the period, including the finalisation of a factory extension at one of our Taiwanese sites and a much needed warehouse extension at our Lancaster distribution site (see page 48).

In addition, in February 2020, £1.7m was also used to acquire 1 million 5p ordinary shares on the open market via the *Trifast* EBT to honour future equity award commitments.

Banking facilities

The Group successfully renegotiated its banking facilities in April 2019 and has access to an £80m revolving credit facility over a four-year term, with an option to extend for up to one year, and an additional £40m accordion facility to support acquisitions.

The Group's banking facilities include covenants to maintain an adjusted leverage ratio of below 3.0x and an interest cover ratio above 4.0x on a rolling 12-month basis. At 31 March 2020, the Group's covenants are well within these limits with an adjusted leverage ratio of 0.80x and interest cover of 30x.

To reflect the current uncertain conditions the Board has set a reduced maximum net debt to underlying EBITDA ratio target of 1.5x (FY2019: 2.0x). This would only be breached via investment, where a short-term reversal can be reliably forecast.

Return on Capital Employed (at AER)

As at 31 March 2020, the Group's shareholders' equity had decreased to £115.7m (FY2019: £121.1m). This £5.4m movement is made up of a retained loss of £7.4m (including goodwill impairments of £7.8m), share movements totalling £1.6m (including the acquisition and utilisation of own shares held of £1.1m) and a foreign exchange reserve gain of £0.4m which arose due to a relative weakening of Sterling in FY2020.

Over this decreased asset base, our underlying ROCE has reduced to 12.0% (FY2019: 18.8%).

Following an annual impairment review, the goodwill balances that the Group holds in both *TR* VIC in Italy and PSEP, in Malaysia have been impaired by £7.0m to £3.0m and £0.8m to £nil, respectively. These impairments have been recognised in response to the short and medium-term impacts of COVID-19 and do not reflect a long-term change in the Group's strategic direction or support of these underlying businesses.

Full details of the work performed in relation to the above are included in note 14.

Post-balance sheet event

Equity Placing

In June 2020, the Company undertook a non-pre-emptive equity placing which raised £16m gross proceeds. This ensures that the Group can continue to support its long-term strategic investments (see page 14) as well as being able to maximise its growth in the short-term as markets recover.

As a result of this equity Placing, the Group is in an adjusted net cash position (excluding IFRS16 right-of use lease liabilities) as at 30 June 2020.

The combination of the new banking facilities and the equity Placing is an extremely exciting development for the Group. Providing the flexibility and confidence to allow us to continue to follow our strategic aims, coupled with an increase in both security and tenure of funding to support us in a less certain macro-economic environment.

Outlook

> The next couple of years for *Trifast* remain a very exciting time for our business as we look to implement and invest in a number of significant and positive changes in the way that we are structured and operate"

In FY2020 the Group has delivered a resilient performance despite challenging market conditions and the initial impact of COVID-19 in Q4.

We have taken swift and significant action in response to COVID-19 to ensure that we look after both the welfare of our staff, and that we continue to work closely with our suppliers and customers so supply chains are protected, production lines continue to operate, and we cement *Trifast*'s reputation as a trusted and reliable counterparty.

The Group's focus on flexibility and an integrated global approach has provided resilience and, combined with the decisive actions taken by the Board, minimised the impact of COVID-19 and preserved capability (for further details, see pages 10 to 13).

There can be no doubt that COVID-19 had a significant impact on trading in the latter part of FY2020 and into the first quarter of FY2021. However, we are immensely proud to report that all our *TR* sites are back open for business and ready and able to return to full capacity as soon as demand returns to the market.

Very encouragingly, volumes have begun to recover in all key end markets over the course of Q1 of FY2021, allowing the Group to return to underlying profitability in the month of June 2020.

We are especially excited by the encouraging activity levels and pipeline of opportunities that we are seeing, with additional prospects for growth already secured, and enquiries well underway across a number of sectors including electric vehicle, 5G, medical and the general industrial sector.

Looking further ahead, we strongly believe that the combination of our reputation for *T*rusted *R*eliability, our flexible and established global supplier networks, and our balance sheet strength will put us in a great position to make the most of both the organic and M&A opportunities that are likely to arise as the competitor landscape shifts and demand returns to the market.

It is, of course likely, that there will be some long-term changes in the way that our customers, our suppliers, and the macroeconomic environment operates. We consider that the real fundamentals of our business model and strategy remain unchanged, although we are constantly reviewing what this 'new normal' will look like and how we can best address the challenges and opportunities it will bring.

> *Trifast* is a global business serving a broad and balanced range of sectors and geographies and with no one customer representing greater than 7% of revenue. We are a full-service provider to our multinational customers, delivering reliable product engineering, quality, and supply via flexible global logistics solutions. Even in uncertain times, this gives us a very good base from which to keep moving forward and delivering on our future aspirations"

Underlying measures	**FY2020 (post IFRS16)**	**IFRS16 impact**	**FY2020 (pre IFRS16)**	**FY2019 (pre IFRS16)**
CER				
GP%	**27.5%**	**10bps**	**27.4%**	**30.0%**
Underlying EBITDA	**£23.5m**	**£3.5m**	**£20.0m**	**£26.4m**
Underlying EBITDA%	**11.7%**	**170bps**	**10.0%**	**12.7%**
Underlying operating profit (UOP)	**£18.0m**	**£0.4m**	**£17.6m**	**£24.2m**
UOP%	**9.0%**	**20bps**	**8.8%**	**11.6%**
Underlying profit before tax	**£17.0m**	**-**	**£17.0m**	**£23.5m**
AER				
Underlying diluted EPS	**10.54p**	**-**	**10.54p**	**14.53p**
Return on capital employed (ROCE)	**12.0%**	**(100)bps**	**13.0%**	**18.8%**
Net debt	**£30.3m**	**£15.1m**	**£15.2m**	**£14.2m**
Net debt to underlying EBITDA ratio	**1.29x**	**0.54x**	**0.75x**	**0.54x**
Underlying cash conversion as a percentage of underlying EBITDA	**95.9%**	**40bps**	**95.5%**	**64.9%**
Net financing costs	**£1.0m**	**£0.4m**	**£0.6m**	**£0.7m**
GAAP Measures (AER)				
Operating profit	**£4.1m**	**£0.4m**	**£3.7m**	**£17.1m**
Operating profit %	**2.0%**	**20bps**	**1.8%**	**8.2%**
Profit before tax	**£3.0m**	**-**	**£3.0m**	**£16.4m**
Diluted EPS	**(0.19)p**	**-**	**(0.19)p**	**9.90p**

The Strategic report was approved by the Board of Directors on 27 July 2020 and signed on its behalf by:

Jonathan Shearman
Non-Executive Chair
Trifast House, Bellbrook Park,
Uckfield, East Sussex
TN22 1QW

Company registered number: 01919797

02

Our governance

ENABLING INNOVATION WITHIN ELECTRONICS & TECHNOLOGY

Advances in electronics and technology continue to evolve bringing more functionality, increased mobility and added complexity to meet the demands of the consumer.

Read more about **Innovation** on pages 36 to 37

TR is strategically positioned and fully engaged with many of the largest multinational OEMs and EMS companies involved in this industry sector. Strong relationships are built in all areas of the business including R&D, purchasing and production to ensure *TR* is the first choice for their fastenings and hardware requirements.

The sector covers a vast array of different product types including lighting. Not only is the light fixture an important element but actual fully serviced lighting solutions are becoming a commonplace, mainly due to the rapid advancement of LED technology and smart connected lighting. Products find their way into all areas of life including residential, commercial, industrial, medical, agriculture and architecture bringing real enhancements to well-being or production efficiency. Developments in Data over Light (LiFi) is an exciting new concept and allows more expansive mobility solutions.

Contents

Introducing the plc team

Thank you to those retiring

> We take this opportunity to thank each one for their service and wish them and their families a long and happy retirement”

Malcolm Diamond MBE
Non-Executive Chair
C ● IN

Malcolm retired from the business on 31 March 2020 after a long and successful 45-year career with *TR*. We wish him and his family well for the future

Glenda Roberts
Group Sales and Marketing Director IN

Read more about the **OEB** on page 23

Glenda also retired from the plc Board on 31 March 2020 after 30 years of service at *TR*. During the next 12-month period she will sit on the newly formed OEB providing mentorship, guidance and support to *TR*’s operational teams

Neil Warner
Senior Independent Non-Executive Director ● C ●

Neil, who joined us in 2015, will retire on 31 July 2020.

Trifast would like to thank Neil for his invaluable contribution over his five-year tenure

Welcome to our new members

> The combination of skills and experience of the Executive and Non-Executive team gives us a solid foundation to deliver the next stage of our journey”

Jonathan Shearman
Independent Non-Executive Chair C IN

Length of service
11 years; appointed to the plc Board in 2009 and as Chair on 1 April 2020

Formerly Non-Executive Director and Chair of the Remuneration Committee

Key areas of expertise
Experienced professional in M&A, strategic planning and forecasting. After a successful career in investment fund management, stockbroking, investment banking, and charitable foundations, Jonathan has brought as a NED added skills to the Board in an energetic, strategic and pragmatic manner, proving his ability to provide direction in a *TR* context. He understands and fits within the culture of *Trifast* at Board and operational level, and within the global business teams. Jonathan also acknowledges the absolute need for continuity being an essential aspect of taking on the role of Chair during this pivotal time

Mark Belton
Chief Executive Officer
IN

Length of service
21 years; appointed to the plc Board in 2010 and CEO on 1 October 2015

From 1 April 2020, Mark will also Chair the newly formed Operational Executive Board (OEB)

Key areas of expertise
Over his career with *Trifast*, Mark has forged a wealth of knowledge and great understanding of the industry, the *TR* model, key sectors and our customer portfolio. As Group Finance Director, he also played a pivotal role in the successful acquisitions of PSEP in Malaysia, VIC in Italy and Kuhlmann in Germany. Other skills include all aspects of strategic and financial planning, and investor relations

Clare Foster
Chief Financial Officer
IN

Length of service
5 years; appointed to the plc Board on 1 October 2015

Clare, in her CFO role, will also be working with the OEB team formed on 1 April 2020

Key areas of expertise
Clare was first introduced to *Trifast* in 1999 (as part of KPMG) and over the last 20 years has developed an in-depth understanding of the business, its values and the key drivers for success

Financial and treasury management strategy, accounting governance, tax compliance and statutory reporting expertise. Large-scale project management, strategic thinking and consultancy skills support Project Atlas and the wider business in terms of strategic planning, organic investment decisions and the Group’s acquisition activities

Composition membership

🟢 Nomination Committee
🟠 Audit & Risk Committee
🟡 Remuneration Committee
C Chair of Committee
IN Invitation only
Sec Secretary to the Committees

Clive Watson
Senior Independent Non-Executive Director 🟠C 🟡 🟢

Length of service
appointed to the plc Board 30 July 2020

Key areas of expertise
Chartered accountant with extensive financial experience gained over his career in the industry both in the UK and internationally. Retired in 2019 as Group Finance Director at Spectris plc, a position held since 2006, and from his NED role at Spirax-Sarco which he held for 10 years

Other directorships
Non-Executive Director at Breedon Group plc, discoverIE Group plc (Audit and Risk Chair) and Kier Group plc (Audit and Risk Chair)

Scott Mac Meekin
Independent Non-Executive Director 🟠 🟡 🟢

Length of service
7 years; appointed to the plc Board in 2013

Key areas of expertise
30+ year career in both commercial and corporate structures across all major continents and cultures in finance, M&A, global logistics, technology, distribution and manufacturing

Other directorships
CEO at Circular Computing

Member of Harvard Alumni Association & National University Singapore Alumni Association

Claire Balmforth
Independent Non-Executive Director 🟠 🟡C 🟢

Length of service
appointed to the plc Board 1 April 2020

Key areas of expertise
Extensive operational experience and also significant knowledge of leadership, customer-focused cultures and human resources including employee engagement, having worked in FTSE250 companies within the retail, B2B and financial services sectors

Other directorships
Safestore Holdings plc (RemCo Chair), British Heart Foundation (member of the RemCo and Retail Committees)

Lyndsey Case
Company Secretary
Sec IN

Length of service
20 years; appointed as Company Secretary 1 April 2016

Key areas of expertise
Lyndsey joined the Group's *TR* Fastenings UK finance team in 2000 before moving to the Group finance team in 2006. She is an FCCA and experienced in financial accounting, reporting and compliance

Compliance

The Board recognises the importance of its composition and remains committed to good corporate governance whilst supporting diversity in its broadest sense. We believe that a wide range of knowledge, skills and experience are among the essential drivers of Board effectiveness

Trifast has entered the new financial year, with a newly structured Board which brings balance, wise counsel and deep understanding of the business at both Board and operational levels

Corporate governance report

Framework of corporate governance

The plc Board is accountable to the shareholders for standards of governance across the Group's businesses. Certain strategic decisions and authorities are reserved as matters for the Board.

The key areas reserved for the *Trifast* Board are:

- Establishing and appraising the overall strategic direction and management responsibility
- Approval of the Group's reports & financial statements
- Recommending or declaring dividends
- Approval of new bank facilities, or significant changes to existing facilities
- Assessment and approval of the principal risks for the business and how they are being managed
- Approval of the viability statement
- Maintaining sound internal control and risk management systems
- Approval of major corporate transactions and commitments
- Succession planning and appointments at senior level
- Review of the Group's overall corporate governance and evaluating the performance of the Board and its Committees annually
- Approval of the delegation of authority between Executives and the terms of reference of all Committees of the Board

Details of terms of reference are available to view on the investor website at **http://www.trifast.com/investors/governance**

The Board has delegated specific responsibilities to the Audit & Risk, Nomination and Remuneration Committees. Further **explanation of how the principles and supporting principles have been applied** is set out below (including in the Audit & Risk Committee, Nomination Committee and Directors' remuneration reports on pages 86 to 118 and in the Viability statement on page 60). Details of substantial shareholdings of the Company can be found on page 119.

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency, or liquidity. The **principal risks have been disclosed** on pages 62 to 66. Significant detail of how the Group has managed the impact of COVID-19 are included on pages 10 to 13.

The Board

How the Board is structured and works

The collective members of the Board plan and make decisions for *Trifast*, setting the strategic direction, making sure that all risks are managed effectively. To focus on decision making areas that require an independent opinion separate Board Committees also exist made up of Non-Executive Chair and Non-Executive Directors

Operational Executive Board (OEB)

Functioning with Executive representation from *Trifast*'s CEO and CFO, the OEB brings together a strong senior leadership team at an operational level below the plc Board

Read more about the **OEB** on page 23

Audit & Risk Committee

Members
Clive Watson (Chair)
Scott Mac Meekin
Claire Balmforth

Role
Provides effective governance around *Trifast*'s financial reporting and ensures the integrity of its financial statements. Reviews accounting policies, monitors internal financial controls, looks at financial risk management and monitors the performance of the external auditor

Nomination Committee

Members
Jonathan Shearman (Chair)
Scott Mac Meekin
Claire Balmforth
Clive Watson

Role
Regularly evaluates the composition of the Board and the committees so that each is made up of the right people with the right skills, knowledge, experience and independence. The Committee looks closely at succession planning for executive and non-executive directors and senior management

Remuneration Committee

Members
Claire Balmforth (Chair)
Scott Mac Meekin
Clive Watson

Role
The non-executive members of the Remuneration Committee ensure that a policy exists for the remuneration of the executive directors that is fair, attracts key executives and rewards progress against *Trifast*'s business strategy

▲ Indicates Board support

▼ Indicates Board delegation

The table shows the structure of the Committees for FY2021. However Neil Warner served on the Board and Committees (including as Audit Chair) until his retirement on 31 July 2020.

S172 statement

The Board recognises the significance of considering the Company's responsibilities and duties for the long-term, with the aim of always protecting reputation and upholding the highest standards of conduct. The Group can only continue to grow and prosper over the long term if we all respect and understand the views and needs of our internal and external stakeholders.

Read more about how **the Board considers key stakeholders:**

- **COVID-19 and the business** on pages 10 to 13
- **Equity Placing** on page 14
- **How we create value** on pages 38 to 39
- **Our Group strategy** on page 40
- **Corporate social responsibility** on pages 54 to 57
- **Governance** on page 84

Our people

The Board recognise that the Group's greatest asset are its employees. The Directors communicate regularly with *TR* teams throughout the business via a variety of media

Read more about:

- **Our culture** on Page 4
- **Investing in our people** on pages 42 to 47
- **Designated NED** and **Employee engagement** on pages 84 and 92
- **Employees** - policy on page 120

Investors

The Board consider that an ongoing dialogue with all shareholders is important. We operate a structured programme throughout the year

Read more about:

- **Shareholder relations** on page 84
- **The plc team** on pages 78 and 79
- **Results and proposed dividends** on page 119
- ***Trifast*** at **www.trifast.com**

Customers

Trifast prides itself on its long-standing partnerships with all its customers

Read more about:

- **Good news and the future** on page 22
- **Customer support** on page 35
- **Innovation** on page 36
- **Core strategy** on page 41

Suppliers

A combination of in-house manufacturing and established world-class suppliers enables us to be a truly 'one-stop' solution

Read more about:

- **Working with our suppliers** on page 11
- **Supplier relationship** on page 24
- **Sourcing of components** on page 38
- **Suppliers** on pages 54 to 55

Environment

We work on a continuous improvement programme of objectives and targets, monitoring our impact on the environment

Read more on pages 54 to 57 about:

- **Health, Safety and Environment**
- **CSR Pillars**
- **Sustainability and Targets**
- **Carbon footprint**

Communities

We recognise that our business activities can have an impact on the communities in which we operate, and we remain committed to interacting responsibly with those communities

Read more about:

- **Communities** on page 39
- **Student opportunities** on pages 44 to 45
- **Communities** on page 54
- ***Trifast* in the community** on pages 58 to 59

Corporate governance

With exceptions as highlighted below, the Company complied with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council in July 2018.

The Company has applied the principles set out in the Code, including both the main principles and the supporting principles, by complying with the Code as reported above. Further explanation of how the principles and supporting principles have been applied is set out below (including in the Audit Committee, Nomination Committee and the Directors' remuneration reports on pages 86 to 118 and in the Viability statement on page 60. Details of substantial shareholdings of the Company can be found on page 119.

The structure of the Board and its standing committees is shown on page 80.

The Board

During FY2020, the Board consisted of three Executive Directors, three Independent Non-Executive Directors and a Non-Executive Chair. Taking into account the provisions of the code, the Board has determined that, during the year under review, each of the Non-Executive Directors remained independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement for the purposes of the Code.

As part of the Company's ongoing succession planning, on 19 November 2019 *Trifast* announced changes to its Board composition. In conjunction with the directorate retirements on 31 March 2020 and as announced, the Company also appointed two Independent Non-Executive Directors; who would take office with effect from 1 April and 30 July respectively. These appointments complement an already strong and experienced Board and contribute positively to *TR* as it enters a pivotal time in its history.

The Board recognised that Malcolm Diamond's position as a Non-Independent Non-Executive Chair (Executive Chair until 1 April 2017) did not comply with the requirements of provision 9 of the UK Corporate Governance Code. However, the Board believed that given Mr Diamond sits as Chair and is a Non-Executive in other companies, his experience from these appointments and his previous knowledge of *Trifast* was invaluable and was best delivered through the position of Chair.

Corporate governance report

On 19 November 2019 Malcolm Diamond announced his retirement which became effective at the end of the period being reported upon.

Glenda Roberts also chose to retire from the plc Board, with effect from 31 March 2020; however as previously stated in this Report will be providing mentorship, guidance and support to *TR*'s operational teams as Director on the newly formed Operational Executive Board (OEB).

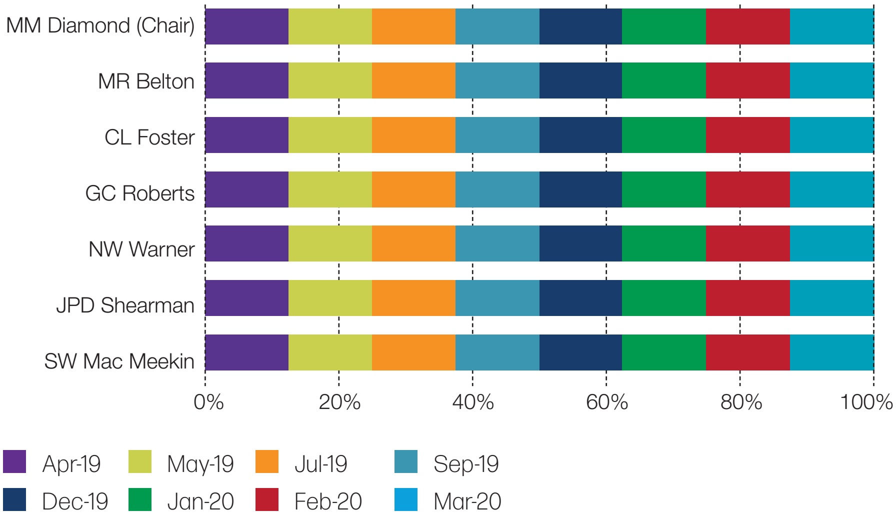
Neil Warner, Senior Independent Director, who joined in 2015 has informed the Board of his intention to retire from the Company on 31 July 2020. As the Senior Independent Non-Executive Director, Neil Warner, was chosen due to his executive and non-executive board experience with other companies.

Following an appropriate process Jonathan Shearman was appointed to the role of Non-Executive Chair on 1 April 2020. In line with the code, the Nomination Committee carried out a vigorous review of his proposed appointment. Following this review, the Board determined that Jonathan Shearman remains independent and strongly considers that he still performs his duties effectively, continuing to show integrity and high ethical standards whilst maintaining sound, independent judgement in respect of all decisions taken at Board and Committee level. Since joining *TR* eleven years ago as Non-Executive Director and Remuneration Committee Chair, he has provided wise counsel and gained a valuable deep understanding of the business at both Board and operational level.

Since the financial period end, Claire Balmforth joined *Trifast* as a Non-Executive Director and Chair of the Remuneration Committee. Claire brings extensive operational experience and significant knowledge of leadership, customer-focused cultures, and human resources, including employee engagement.

With effect from 30 July 2020, Clive Watson joined *Trifast* as Non-Executive Director, Chair of the Audit and Risk Committee and Senior Independent Director. Clive is a qualified chartered accountant with extensive financial experience gained during his career in both UK and International senior roles.

Board meeting attendance FY2020



The appointment, replacement and powers of the Directors are governed by the Company's Articles of Association, the Corporate Governance Code, the Companies Act, prevailing legislation and resolutions passed at the Annual General Meeting ('AGM') or other general meetings of the Company.

All Independent Non-Executive Directors have the authority to meet with shareholders without first seeking approval from the Chief Executive or the Chair. On request the members of the Audit & Risk, Remuneration and Nomination Committees are always available to speak to shareholders too.

Upon appointment the Directors are required to seek election at the first AGM following appointment.

In accordance with the Code, all Directors are subject to annual re-election and, being eligible, Mark Belton, Clare Foster, Scott Mac Meekin and Jonathan Shearman (as Chair) offer themselves for re-election. Claire Balmforth and Clive Watson (as Non-Executive Directors) will also offer themselves for election at the forthcoming Annual General Meeting.

The Chair (Jonathan Shearman) and Senior Independent Non-Executive Director (Neil Warner) confirm that, following formal performance evaluation, the individuals seeking re-election continue to be effective and demonstrate commitment to the role.

The Company has separate posts for Chair and Chief Executive. The Chair leads the Board and the Chief Executive is responsible for the management of the Company, implementing policies and strategies determined by the Board.

Trifast considers that the composition of its Main Board and Committees are fully compliant with the Code.

The contracts of appointment of Non-Executive Directors are available for inspection on request to the Company Secretary.

The Independent Non-Executive Directors have full access to the external auditor and to management and there is a formal procedure for Directors to obtain independent professional advice in the furtherance of their duties should this be necessary. All Directors have access to the advice and services of the Company Secretary.

Appropriate and relevant training is provided to the Directors as and when required.

The Board meets at least five times a year formally, plus for other regular meetings to cover budgets, risk etc. and is supplied as early as practical with an agenda and appropriate papers. Directors are appointed by the Board on recommendation from the Nomination Committee. The Board monitors the financial performance of the Group and approves and reviews major projects and acquisitions. The Board has formally adopted a schedule of matters which are reserved to the Board for decision, thus ensuring that it maintains control over appropriate strategic, financial, organisation and compliance issues to ensure the long-term success of the Company.

Board evaluation process

The process of the evaluation was as follows:

Surveys

The appropriate surveys are distributed electronically to the Board

- Individual Director
- Chair
- External audit
- Audit Committee
- Remuneration Committee
- Nomination Committee
- Board

›

Review

Initial review of the responses is carried out by the Company Secretary to prepare for the Chair a consolidated report for each discipline and any other points raised

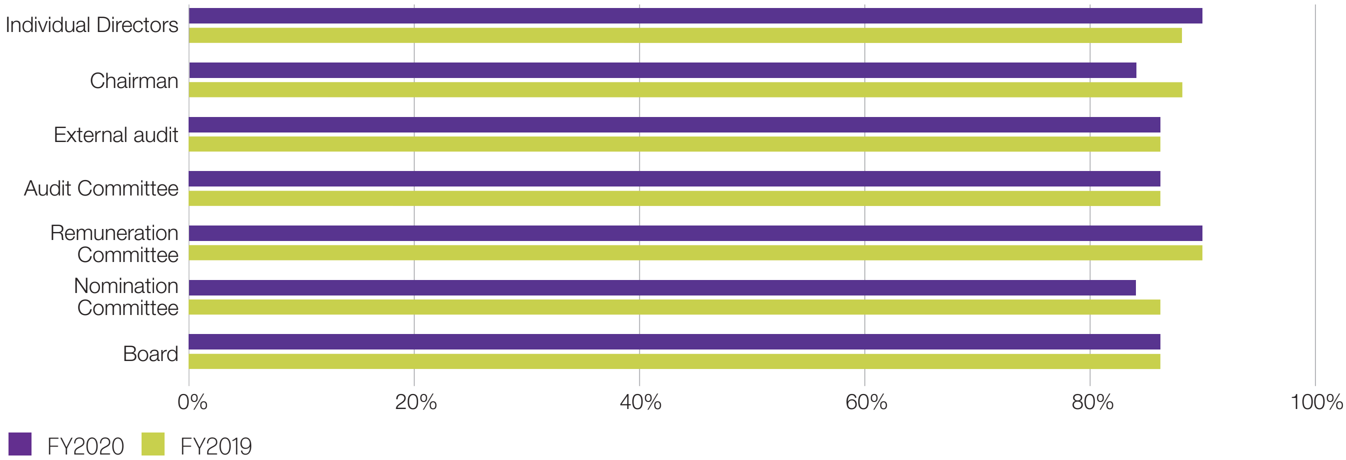
›

Outcome

The Chair and the Board discuss the responses and what actions, if required, need to be taken

Board effectiveness

The annual evaluations for FY2020 indicated that the Board operated effectively, and the overall feedback can be seen below:



Board evaluations

The Board undertakes annual evaluations of its own performance, that of its Committees, the Chair, individual Directors and external audit and continues to train and evaluate senior managers below plc Board level to maintain its continuous succession planning policy. As part of this evaluation, the Board considers the balance of skills, experience, the independence and knowledge of the Board, its diversity, including gender, and how effectively the Board works together as a unit.

Internal audit

As detailed in the Audit Committee report on pages 88 to 91, the Board, via the Audit Committee, formally considers the requirement for internal audit on an annual basis as part of its terms of reference. A formalised internal review process known as a 'health check', that has been in operation for some years, recently underwent a significant evaluation as part of the initial stages of Project Atlas.

Through business process reviews carried out at the entities, a scoping and frequency schedule with different cycle times for each entity based on size and risk profile, was introduced to replace the previous rotational timetable. Whilst the Board recognises that this process does not constitute a fully independent internal audit, it believes that due to the size of the Group, and the improvements that have been and continue to be implemented this provides appropriate comfort as to the operational and financial controls in place.

Corporate governance report

Shareholder relations

The Group has an investor website, **www.trifast.com**. This is regularly updated to ensure that shareholders and other providers of capital and interested third-parties are fully aware of the Group's activities. The Group's Registrar, Computershare, is linked to the *Trifast* website and offers services for shareholders.

The Group also works with City specialists to ensure all levels of shareholders receive *Trifast* information.

During the year being reported upon we engaged with:

Peel Hunt LLP – Stockbroker to the Company, Institutional Fund Managers

TooleyStreet Communications – Investor and media relations

Shareholders can contact them at any time by writing to *Trifast* plc, *Trifast* House, Bellbrook Park, Uckfield, East Sussex TN22 1QW or via email to corporate.enquiries@trifast.com .

Going concern

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. Further information is given in the Basis of Preparation, note 1, the Viability statement on page 60 and our responses to COVID-19 on pages 10 to 13 . For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Board activities

Stakeholder relations

The Board consider that an ongoing dialogue with all shareholders is important.

We operate a structured programme throughout the year which is, in the main, arranged with the CEO and CFO, with some location visits involving other senior staff in a support role.

The AGM, (last held in July 2019), offers all shareholders the opportunity to meet the Board and listen to a presentation about the Group's progress, as well as dealing with the legal matters of the Meeting.

Unfortunately, with the Coronavirus continuing and in line with Public Health England and the FCA together with the UK Government restrictions on social gathering, shareholders must not attend the AGM in person. In light of these extremely challenging circumstances, we encourage you to vote remotely on the resolutions by completing the form of proxy which accompanied your Notice of Meeting either in paper form or electronically.

Programme of events

Over the last financial year, we held various presentations with conference dial in facilities (covering equity research analysts, investors (both existing and potential) and media). The outline of events were:

Programme of events	
June 2019	Full year results roadshow and investor engagement
July 2019	Investor site visit (Uckfield) AGM and open site visit
August 2019	Investor engagement post results
September 2019	New site visit & Board meeting, Houston USA
November 2019	Half-year results roadshow and investor engagement
December 2019	Technical & innovation centre visit & Board meeting, Birmingham UK
January 2020	Executive team Asia visit
March 2020	Investor engagement
April 2020	Investor engagement (pre-close period)
Plans for FY2021	To be determined, in relevant compliance with COVID-19 guidelines

Read more about our **COVID-19 Taskforce** on page 10

Board meetings

The Board meetings are held at least five times a year. In addition to being at Head Office in Uckfield, East Sussex, the Board aim to visit at least two sites each year which, in addition to giving the Board the opportunity to see facilities and give ongoing support to the business, gives local management the opportunity to brief the Board on local progress and needs.

During FY2020 meetings have been held in Houston, USA as part of a new premises location visit, and Birmingham, UK to visit the newly completed technical & innovation centre.

Operational visits

The Board place great importance on the interaction with operational locations, with site visits arranged during the year. This initiative ensures that the Board is available to talk and understand the needs of each business unit and its staff at all levels as they are key to the *TR* network's development and future.

The time is taken to discuss plans at a corporate and local level as well as the prospects and the impact these have on individual business units and their customers. It also provides a platform to gain knowledge and understanding of what is new in the market and where *TR* may have new opportunities and challenges.

Employee engagement

The Board recognise that the Group's greatest asset are its employees. The Directors communicate regularly with *TR* teams throughout the business via a variety of media including the intranet portal, conferencing and virtual platforms. In line with provision 5 of the Code's requirement for Board engagement at all levels, Jonathan Shearman, (appointed as *Trifast* Non-Executive Chair on 1 April 2020), has become the designated Non-Executive Director for engagement with the workforce. Claire Balmforth, appointed as Non-Executive Director on 1 April 2020, will work alongside the Global HR Director Helen Toole in supporting Jonathan in his employee engagement role.

By order of the Board

Lyndsey Case
Company Secretary
27 July 2020

SITE VISITS

HOUSTON, USA
BIRMINGHAM, UK

Nomination Committee report

Malcolm Diamond MBE
Chair of the Nomination Committee

> “The increasing need for professional corporate governance across all plc Committees has proved invaluable to the team in our senior appointments process.
>
> The single most important factor is to identify, recruit and develop people based on skills, leadership and merit”

Malcolm Diamond MBE
Chair of the Nomination Committee

Role

To ensure their continued effectiveness the Committee regularly reviews and evaluates the composition of the Main Board and its Committees in order that they retain and reflect the appropriate balance of skills, knowledge, experience and independence.

The Board acknowledges and understands the importance in terms of composition and keeps these matters under review. As part of our review process we also evaluate succession plans for the Non-Executive Directors, the Executive Directors and the Group’s senior management.

The Nomination Committee’s terms of reference are available on the website or on request to the Company Secretary.

Committee structure, membership and attendance

During FY2020, the Committee was considered not to comply with the corporate governance code given the majority of its members were not deemed to be independent. The Board has considered the membership of all of the Committees during the year to ensure they are appropriate for the size and complexity of the *TR* business, as well as complying with the corporate governance code in terms of composition. More detail is given on this below.

To complement and support the Committee, other Board members are invited to the Nomination Committee meetings as and when required.

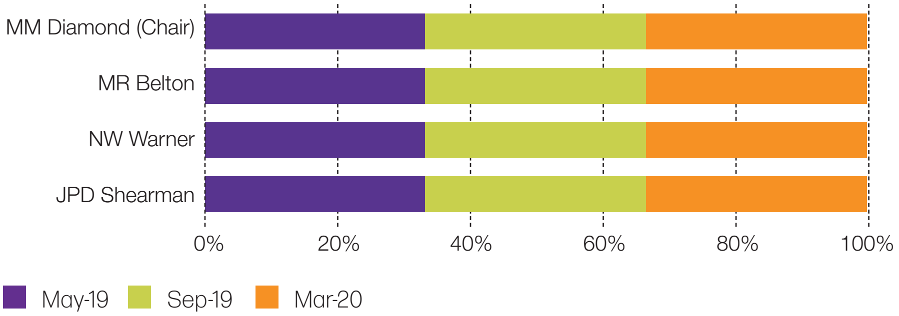
Boardroom diversity

Appointing the most talented and experienced people to the Board and senior management (including the newly formed OEB) is critical to the ongoing success of the Company. The Board is proud of the diversity across the Group and regularly monitors and reviews our position in this area.

The Committee has therefore concluded that while diversity, including gender diversity, is important when reviewing the composition of the Board and possible new appointees, the single most important factor is to identify, recruit and develop people based on skills, leadership and merit.

Given our commitment to appointing the best people and making sure that all employees have an equal chance of developing their careers with the Group, the Committee is mindful but not bound by targets for Board appointments. The *Trifast* Board during FY2020 comprised a gender balance with 29% female/71% male.

Nomination committee meeting attendance FY2020



Succession planning

Given a series of retirements, the Nomination Committee has focused much time and energy in preparation for the coming financial year with several appointments having been undertaken. We have ensured that a robust appointment process is in place, and adhered to, as is outlined in this report.

The Committee is pleased to confirm that all positions have been fulfilled with extremely high quality and experienced candidates.

Trifast has continually prospered by sustaining a highly inclusive culture with an exemplary record of promoting equality at all levels, and the forthcoming changes fully reflect this alongside a need for continuity.

Having commissioned external consultancy firm, Hoggett Bowers, to assist with our senior succession planning programme, we consider that following these successful appointments, the Board and its Committees are all fully compliant with the Code.

Board appointment process

Appointments to the Board are subject to a formal, rigorous and transparent process. Both appointments and succession plans are based on merit and objective criteria and, where possible, promote diversity of gender, social and ethnic background, cognitive and personal strengths.

The Nomination Committee evaluates the skills, experience and knowledge on the Board, and the future challenges affecting the business, to prepare a description of the role and capabilities required for an appointment. It then agrees the process to be undertaken to identify, sift and interview suitable candidates.

Step one

Necessary discussions with key stakeholders to fully understand the best course of action

Step two

The Committee assess what additional skills are necessary to support the implementation of the strategy over both the short and long term. With the rapidly changing nature of the business, it is important that, whenever possible, *Trifast* considers a wide pool of talent in order to identify people with the skills needed for them to meet the challenges they face both now and over the longer term. A skills matrix is used to identify needs as well as any immediate skills gaps

Step three

To identify suitable candidates as a Board member of *Trifast* and demonstrate strong governance by reference to the relevant principles and provisions of the UK Code, a "Qualitative" assessment of the relevant skills of the selected candidate is agreed and undertaken through a formal interview process. The following sets out the generic basis for this

- Succession planning process
- Production of job description
- Sifting of candidates
- Interview process
- Diversity considered
- Decision process

Board composition

In line with its ongoing succession planning and in accordance with the agreed process, *Trifast* announced in March 2020 the following Directorate changes:

Trifast plc Board

Appointment of new Chair

Following a long & successful career with *TR*, **Malcolm Diamond MBE** retired on 31 March 2020. On behalf of all stakeholders and colleagues from around the world, the Directors would like to acknowledge his relentless support, commitment and mentorship over his 45-year career in industry. We wish him and his family well for the future.

Jonathan Shearman, Non-Executive Director has assumed the role of Chair with effect from 1 April 2020. The Directors look forward to continuing to work with Jonathan in his new role. Since he joined *TR*, he has provided wise counsel and has gained a valuable deep understanding of the business at both Board and operational level.

Director retirements

After 30 years of service at *TR*, **Glenda Roberts** chose to retire from the plc Board, which she joined in 2010, with effect from 31 March 2020. Over a long and successful career, she has established a thriving team who together have driven *TR*'s global sales and marketing strategy. During the next 12-month period she will be providing mentorship, guidance and support to *TR*'s operational teams around the business as a Director on the newly formed Operational Executive Board (see below for further details). Thereafter, Glenda plans to spend more time with her family but will remain available to undertake project work for *TR*.

Neil Warner, Senior Independent Director, who joined us in 2015, informed the Board of his intention to retire from the Company on 31 July 2020. On behalf of the Board we would like to thank Neil for his invaluable contribution over his five-year tenure and wish him a long and happy retirement with his family.

New NED plc Board appointments

Claire Balmforth joined *Trifast* as a Non-Executive Director and Chair of the Remuneration Committee on 1 April 2020.

With effect from 30 July 2020, **Clive Watson** joined *Trifast* as a Non-Executive Director, Chair of the Audit and Risk Committee and Senior Independent Director.

Read more about **the plc team** on pages 78 to 79

Formation of an Operational Executive Board (OEB)

As of 1 April 2020, and part of the strategy to drive the business forward and bring together a strong senior leadership team at an operational level below the plc Board, *Trifast* now has an Operational Executive Board (OEB) which functions with Executive representation from the plc Board and is Chaired by the CEO.

Read more about **our OEB** on page 23

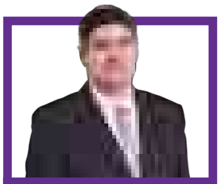
Financial year ending 31 March 2021

In line with corporate governance recommendations, and following these changes, for FY2021, gender balance for the Main Board is 67% male/33% female.

From 1 April 2020 the Nomination Committee will be:

- Jonathan Shearman, Chair (Chair of Committee)
- Scott MacMeekin, NED
- Claire Balmforth, NED
- Neil Warner, NED^

^ following Neil's retirement on 31 July 2020, Clive Watson (NED) will take his place on this Committee


Jonathan Shearman

Jonathan Shearman
Chair of the Nomination Committee
Appointed 1 April 2020
27 July 2020

Audit Committee report

Neil Warner
Chair of the Audit Committee

> As a Committee, we have focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements, including COVID-19 going concern assessments and the quality and effectiveness of audit processes to complement the other risk management activities.
>
> Following a tender process BDO LLP was selected to act as our new auditor. We thank KPMG for their significant contribution and service to *Trifast* in a partnership that extended over 24 years"

Neil Warner
Chair of the Audit Committee
(retired 31 July 2020)

Role and responsibilities

The Committee operates within its terms of reference, which are reviewed on an annual basis. These are available on the Company's website or on request to the Company Secretary.

The role of the Committee is to assist the Board in fulfilling its responsibilities by reviewing and monitoring:

- The integrity and compliance of the financial information provided to shareholders including, the strategic report, financial results, announcements, viability statement (page 60) and financial statements
- The appropriateness of accounting policies and the supporting key judgements and estimates
- Whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy
- The Group's system of internal controls and risk management including the identification of principal risks and their mitigation and the requirement for a formal internal audit function (see pages 61 to 66 for Risk Management)
- The effectiveness of the external audit process and external auditors, making recommendations to the Board about the appointment, reappointment or removal, and approving the remuneration, the terms of engagement, performance, expertise, independence and objectivity, along with the effectiveness of its scope
- The processes for compliance with laws, regulations and ethical codes of practice including procedures for detecting, monitoring and managing the risk of fraud and the adequacy and security for its employees in relation to whistleblowing
- The Board believes that the Non-Executive Directors who are members of the Audit Committee have the knowledge and skills relevant to the *Trifast* business from financial aspects through to manufacturing, distribution, and sales

Read more about **Audit Committee members** on pages 78 to 79 and 80

Key matters considered and activities during the year

The Committee met to agree the audit strategy for the full year audit, reviewed the results of the external audit for the financial year and reviewed the external auditor's half year review and the half yearly results. Due to the rules on the mandatory rotation of auditors, the Committee also carried out a formal audit tender process, and appointed BDO LLP to act as auditor with effect from 25 November 2019, replacing KPMG LLP. It also considered the results of the internal review process ('health checks') carried out as part of the cycle (more details of this process are given in the section 'internal audit' below) and finally, it reviewed the Annual Report and the Financial Statements contained within it.

The Committee reports to the plc Board on how it has discharged its responsibilities on a regular basis.

The Committee's prime areas of focus has been:

- The integrity, completeness and consistency of financial reporting and disclosures
- The areas where significant judgements and estimates are required in the financial statements (during the year-end, at and post the balance sheet date)
- The materiality level to apply to the audit
- Whether the going concern basis of accounting should continue to apply in the preparation of the annual financial statements
- The appropriateness of the bases of disclosure in the Company's viability statement
- The appropriateness of transactions separately identified and disclosed as one-off to highlight the underlying performance for the periods presented in the financial statements
- The appropriateness of transactions presented in Alternative Performance Measures (APM's) to compare relevant results for the periods presented in the financial statements

- The key assumptions, judgements and estimates as detailed in note 31 to the financial statements
- To review the Group's cyber risk strategy to ensure the controls and testing that are in place mitigate the Group's exposure to this risk
- To review and amend the reporting timetable in order to take into appropriate account the practical considerations arising as a result of the COVID-19 situation. The resultant deferral to sign off on 27 July 2020, remains within the FCA's normal four month reporting timetable

Principal risks, going concern and viability statement

Our viability statement set out on page 60, details how we have assessed the prospects of the Group over a three-year time period and why we consider that period is appropriate. After considering the risks identified and on the basis of the assessments completed, the Board and the Committee believe that there is a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the next three years. Further going concern statements are made within our Corporate governance statement on pages 80 to 84, and in note 1 of the financial statements.

The Committee concluded that there were three principal risks arising from the financial statements which would require consideration during the year:

Recoverability of customer-specific inventory

The Group has bespoke customer-specific products for which there is a risk over recoverability if any contractual obligations to acquire outstanding stock are waived for commercial reasons or the customer experiences financial distress. Given the size of the customer-specific inventory balance, and the complexity involved in estimating customers changes in future demand there is a risk that the valuation of the inventory provision is inappropriate. The Committee is satisfied that sufficient focus is given to this whole area and that provisions made for customer specific inventory are adequate.

Goodwill impairment

Goodwill in the Group balance sheet is significant and subject to an annual impairment review. The recoverability of goodwill is dependent on estimating both cash flows and appropriate discount rates to apply in a value in use calculation. Given the size of the goodwill balance, and the complexity of estimating both cash flows (particularly owing to the impact of COVID-19) and discount rates, the Committee considers goodwill impairment to be an area of material estimation. Hence there is a risk that the valuation of goodwill is inappropriate. The Committee has reviewed the projected cash flows and discount rates used in the valuation model and the disclosures provided in note 14 of the financial statements. The Committee is satisfied that, following the impairment of £7.8m recognised in the year as a result of COVID-19, the year-end goodwill balance is appropriately valued.

COVID-19 – Going concern

The assessment of going concern involves a number of subjective estimates including forecast revenues, changes in working capital, future levels of bad debts, the rate of inflation, which have all been impacted by the current COVID-19 pandemic. The Committee has been actively involved in the regular review and approval of these forecasts and on the basis of that work, is satisfied that the going concern basis of preparation remains appropriate for the Group and the Company.

Audit Committee report

Internal audit
A formalised internal review process where all business units are the subject of a 'health check' on a rotational basis, has been in operation for some years. This process recently underwent a significant evaluation as part of the initial stages of Project Atlas. Through business process reviews carried out at the entities, a scoping and frequency schedule with different cycle times for each entity based on size and risk profile was introduced to replace the previous rotational timetable. Looking ahead this process will continue to be developed, and will also take into account the impending implementation, roll-out and post implementation stage of the Atlas project.

The reviews, covering both operational and financial controls, are carried out by senior Group finance and IT personnel, from Head Office, who are separated from the day to day activities within the entity which is the subject of the review. All 'health checks' are presented by the Chief Financial Officer to the Audit Committee and remedial actions agreed. Whilst the Board recognises that this process does not constitute a fully independent internal audit, it believes that due to the size of the Group, and the improvements that have been and continue to be implemented this provides appropriate comfort as to the operational and financial controls in place.

Risk management and internal control
The Board is ultimately responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve strategic business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Corporate Governance Code, along with the FRCs Guidance on risk management, internal control and financial and business reporting, requires that the Board monitors the Company's risk management and internal control systems and, at least annually, carries out a review of their effectiveness which should cover all material controls including financial, operational and compliance controls.

Having done so, the Committee is of the view that there is an appropriate ongoing process for identifying, evaluating and managing significant risks.

Operating policies and controls are in place and have been in place throughout the year under review and cover a wide range of issues including financial reporting, capital expenditure, information technology, business continuity and management of employees. Detailed policies ensure the accuracy and reliability of financial reporting and the preparation of Financial Statements including the consolidation process.

The key elements of the Group's ongoing processes are:

- A full detailed review of the business risks undertaken as part of the ongoing day-to-day procedure of the business
- An organisational structure with clearly defined lines of responsibility and delegation of authority
- That Group policies for financial reporting, accounting, financial risk management, information security, capital expenditure appraisal and Corporate Governance are well documented
- That detailed annual budgets and rolling forecasts (currently being prepared weekly due to COVID-19) are reported for all operating units and reviewed and approved by the Board
- That performance is monitored closely against budget and material variances reported to the Board
- That the Committee is to deal with any significant control issues raised by the auditor
- That a formal schedule of matters specifically reserved for decisions by the Board is maintained
- That capital expenditure is controlled by the budgetary process with authorisation levels in place

There were no significant control deficiencies identified during the year.

External auditor
The external audit is a continuous process. At the start of the audit cycle, BDO present their audit strategy identifying their assessment of the key risks for the purposes of the audit and the scope of their work. For FY2020 these risks were: the recoverability of customer-specific inventory, goodwill impairments and COVID-19 going concern. More detail is set out in BDO's report on pages 124 to 129.

BDO reported to the Committee at the full year, setting out their assessment of the Group's judgements and estimates in respect of key risks and the adequacy of the reporting. The Committee reviews the external auditor's performance and ongoing independence and concluded that the external audit process is operating effectively. BDO have proved effective in their first year of audit, and are expected to continue to prove effective in their role as external auditor going forward. From FY2021, BDO will also report its findings to the Committee at the half year.

For HY2020, KPMG remained in post and performed the required external auditor review work on the Group's 30 September 2019 financial report.

Non-audit services provided by BDO
To ensure the independence and objectivity of the external auditor, the Committee has a policy which provides clear definitions of services that the external auditor can and cannot provide. Tax compliance and advisory services are currently provided by another professional services firm PricewaterhouseCoopers LLP ('PwC'). The policy also establishes a formal authorisation process, including either the tendering for non-audit services or pre-approval by the Committee for allowable non-audit work. The fees in relation to non-audit services are found in note 5 of the Annual Report.

Appointment of external auditor

Following a formal tender process, the Committee was pleased to appoint BDO LLP to act as the Group's new external auditor. KPMG resigned as auditor of the Company following completion of the review of the half-yearly financial report for the six months ended 30 September 2019. They did not participate in the tender process due to the rules on the mandatory rotation of auditors.

The appointment of BDO to carry out the audit of the Company's financial statements for the financial year ending 31 March 2020 took effect immediately following KPMG's resignation. The appointment for subsequent years will be subject to approval by shareholders at the next Annual General Meeting of the Company, to be held on 22 September 2020.

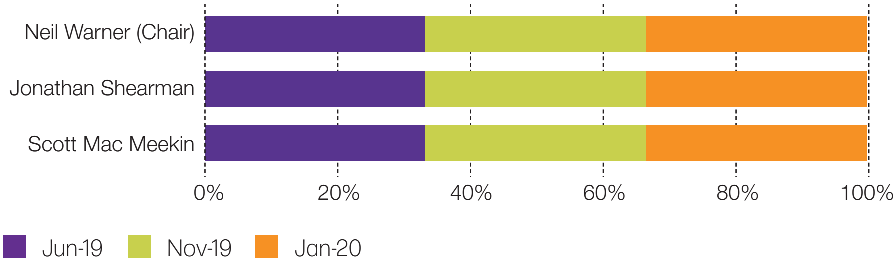
Following the completion of the audit, the Committee has reviewed the effectiveness and performance of BDO with feedback from Committee members, senior executive management and finance personnel, covering overall quality, independence and objectivity, business understanding, technical knowledge, responsiveness and cost effectiveness. The Committee and the Board have concluded that BDO provides an effective audit and have recommended their re-appointment at the 2020 AGM.

Committee membership and attendance

The Audit Committee consists of the three independent Non-Executive Directors. The external auditor, the Non-Executive Chair, the Chief Executive, the Chief Financial Officer and the Company Secretary are also invited to attend meetings. The Committee met three times during FY2020 and on two of these occasions, the Committee members also had discussions with the external auditor without the Executive Directors present.

All Committee meetings are held to coincide with key dates within the financial reporting and audit cycle. As Chair of the Audit Committee, I also meet with management on an ad-hoc basis. I would like to thank the Committee members, the executive management team, and our external auditors for the open discussions that have taken place at our meetings and the importance they all attach to its work.

Audit committee meeting attendance FY2020



As a Committee, we have focused on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities.

The Board and Committee have also focused on the governance requirements regarding the Annual Report. We consider that, taken as a whole, the FY2020 Annual Report is fair, balanced and understandable with appropriate references being made throughout the various sections, which we hope you will find helpful in understanding the information and disclosures contained within them.

The Board is satisfied that the members of the Audit Committee have both recent and relevant breadth of knowledge, experience and financial dynamics to effectively fulfil their responsibilities as well as competence relevant to the sector in which the Group operates. The Directors' summary biographies can be found on pages 78 and 79 of this report.

Finally, it is time for me to look to retirement and start to reduce my work commitments to focus on myself and family. I have therefore decided that after five enjoyable years working with *Trifast* I will step down and retire on 31 July 2020. My thanks go to my colleagues at plc Board level and all those I have had the pleasure of interacting with around the business during my tenure for their support, wise counsel, and camaraderie.

On behalf of the Audit Committee

Neil Warner
Chair of the Audit Committee
27 July 2020

Clive Watson
Chair of the Audit & Risk Committee
Appointed 30 July 2020

See **Clive Watson's biography** on page 79

Directors' remuneration report

Jonathan Shearman
Chair of the Remuneration Committee

Claire Balmforth
Chair of the Remuneration Committee
Appointed 1 April 2020

> We take the views of the shareholders seriously and these were considered when shaping the proposed new remuneration Policy.
>
> The Committee engaged with its key shareholders and the investor representative bodies and is grateful for their input into the process"

Jonathan Shearman

Introduction

As part of *Trifast*'s ongoing succession planning, the Board was delighted, as from 1 April 2020, to welcome Claire Balmforth, as a Non-Executive Director and Chair of the Remuneration Committee (the 'Committee', 'RemCo'). Claire and I are therefore writing the FY2020 Director's Remuneration Report in our capacity as outgoing and incoming Chair of the Committee. As Chairman of the Board, I will continue to have oversight of company-wide remuneration policies and practices and will keep my role as the NED designated to lead engagement with the workforce, including discussions on pay.

The report has been prepared by the Committee in accordance with the relevant legal and accounting regulations, then approved by the Board. Given the significant changes to the remuneration reporting requirements under the updated regulations and the UK Corporate Governance Code we have made several improvements which include:

- An improved section setting out more information in relation to the wider workforce and pay fairness which includes the CEO pay ratio and other pay relativity reference points such as external benchmarking (page 100)
- Setting out how the proposed remuneration policy aligns with Company strategy (page 98)
- Describing how the Committee has addressed the factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture when determining the proposed remuneration policy (page 99)
- Disclosure of maximum remuneration receivable assuming a 50% share price appreciation in the application of the proposed remuneration policy charts (page 112)

Role and activities of the Committee

The role of the Committee is unchanged – provide our Executive Directors with remuneration that motivates, aligns them with delivery of our strategy and creates shareholder value in a sustainable manner. In addition, it is our duty to ensure that the remuneration received by the Executive Directors is proportionate to the performance achieved and the returns received by shareholders.

Since our last report, the main activities of the Committee were as follows:

- Construction of a new Policy to present to shareholders at the forthcoming AGM
  - this was reviewed in light of the relevant aspects of the UK Corporate Governance Code and the latest guidelines from shareholders and proxy agencies
- Determination of the final remuneration outcomes for the year to 31 March 2020
- Determining the Company's response to COVID-19 and the impact on its remuneration arrangements
- Consideration of
  - the appropriate incentive targets for the year to 31 March 2021
  - our gender pay reporting summary
- Oversight of the remuneration aspects of the newly created Operational Executive Board (OEB) and gaining a clear understanding of wider workforce pay and policies
- Review and amendment of its terms of reference such that they are aligned with the remuneration related provisions of the New Code
- Confirmation of treatment of Malcolm Diamond and Glenda Roberts' remuneration arrangements in line with Policy

Company performance

There is no doubt that the year under review was a difficult one for many industrial companies, *Trifast* included. A headwind of necessary investment was compounded, firstly by continued structural difficulties in the automotive sector and then latterly by the initial impact of COVID-19. This led to a fall in underlying diluted earnings per share to 10.54 pence for FY2020 (14.53 pence: FY2019).

Despite this, there were undoubtedly a number of highlights yielding immediate and longer-term benefits:

- The wider Group drawing on PTS' expertise and position in the market
- Ongoing Project Atlas progress as set out in detail on pages 18 to 19
- Continued focus on people including the formation of the OEB

FY2020 remuneration outcomes

Annual bonus

Given that the threshold hurdle of 5% organic EPS growth was not met during the year, the Committee was unable to consider payment of any bonus from either the financial performance targets or the strategic and operational measures.

Overall, therefore, no FY2020 annual bonus is payable for the Executive Directors. This is the second consecutive year that the Committee has been unable to award any annual bonus and the Executive Directors have requested that there be no bonus payments in the current financial year. This is untenable in the longer term and unlikely to allow the Committee to fulfil its duties in full – the proposed Policy has been constructed with that in mind.

Long-Term Incentive Plan (LTIP)

The three-year performance period of LTIP awards granted to the Executive Directors during FY2018 ended on 31 March 2020. The Committee assessed performance against the EPS and relative TSR targets and determined that on both elements this was below the threshold level resulting in nil vesting. Full details of *Trifast*'s performance against the LTIP targets are provided on page 104.

Overall

Despite there being no incentive payout for FY2020, the Committee acknowledged that the management team performed well during the year but determined that it should not exercise its discretion to adjust the formulaic outturn as it was aligned with wider company performance. Therefore, the Executive Directors' remuneration for FY2020 consisted of base salary, pension and benefits only.

Wider workforce considerations

The performance of the Company over several years could not have been possible without developing our people. This includes significant training and ensuring they are incentivised to contribute to the best of their ability. We recognise that it is also critical for our employees to feel valued as well as to be paid fairly.

Our current focus in relation to engagement has centred around communicating regularly with all our employees as well as staff surveys.

Read more about **Investing in our people** on pages 42 to 47 and **Employee engagement** on page 84

We also published our third gender pay gap report in April 2020. We were encouraged to see that our median gender pay gap of +7% (i.e. our female employees are paid 7% more than our male employees) and the median bonus gap of zero demonstrates that *Trifast* is an equal opportunities organisation. Our gender pay gap report can be found on our corporate website at www.trfastenings.com and extracts have been provided on page 46. We are proud that we have bonus schemes covering all employees.

We continue to be committed to creating an inclusive working environment and to rewarding all our employees in a fair manner and believe they should be able to share in the success of the Company. To facilitate this, we operate a popular Save As You Earn ("SAYE") share plan which is open to all UK employees. We are delighted that so many of our UK employees are currently enrolled.

Wider share ownership also aligns with our remuneration principles by rewarding our employees for the successful execution of strategy. Therefore, we have expanded our equity scheme for Senior Managers in FY2020 which now has *c.*100 participants and I am pleased to report that the first awards under the scheme vested in full during late 2019 based on performance to FY2019.

Directorate Changes

As set out in the Strategic section of the report Malcolm Diamond and Glenda Roberts stepped down as Main Board Directors as at 31 March 2020. The Committee can confirm that the treatment of their remuneration arrangements is in line with our existing Policy with details set out on page 105 of this report. Claire Balmforth and Clive Watson joined the Board as Non-Executive Directors and their fees will be in line with the proposed Policy.

New Policy

Clearly, this would not be an ideal time to structure a new Remuneration Policy, more so given our need to manage the tensions of the current macro environment alongside motivating the Executive Directors. We want to assure you that the Committee reviewed the Policy proposal in light of the potential impact of the COVID-19 outbreak, and to align with the Board's broader planning, and we can confirm:

- The priority is to look after our people and thereafter customers, suppliers and other communities
- To meet the current and future challenges, it is more important than ever to retain an exceptional and proven management team, focusing them on the delivery of strong organic and total performance over the coming years, including maximising the ROI from Project Atlas
- The Policy proposals remain appropriate for the next three years noting that external events, such as COVID-19, will impact how it is implemented by the Committee each year and that the Committee will be sensitive to the external environment in making such decisions

However, as a Group we continue to be cash generative, with a strong balance sheet. This, coupled with a continued pipeline of new wins, means the Board remains optimistic about the medium to long-term future of the Group and there is a need to focus a highly talented management team on this.

Directors' remuneration report

Taking all of this into account, the Committee determined the following principles and we set out how they translated into the new Policy below:

- Support the long-term business strategy and reward its successful execution by the leadership team. Overall, the Policy has been constructed such that management are well rewarded if significant value is delivered for shareholders, but pay-outs are limited if Company performance is below expectations: *Short and long-term incentives are heavily weighted to growing sustainable earnings through organic and acquisitive means, balanced by targets measuring balance sheet strength, strategic milestone execution and the shareholder experience through TSR*
- Ensure that key components of remuneration are competitive against the market reflecting the transformation of the business (with the associated benefits of Project Atlas) and the complexities of running an international business. This will be achieved through a staged move of all elements of total remuneration to the median of those of the FTSE Small Cap taking into account corporate and individual performance and the external operating environment in a post COVID-19 world. At present, to achieve a near median total remuneration opportunity driven off below lower quartile fixed pay the Committee has increased the maximum incentive opportunity by 50% of salary paid entirely in shares. The Committee will reduce incentive levels to rebalance the package to median for all elements when certain conditions are met to move base salaries to the median
- Align with latest corporate governance best practice principles, including consideration of the elements of Provision 40 of the Corporate Governance Code: This has been achieved throughout the Policy, for example we are proposing a two-year post vesting holding period for the LTIP combined with a two-year post cessation shareholding requirement in line with best practice
- Reinforce pay fairness throughout the Company: Targeting median base salary and fee levels for the Board is consistent with the positioning of the wider workforce. The Committee acknowledges that current base pay is lagging behind the desired policy positioning and that is something that it will consider addressing when the time is right. This is particularly relevant given the additional responsibilities taking on by the CEO and CFO following the retirement of two Executive Directors in the past two years

The Committee engaged with its key shareholders and the investor representative bodies and is grateful for their input into the process.

Fuller details are contained in a summary table setting out the key changes to the Policy on page 108 and in the remuneration Policy section beginning on page 109.

Implementation of Policy for FY2021

The Committee will be sensitive to the challenges faced by our stakeholders at present through the implementation of Policy, such that there will be no salary/fee increases or bonus opportunity for FY2021 with the entire Board taking a 20% salary/fee reduction for Q1. As set out above, the new Policy will provide the Committee with the ability to increase base pay to the median of the FTSE Small Cap index within the next three years recognising the increased scope of the CEO and CFO roles (as the Executive Board has shrunk from four to two incumbents over the current policy period). Clearly, it would not be appropriate to make any such change in FY2021, but the Committee will consider such a move when it is comfortable that Project Atlas implementation has progressed and key milestones have been achieved.

At the present time, the Committee does not feel able to robustly set three-year EPS targets given the significant uncertainty in the wider economic environment. Therefore, in line with guidance issued by the Investment Association, the Committee's intention is to set the EPS targets within six months of the FY2021 LTIP award being granted (noting that the grant will take place as soon as possible after the AGM subject to Policy approval).

The Committee feels that it is important to continue granting LTIP Awards to retain and motivate the management team and will ensure that the targets will be challenging but with an appropriate probability of payout. Once the EPS targets have been calibrated, they will be disclosed to shareholders by the Committee through an additional RNS announcement. The relative TSR targets for the FY2021 awards are set on page 111.

In determining final vesting outcomes, the Remuneration Committee will take into account the overall corporate performance of the business, the shareholder experience and the external operating environment.

Looking ahead

Although these are extraordinary times requiring a more flexible approach to many aspects of business, including remuneration – in many senses, little has changed for *Trifast*. Our strategy remains to grow organically and by acquisition. Alongside this, the current Executive Directors and OEB, have the right people in place.

The Committee believes that the proposed remuneration Policy will allow the Company to incentivise and retain those team members who are critical to executing our business strategy and driving the long-term creation of value for shareholders. We look forward to your support at the forthcoming AGM.

Jonathan Shearman
Claire Balmforth
27 July 2020

Annual Report on Remuneration

This section of the Remuneration Report contains details as to how the Company's remuneration Policy was implemented during the year FY2020. In the first part of this report we have also set out information with regards to our wider workforce and pay fairness.

Pay at *Trifast*

To attract and retain high calibre individuals, we aspire to become an employer of choice within our sector, maintaining a competitive reward package that balances fairness to the colleague as well as responsible use of shareholders' funds. Our pay principles are as follows:

- Support the recruitment and retention of high-quality colleagues
- Enable us to recognise and reward colleagues appropriately for their contribution
- Help to ensure that decisions on pay are managed in a fair, just and transparent way
- Create a direct alignment between our Company culture and our reward strategy

In FY2020, the Company has successfully attracted a number of industry specialists with global experience at senior level which bodes well for our future plans.

Read more about **Good news and the future** on pages 20 to 27

How the committee is informed on wider workforce pay

To build the Remuneration Committee's understanding of reward arrangements applicable to the wider workforce, the Committee is provided with data on the remuneration structure for management level tiers below the Executive Directors and pay outcomes for these roles. The Committee is also developing a process whereby it will be provided with feedback from the Company's various engagements tools, such that it has access to further context in making decisions on future pay outcomes. This information will be combined with the insights gained by Jonathan Shearman who has taken on the designated Non-Executive role for liaising with the wider workforce. The Committee uses this information to ensure consistency and fairness of approach throughout the Company in relation to remuneration.

Alignment with Directors' remuneration policy

Understanding the remuneration practices of the wider workforce has helped inform the new policy. Taking the above into account the Committee determined that the new policy should be designed in line with the factors set out in the Committee Chair's statement.

The Committee is of the opinion that the new policy principles are appropriate for the next three years noting that external events, such as COVID-19, will impact how it is implemented by the Committee each year and that the Committee will be sensitive to the external environment in making such decisions.

Summary of the Directors' remuneration policy

We have summarised below the key changes from our current to our proposed remuneration policy and how we intend to implement it in FY2021.

Element	Policy Changes	Rationale	Implementation for FY2021
Base salary	Targeting FTSE Small Cap median salaries for Executive Directors Added an extra circumstance where the Committee may determine to award a salary increase above that provided to the *Trifast* UK employee population; namely the progress of Project Atlas recognising the Company would move into its next phase of development	Median salary target aligns with wider workforce salary positioning Provides flexibility for Committee to increase salaries up to FTSE Small Cap median when it is appropriate to do so, noting that it will always target a median total remuneration package	No increase to base salaries in FY2021 with 20% reduction over Q1 Salaries are as follows: ▪ Mark Belton (CEO): £310,000 ▪ Clare Foster (CFO): £237,500
Pension and benefits	Existing Executive Directors will remain on the current contribution level (20% of salary) until 31 March 2023 when it will fall to 10% of salary New joiners will receive 10% of salary No changes proposed to benefit policy	The Committee determined it appropriate to align with the Operational Executive Board pension level rather than the general workforce given the current conservative positioning of the executive's fixed pay. However, the Committee will keep this provision under review to reflect developing practice and investor sentiment	As per policy The Committee approved a market aligned increased to the car allowance to £1,500 per month. However, the Executive Directors have requested not to receive the increase in FY2021
Annual bonus	Maximum opportunity increased by 25% of salary to 150% of salary. Any bonus in excess of 100% of salary will be paid in deferred shares Performance measures and their weightings have been changed: ▪ (70%) Underlying organic operating profit target ▪ (20%) Cash conversion rate targets ▪ (10%) Basket of up to two Strategic/Operational targets ▪ No pay-out unless threshold underlying organic profit performance met Pay-out for on-target performance reduced to 50% of maximum Clarity provided that the Committee has overriding discretion to change formulaic outcome (both downwards and upwards) if it is out of line with underlying performance of the Company	The increase in award level allows the Committee to target total remuneration at Small Cap median based off current conservative salary. The increase will only apply from FY2022 – the executives have requested that there be no bonus opportunity for FY2021 Profitability, balance sheet strength through cash conversion and strategic milestones provide a holistic measure of annual performance Discretion and on-target pay-out level in line with best practice	For FY2021 the Executive Directors have requested that there be no bonus opportunity

Element	Policy Changes	Rationale	Implementation for FY2021
Long-Term Incentive Plan ("LTIP")	Opportunity increased by 25% of salary to 175% of salary Adopted three-year vesting period plus two-year holding period Enhanced malus and clawback provisions Overriding discretion in line with annual bonus No change to performance measures and weighting i.e. 70% EPS and 30% relative TSR. 25% vests for threshold performance increasing on a straight line to 100% for maximum performance. Targets will be calibrated each year and disclosed prospectively	The increase in award level allows the Committee to target FTSE Small Cap median total remuneration. The Committee will determine the impact of any share price falls on the number shares granted at that time in line with investor guidance Five years from grant to release, enhanced malus/ clawback provisions and discretion in line with best practice The EPS and relative TSR measures have been selected to reward senior executives for the generation of strong and sustainable long-term earnings and the delivery of long-term sustainable value for the benefit of shareholders	The FY2021 LTIP award to each Executive Director will be equal to 175% of base salary The relative TSR targets will be 25% vesting for performance equal to the FTSE Small Cap index excluding Investment Trusts increasing on a straight-line basis to 100% vesting for 8% p.a. above the index. At the present time, the Committee does not feel able to robustly set three-year EPS targets given the significant uncertainty in the wider economic environment. Therefore, the Committee's intention is to set the EPS targets within six months of the FY2021 LTIP award being granted. Once the EPS targets have been calibrated, they will be disclosed in an additional RNS announcement
Minimum shareholding requirement	Increased shareholding requirement to 250% of salary over five years from policy adoption and introduction of post-employment shareholding requirement for two years Shares beneficially owned at the date of adoption of the policy and any inflight LTIP awards will be exempt from this post-employment requirement, but all future share based awards granted under the policy will be captured	Increased requirement aligned to incentive opportunity increase and post-employment requirement in line with best practice	The shareholding requirement in FY2021 will be 250% of salary, post cessation shareholding requirement of 250% of salary will also apply
Non-Executive Director fees	Targeting FTSE Small Cap median fees	Median fees target aligns with wider workforce and Executive Director salary positioning	No increase to fees in FY2021 with 20% reduction for Q1 Fees are as follows: ▪ Chair fee: £125k ▪ SID fee: £5k ▪ NED base fee: £42k ▪ Committee chair fee: £8k ▪ Committee membership fee: £5k

Directors' remuneration report

Linking our new Policy with our business strategy
Our remuneration policy has been designed to align with the Group strategy. Below we have set out how each performance measure within our incentive structure links back to our core strategic pillars.

Our strategic pillars

🟣	🟢	🔵	🟡	🟠
Investment driven growth	Continue to add value and differentiate	Acquisitions	Operational efficiencies	Investing in our people

Our key performance indicators

Group total revenue	🟣	🟢	🔵	🟡	🟠
Underlying operating margin		🟢		🟡	
Group underlying profit before tax	🟣	🟢	🔵	🟡	
Cash conversion				🟡	
Return on capital employed	🟣	🟢	🔵	🟡	🟠
Underlying diluted earnings per share	🟣	🟢	🔵	🟡	
Strategic multinational OEM Tier 1 penetration	🟣	🟢			🟠
Broaden skills of management		🟢		🟡	🟠
Manufacturing to distribution ratio	🟣		🔵	🟡	
Geography of supply		🟢	🔵		

Annual bonus

Measure	Link to strategy	Link to KPIs
Operating profit	• Focus on organic growth • Focus on sustainable investment	🟣 🟢 🟡
Cash conversion	• Focus on operational efficiencies • Focus on cashflow management	🟡
Strategic/ Operational	• Delivery of superior customer service • Focus on operational efficiencies • Manage the business responsibly • Focus on people/talent	🟣 🟢 🔵 🟡 🟠

LTIP

Measure	Link to strategy	Link to KPIs
EPS growth	• Key measure of growth • Focus on sustainable investment • Focus on acquisitions	🟣 🟢 🔵 🟡
Relative TSR	• Linked to shareholder value • Focus on outperformance	🟣 🟢
Shareholding guidelines	• Linked to shareholder value	🟣 🟢

How the Company addressed factors in provision 40 of the 2018 UK Corporate Governance Code

Read more in **Letters to shareholders** on pages 2 to 3

The Code requires the Committee to determine the Policy and practices for Executive Directors in line with several factors set out in Provision 40. The following table sets out how the Remuneration Committee's proposed new Policy aligns with Provision 40 of the Code, the objective of which is to ensure the remuneration operated by the Company is aligned to all stakeholder interests including those of shareholders.

Remuneration factors	How the committee has addressed this in the proposed remuneration policy
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	The Company's performance-based remuneration is based on supporting the implementation of the Company's strategy as measured through its core KPIs. There is transparency over the performance metrics in place for both annual bonus and the LTIP and there is a clear link between long-term value creation and the provision of reward to Executive Directors and senior management
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	The market standard annual bonus and LTIP structures are well understood by shareholders and participants alike
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated	Identified risks have been mitigated as follows: ▪ Deferring bonus in shares and a two-year holding period on the proposed LTIP helps ensure that the performance earning awards was sustainable and thereby discouraging short-term behaviours ▪ Aligning any reward to the agreed strategy of the Company ▪ Variable pay will only be earned for sustainable growth in earnings and therefore aligned with risk ▪ Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate through malus and clawback ▪ Reducing annual bonus or future LTIP awards or cancelling them, if it appears that the criteria on which the award was based do not reflect the underlying performance of the Company
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	The Remuneration Committee has good line of sight and control over the potential performance outcomes, and the actual and perceived value of the incentives The Policy sets out the potential remuneration available in several performance scenarios
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	One of the key strengths of the proposed approach of the Company to remuneration is the direct link between the returns strategy and the value received by Executives The schematic above sets out in detail the link between Company strategy and a broadened range of performance measures in the incentive arrangements
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	The LTIP rewards long-term sustainable performance. This focus on long-term sustainable value is a key tenet of the Company's strategy

Alignment between wider workforce pay and Directors' remuneration policy
Trifast aims to provide a remuneration package for all employees which is market competitive and operates a similar structure as for Executive Directors.

The Company's LTIP extends to selected Senior Management within the Company, with the number of employees eligible to participate being *c.*100 from across 14 countries.

The Company's remuneration philosophy for all management from the Executive Directors downwards is that all employees should have a meaningful element of performance-based pay. For Executive Directors, part of the annual bonus is provided in deferred shares to ensure a focus on long-term sustainable value creation and to align their experience with those of shareholders. For all employees, *Trifast* operates a performance-based discretionary bonus scheme. The Company also has a Save As You Earn scheme (SAYE) for all UK employees in order to increase levels of share-ownership throughout the Company and allow employees to share in its success.

The table below illustrates the cascade of our reward structure from Executive Directors to the wider employee population. As shown below, senior management and key employees participate in the LTIP and annual bonus schemes.

	Fixed Remuneration	Annual bonus	LTIP	UK employee share scheme (SAYE)
Executive Committee	Y	Y	Y	Y
Senior management	Y	Y	Y	Y
Wider workforce	Y	Y	N	Y

The Committee is satisfied that the approach to remuneration across the Company is consistent with the Company's principles of remuneration. In the Committee's opinion the approach to executive remuneration aligns with wider Company pay policy and there are no anomalies specific to the Executive Directors.

CEO pay ratio
The table below sets out the ratios of the CEO single total figure of remuneration to the equivalent pay for the lower quartile, median and upper quartile of UK employees.

		Pay ratio		
Year	Method	25th percentile	50th percentile	75th percentile
FY2020	Option A	18:1	14:1	10:1

The CEO remuneration figure is as shown in the Single total figure for Executive Directors' Remuneration table on page 103. The remuneration figures for the employee at each quartile were determined as at 31 March 2020. Each employee's pay and benefits were calculated using each element of employee remuneration, consistent with the CEO, on a full-time equivalent basis. No adjustments (other than to achieve full-time equivalent rates through simple pro-ration) were made and no components of pay, except SAYE awards, have been omitted. The salary and total pay and benefits for employee at each of the percentile are as shown in the table below:

Pay data	Base salary (£000)	Total pay and benefits[1] (£000)
CEO	310	383
Employee at 25th percentile	19	21
Employee at 50th percentile	24	27
Employee at 75th percentile	34	39

We have chosen methodology option A for the calculation, to identify the three UK employees at each of the quartile. In line with the regulations, all employees across our four UK subsidiaries were used in the calculation. This method was chosen given its robustness in determining these three UK employees. The Committee is comfortable that the median ratio is consistent with the Company's pay and progression policies.

These ratios will be used as part of the Committee remuneration decision-making process with regards to broader employee pay policies as well as remuneration policies for the Executive Directors. In addition, the Committee will consider the CEO pay ratio based on average pay in the upper, lower and middle quartiles to gain a more rounded understanding of pay at *Trifast*. For FY2020, the total pay and benefits and CEO pay ratio for these individuals was as follows:

	Total pay and benefits (£000)	CEO pay ratio
25th percentile	19	20:1
50th percentile	27	14:1
75th percentile	72	5:1

The ratios reflect the difference in remuneration arrangements as responsibility increases for more senior roles within the Company. There may therefore be significant volatility in this ratio, caused by the following:

- Our CEO pay is made up of a higher proportion of incentive pay than that of our employees, in line with the expectations of our shareholders, which introduces a higher degree of variability in his pay each year versus that of our employees
- A significant proportion of our CEO's pay is provided in shares, and their value reflects the movement in share price over the three years prior to vesting. This can add significant volatility to the CEO's pay and this is reflected in the ratio

The ratio is driven by the different structure of the pay of our CEO versus that of our employees, as well as the make-up of our workforce. This ratio will therefore vary between businesses even in the same sector. What is important from our perspective is that this ratio is influenced only by the differences in structure within our business, and not by divergence in fixed pay between the CEO and wider workforce.

[1] Although SAYE granted during FY2020 is included in the CEO figure for total pay and benefits, this has not been included for the UK employee's calculation, partially on the basis that a significant number of employees have withdrawn from the scheme.

Gender pay gap reporting

Trifast is committed to the principle of equal opportunities and equal treatment for all colleagues, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. However, whilst these factors are important when considering possible new employees, the Company has concluded that the single most important factor is to identify, recruit and develop people based on skills and merit. We have a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above).

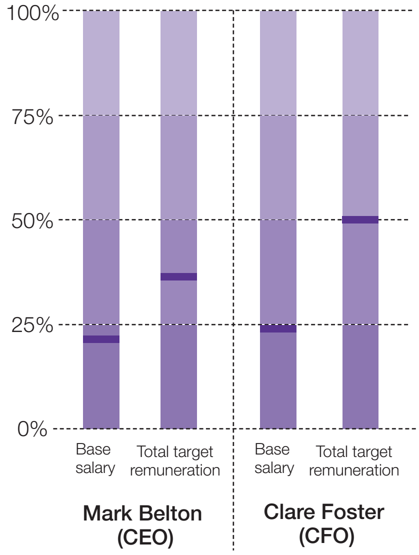
Trifast is therefore confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather, our gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

We are pleased that our median gender pay gap, calculated for our *TR* Fastenings (UK) subsidiary, shows female employees are paid 7.0% more than our male employees and remains significantly lower than the UK average (male +9.6%.)

See the **Gender pay gap report** on page 46

External benchmarking

The chart below shows the relative positioning of *Trifast*'s CEO and CFO in relation to the percentiles of the FTSE Small Cap Index.



Remuneration justification

The Committee is comfortable that the internal and external pay relativity reference points set out above provide justification that the proposed Policy is entirely appropriate, whilst noting the potential volatility of the CEO pay ratio in future years.

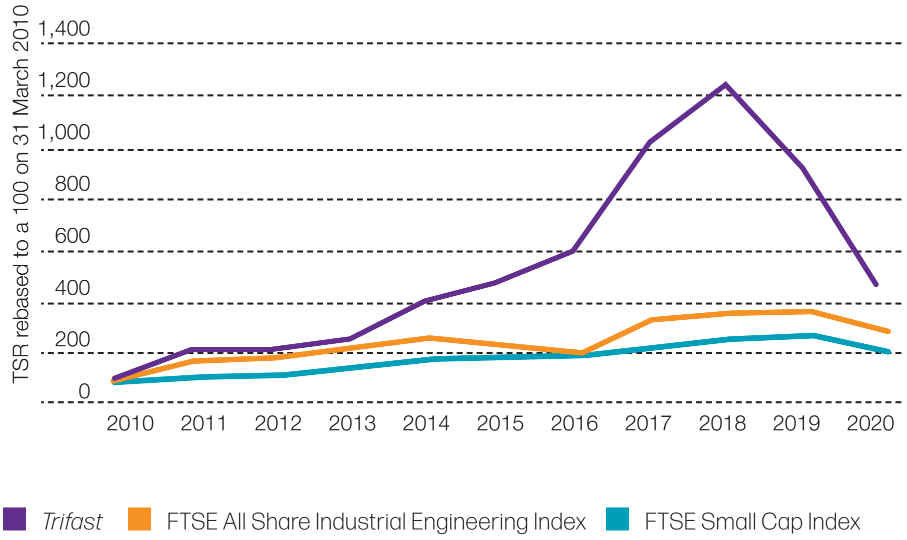
How executive remuneration is communicated with stakeholders – employees and shareholders

It is the Committee's experience that stakeholders find the remuneration information they believe to be relevant to them via the Annual Report (available in hardcopy and on the website). In addition to this, executive remuneration will be one of the topics that is flagged for employee conversations with the designated Non-Executive Director. Shareholders can liaise with the Committee Chair throughout the year, including at the time of the AGM. The Committee engaged with its key shareholders and the investor representative bodies and is grateful for their input into the process.

CEO and all employee pay

Total shareholder return

The graph below sets out the Total Shareholder Return performance of the Company compared to the FTSE Small Cap Index and FTSE All-Share Industrial Engineering Index over a ten-year period from 31 March 2010. The Remuneration Committee believes it is appropriate to monitor the Company's performance against these indices as the Company is a constituent of both.



Performance and pay

The table below shows the single figure remuneration and levels of bonus and equity pay-outs for the Group CEO during the past ten years:

Year	Total remuneration £000	Annual cash bonus pay-out against maximum	Equity award pay-out against maximum
2020	383	0%	0%
2019	367	0%	n/a***
2018	629	69.8%	n/a***
2017	811	100%	100%**
2016	641†	50%	100%**
2015	766	100%	100%**
2014	643	80%	100%**
2013	1,263	30%	100%*
2012	327	35%	N/A*
2011	265	45%	N/A*

* This was a year considered as part of the performance period for the 2009 option scheme

** This is the vesting of the deferred equity awards under a previous policy

*** Additional details on LTIP awards are set out above on page 97

† Includes a full year of CEO remuneration; including remuneration paid to JC Barker for 1 April 2015 to 30 September 2015 and remuneration for MR Belton from 1 October 2015 to 31 March 2016

Percentage change in CEO remuneration

The table below compares the percentage increase in the CEO's pay with that of the total UK region which is the most appropriate allowing a consistent tax regime and inflationary environment. In both cases, salaries are reviewed annually in April:

		2020 £000	2019 £000	Change
Group CEO	Salary	**310**	300	3%
Mark Belton	Taxable benefits	**15**	14	7.1%
	Annual bonus – cash	**–**	–	0%
	Annual bonus – deferred	**–**	–	0%
UK employees[1]	Salary	**15,147**	14,036	7.9%
	Taxable benefits	**837**	660	26.8%
	Annual bonus	**701**	739	(5.1)%

1. 2019 UK employee figures have been restated to include Precision Technology Supplies Limited which was acquired 4 April 2018 and also to include all *Trifast* Executive Directors.

Relative importance of spend on pay

The following table shows the relative spend on pay during the past two financial years when compared to other disbursements from profit:

	Year to 31 March 2020	Year to 31 March 2019	Change
Dividend distributions	**£1.46m**	£5.13m	(71.7)%
Group spend on pay (including Directors)	**£31.33m**	£29.96m	4.6%
Other payroll costs (including bonus)	**£7.79m**	£8.01m	(2.7)%

Included in our trading update on 23 April 2020 we stated that "In order to allow us to appropriately manage our financial position and flexibility in such an uncertain time, we do not currently intend to propose a final dividend for FY2020 at our forthcoming AGM."

Executive Director remuneration for the year ended 31 March 2020

Executive Director single figure of remuneration

					Annual bonus[3]					
	Salary £000	Taxable benefits[1] £000	Pensions[2] £000	**Total fixed**	Cash £000	Deferred equity (face value) £000	LTIP[4]	Other[5]	**Total variable**	Total £000
MR Belton	**310**	**15**	**55**	**380**	**–**	**–**		**3**	**–**	**383**
Prior year	300	14	53	367	–	–		–	–	**367**
CL Foster	**238**	**16**	**42**	**296**	**–**	**–**		**4**	**–**	**300**
Prior year	230	15	41	286	–	–		–	–	**286**
GC Roberts	**215**	**24**	**38**	**277**	**–**	**–**		**–**	**–**	**277**
Prior year	210	23	38	271	–	–		–	–	**271**
Totals	**763**	**55**	**135**	**953**	**–**	**–**		**7**	**–**	**960**
Prior year totals	740	52	132	924	–	–		–	–	**924**

1. Taxable benefits consisted of the cost of providing a company car (or car allowance), private medical insurance and critical illness cover
2. Mark Belton, Clare Foster and Glenda Roberts were members of the Company's non-contributory pension plan in FY2020 and FY2019. This is an HMRC approved defined contribution scheme. The rate of Company contribution to this scheme is 20% of base salary. From 1 April 2016, the Executives were provided the option to take pension payments in the form of a cash allowance, after a deduction for Employer's National Insurance. All Executive Directors choose to take a proportion of their pension as a cash allowance
3. See additional details in relation to the annual bonus element of remuneration below
4. The performance period of the LTIP award granted on 30 September 2017 ended on 31 March 2020 and therefore its value (nil) is included in the LTIP column. See additional details on the performance outcomes of the 2017 LTIP and the LTIP award granted in the year below on page 104
5. SAYE has been valued, based on discount applied to option price as at the date of grant

Additional details for variable pay element of remuneration

(i) Annual bonus for year ended 31 March 2020

For FY2020, the Executive Directors had a maximum annual bonus opportunity of 125% of base salary. For each Executive Director, the FY2020 annual bonus determination was based 75% on performance against organic underlying diluted Group EPS growth targets and 25% based on a basket of strategic and operational measures. In line with policy, the strategic and operational measures will only pay-out if threshold EPS performance has been achieved to ensure alignment between the annual bonus outturn and underlying corporate performance. The table below provides information on the targets for each measure, actual performance and the resulting bonus payment for each Executive Director:

		Performance required			Actual performance					
Measure	Weighting	Threshold	On-target	Maximum	Actual	% of maximum payable	Achievement as % salary	MR Belton	CL Foster	GC Roberts
Organic underlying EPS growth*	75%	4.0%	6.0%	8.0%	(27.5%)	0%	0%	–	–	–
Strategic and operational measures	25%	Objectives based on strategic and operational targets			See below	0%	0%	–	–	–
					Total bonus achieved in FY2020		**0%**	**–**	**–**	**–**

* the impact of current and previous year acquisitions and share buybacks are excluded from the calculation.

FY2020 organic underlying diluted EPS growth was (27.5)% which is below the threshold performance of 4% growth required for any pay-out under the financial element of the annual bonus.

On the basis that the threshold EPS performance level was not achieved, the pay-out from the strategic and operational measures is automatically set to nil such that the Remuneration Committee was not required to test their achievement for FY2020. However, in line with our commitment to provide transparency on the strategic and operational measures we set out below a summary of these measures and their achievement for FY2020.

Objective	Link to strategy	Achievements	Outcome
ROCE: **Minimum of 15%**	ROCE is a financial key performance indicator	ROCE of 12.0%	Not met
Financial & operational excellence: **'Atlas'**	Project Atlas is a major plank in integrating the business to create the *Trifast* of tomorrow	Successful pilot before the end of FY2020	Unable to roll-out due to COVID-19
Growth strategy: **This measure was deemed, and is considered to remain commercially sensitive**			

Overall, there is no FY2020 annual bonus payable for the Executive Directors (FY2019: 0% of salary). Despite there being nil annual bonus for FY2020, the Committee acknowledged that the management team's performance during the year merited note, and would create longer-term value, but determined that it should not exercise its discretion to adjust the formulaic bonus outturn as it was aligned with wider Company performance.

(ii) LTIP performance period ending in the year ended 31 March 2020

The 2017 LTIP awards equivalent to 150% of salary were granted to the Executive Directors on 30 September 2017. The awards vest on 30 September 2020; however, the performance period for these awards ended on 31 March 2020. These awards were granted subject to the achievement of certain EPS growth (70% weighting) and relative TSR targets (30% weighting) and we set out the outcomes in the table below:

EPS growth (70% weighting)				TSR growth[1] vs FTSE Small Cap Index (30% weighting)				
Trifast EPS growth	EPS growth required for 25% vesting	EPS growth required for 100% vesting	Vesting	*Trifast* TSR growth	Index growth (25% vesting)	Index Growth + 8% p.a. (100% vesting)	Vesting	**Overall vesting**
(6.3)% p.a.	5% p.a.	15% p.a.	0%	(22.0)%	3.7%	27.7%	0%	**0%**

1. TSR growth for *Trifast* and the FTSE Small Cap Index (excluding investment trusts) was measured using a three-month average prior to the start and the end of the three-year performance period

The following table presents the number of 2017 LTIP awards that will vest on 30 September 2020 based on the assessment of the performance conditions and the resulting value of awards using the average Q4 FY2020 share price for each Executive Director:

Role	Number of 2017 LTIP awards granted	Number of 2017 LTIP awards vesting on 30 September 2020	Value of vested awards
MR Belton	216,346	nil	nil
CL Foster	165,865	nil	nil
GC Roberts	151,442	nil	nil

Despite there being nil vesting for the LTIP awards granted in 2017, the Committee acknowledged that, particularly within this current environment, this outcome did not reflect fairly on the management team, who had indeed, during this period, driven strategically essential issues. However, it determined that it should not exercise its discretion to adjust the formulaic vesting outturn as it was aligned with wider Company performance.

The Committee is comfortable that the current Policy operated as intended and that the overall FY2020 remuneration paid to Executive Directors' set out above was not excessive.

(iii) LTIP awards granted in the year ended 31 March 2020

The table below sets out the details of the LTIP awards granted on 23 July 2019 where vesting will be determined according to the achievement of certain performance measures.

Role	Type of award	Award as % of base salary	Face value[1] of award	Face value of award at threshold vesting	No. of shares	Vesting period
MR Belton	Nil-cost Option	150%	**£464,999**	£116,250	223,557	3 years from grant
CL Foster			**£356,250**	£89,063	171,274	
GC Roberts			**£322,500**	£80,625	155,048	

1. Calculated using a share price of £2.08 being the closing share price on 22 July 2019 (the last business day prior to the grant date of 23 July 2019).

The awards will vest subject to achieving the following targets:

Measure	Performance period	Performance target	Vesting (% of award)[1]
Underlying diluted EPS growth (70% weighting)	3 financial years from 1 April 2019	Less than 5% p.a.	nil
		5% p.a.	**25%**
		15% p.a.	**100%**
Relative TSR[2] vs FTSE Small Cap index (excluding Investment Trusts) (30% weighting)	3 financial years from 1 April 2019	Below index return	nil
		Equal to index return	**25%**
		8% p.a. in excess of index return	**100%**

Notes

1. Vesting between the threshold and maximum based on a sliding scale
2. TSR growth for *Trifast* and the FTSE Small Cap Index (excluding investment trusts) will be measured using a three-month average prior to the start and the end of the three-year performance period

Payments to past Directors and for loss of office

There were no payments to past directors made in the year to 31 March 2020, As disclosed in the 2018 Annual Report on remuneration, Geoff Budd's FY2016 Deferred Equity award vested in the year to 31 March 2020. Geoff's 2017 Deferred Equity award vests in July 2020 and his 2017 LTIP awards, due to vest on 30 September 2020 (measured over the three years ending 31 March 2020), are nil as set out above.

Malcolm Diamond

As announced on 31 March 2020 and set out in the Company's Section 430(2b) Companies Act 2006 disclosure, Malcolm Diamond MBE retired from the main Board on 31 March 2020.

We set out below the implications for Malcolm's future remuneration, which highlights awards made to him whilst he was Executive Chair, before becoming Non-Executive Chair on 1 April 2017.

Malcolm will not receive any other payments in relation to loss of office.

The table below sets out Malcolm's in-flight award, its vesting date and the numbers of awards outstanding:

Type of award	Year of award	Vesting date	Number of awards
Deferred Equity	2017	July 2020	95,219

Glenda Roberts

As announced on 31 March 2020, and set out in the Company's Section 430(2b) Companies Act 2006 disclosure, Glenda Roberts retired from the Main Board on 31 March 2020, although she will remain as an employee of the Company as Global Projects and Marketing Director as well as sitting as Director on the Boards of the Operational Executive Board, *TR* Fastenings (UK), *TR* Fastenings Inc. (USA) and *TR* España.

Read more about **Glenda Roberts** and **OEB** on pages 22 to 23

We set out below the implications for Glenda's future remuneration:

- Glenda was eligible to receive a bonus in respect of FY2020 to reflect her Directorship throughout the financial year ending 31 March 2020 (nil as set out above)
- On the basis that Glenda will remain an employee of the Company, and in line with the Company's Directors' Remuneration Policy, all inflight awards made to her under the Deferred Equity Bonus Scheme (2017 award only) and the Long-Term Incentive Plan (2018, 2019 and 2020 awards) will continue to vest, without pro-ration, on their normal dates. In addition, the LTIP awards will only vest subject to the achievement of the performance conditions (set out in this report and previous remuneration reports) over their respective performance period. The number of in-flight awards that will vest in future years is set out in the table below
- Glenda's 2017 LTIP awards will lapse in full on 30 September 2020 as the performance targets (measured over the three years ending 31 March 2020) were not met to any extent in line with the disclosures above
- Glenda will not receive any other payments in relation to loss of office
- Glenda will not participate in the Executive Director annual bonus and LTIP schemes for FY2021 and future years

The table below sets out Glenda's in-flight awards, their vesting dates and the numbers of awards outstanding:

Type of award	Year of award	Vesting date	Number of awards
Deferred Equity	2017	July 2020	95,219
LTIP	2018	September 2020	151,442
LTIP	2019	July 2021	140,000
LTIP	2020	July 2022	155,048

Non-Executive Director single figure for remuneration

	Core fee £000	Chairing of Audit or Rem Committee £000	Committee membership £000	Senior Independent Director £000	**Total £000**
Malcolm Diamond	**125**	**–**	**–**	**–**	**125**
Prior year	125	–	–	–	125
NW Warner	**42**	**8**	**5**	**5**	**60**
Prior year	42	8	5	5	60
JPD Shearman	**42**	**8**	**5**	**–**	**55**
Prior year	42	8	5	–	55
SW Mac Meekin	**42**	**–**	**8**	**–**	**50**
Prior year	42	–	8	–	50
Totals	**251**	**16**	**18**	**5**	**290**
Prior year totals	251	16	18	5	290

Statement of Director's shareholdings

	Shareholding requirement[1]	Current beneficial holding[2]	Deferred shares without performance measures	Current shares which count toward shareholding requirements[3]	LTIP awards subject to performance conditions[4]	SAYE options	**Total of all interests at 31 March 2020**	**Shareholding requirement met?[1]**
Executive Directors								
Mark Belton	652,632	366,822	502,769	633,290	639,903	10,112	**1,519,606**	**No**
Clare Foster	500,000	18,588	95,219	69,054	490,472	13,482	**617,761**	**No**
Glenda Roberts	452,632	237,571	95,219	289,941	446,490	–	**779,280**	**No**
Non-Executive Directors								
Malcolm Diamond	N/A	820,782	457,685	N/A	N/A	–	**1,278,467**	**N/A**
Neil Warner	N/A	22,750	N/A	N/A	N/A	N/A	**22,750**	**N/A**
Jonathan Shearman	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**	**N/A**
Scott Mac Meekin	N/A	N/A	N/A	N/A	N/A	N/A	**N/A**	**N/A**

1. Under the existing Policy, a 200% of salary shareholding requirement for all Executive Directors. This is to be built up over five years from 27 July 2017, the date the current remuneration policy was approved by shareholders. For the last quarter of FY2020 the share price fell to £0.95 as at 31 March 2020 due to the effect of COVID-19. In previous years, Mark Belton and Glenda Roberts have both met the shareholding requirement
2. Including options exercised in the year
3. Total of current beneficial holding and deferred equity awards subject to continued employment only on a net of tax basis
4. The LTIP awards subject to performance conditions column includes the FY2018 LTIP which will lapse on 30 September 2020 on the basis of not achieving the attaching performance conditions

Following her exercise of her 2016 Deferred Equity shares on 31 March 2020, Clare Foster on 1 April 2020 purchased 20,631 ordinary shares through her ISA and also transferred 20,631 ordinary shares to her spouse's ISA, taking her current shareholding to 59,850.

Mark Belton acquired 10,000 shares through a Company Placing of Ordinary Shares and the Admission of Placing Shares, as announced on Friday 19 June 2020. Following this transaction, Mr. Belton's beneficial interest increased to 376,822.

Functioning of Remuneration Committee

The role of the Committee is to ensure that the remuneration arrangements for Executive Directors provide them with the motivation to deliver our strategy and create shareholder value in a sustainable manner. In addition, it is our task to ensure that the remuneration received by the Executive Directors is proportionate to the performance achieved and the returns received by you as shareholders.

The Committee is composed entirely of Non-Executive Directors. Members have no day-to-day involvement in the running of the business. No Executive Director sits on the Committee. The Remuneration Committee is formally constituted with written Terms of Reference. A copy of the Terms of Reference is available to shareholders by writing to the Company Secretary, whose details are set out on the inside back cover of this publication.

Alongside numerous conference calls and meetings with advisors, the Committee had 3 formal meetings during the year. All members of the Committee attended each of these meetings, with the exception of Neil Warner who was absent from the meeting in February 2020, due to illness.

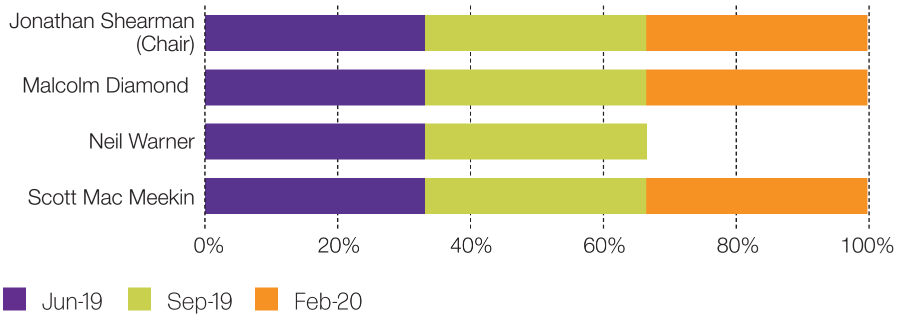
On most occasions, the CEO and CFO were invited to attend to ensure the Committee was in possession of all the relevant facts. The key activities the Committee undertook during the year were; determining the final remuneration outcomes for the year to 31 March 2020, reviewing the current Directors' remuneration policy and designing the new Policy, the consideration of the appropriate incentive targets for the year to 31 March 2021, a review of the Company's Gender Pay reporting and updating the remuneration report in line with the 2018 corporate governance code and new remuneration reporting regulations.

During the year the Committee received independent advice from PwC in relation to the remuneration Policy review and general matters. PwC was appointed by the Committee.

The fees paid by the Company to PwC for services to the Committee during the financial year was £51,900 (excl. VAT). The Group also retains PwC with regard to taxation services and consulting services in the ordinary course of business of *Trifast*. The Committee believes that this does not create a conflict of interest and the advice they receive is independent and objective. PwC is a signatory to the Remuneration Consultants' Code of Conduct which requires its advice to be objective and impartial. PwC does not have any other connections with the Company or its Directors.

The Committee consults with the Company Secretary regarding issues on areas of remuneration and Corporate Governance. With regard to senior Executives in the Company (excluding Board Directors), the Committee also takes advice from the Executive Board.

Remuneration committee meeting attendance FY2020



Neil Warner did not attend the February 2020 Remuneration Committee meeting due to illness

Statement of AGM voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes.

The table below shows the actual voting on the 2019 remuneration report at the AGM held on 24 July 2019 and the voting on the remuneration policy at the AGM held on 27 July 2017:

	Votes for	%	Votes against	%	Votes Withheld
2019 remuneration report	77,334,887	99.5	401,360	0.5	9,507
2017 remuneration policy	78,087,128	94.8	4,246,406	5.2	400

This Report was approved by the Board of Directors and signed on its behalf by:

Jonathan Shearman
Claire Balmforth
27 July 2020

Directors' remuneration policy

This section of the remuneration report contains details of the Policy which is being proposed at the AGM on 22 September 2020 and, if approved, will be effective from that date.

The Committee reviewed *Trifast*'s remuneration policy in detail working with its external advisers, PwC, and determined that the new policy should:

- Support the long-term business strategy and reward its successful execution by the leadership team (see pages 40 and 98 for details). Overall, the Policy has been constructed such that management are well rewarded if significant value is delivered for shareholders, but pay-outs are limited if Company performance is below expectations
- Ensure that key components of remuneration are competitive against the market reflecting the transformation of the business (with the associated benefits of Project Atlas) and the complexities of running an international business. This will be achieved through a staged move of all elements of total remuneration to the median of those of the FTSE Small Cap taking into account corporate and individual performance and the external operating environment in a post COVID-19 world
- Align with latest corporate governance best practice principles
- Reinforce pay fairness throughout the Company e.g. consistent base salary positioning

The Committee is of the opinion that the new policy principles are appropriate for the next three years noting that external events, such as COVID-19, will impact how it is implemented by the Committee each year and that the Committee will be sensitive to the external environment in making such decisions.

The Committee determined to make the following changes to the Policy.

Summary of changes to policy versus 2017 policy

Element	Change to 2017 Policy
Executive Directors	
Base salary	Targeting FTSE Small Cap median salaries for Executive Directors Added an extra circumstance where the Committee may determine to award a salary increase above that provided to the *Trifast* UK employee population; namely the progression of Project Atlas recognising the Company would move into its next phase of development
Benefits	No change as policy is still considered appropriate
Pension	Existing Executive Directors will remain on the current contribution level (20% of salary) until 31 March 2023 when it will fall to 10% of salary New joiners will receive 10% of salary
All employee share plan ("SAYE")	No change as policy is still considered appropriate
Annual bonus	Maximum opportunity increased by 25% of salary to 150% of salary. Any bonus in excess of 100% of salary will be paid in deferred shares Performance measures and their weightings have been changed: ▪ (70%) Underlying organic operating profit targets ▪ (20%) Cash conversion rate targets ▪ (10%) Basket of up to two Strategic/Operational targets ▪ No pay-out unless threshold underlying organic profit performance met Pay-out for on-target performance reduced to 50% of maximum Clarity provided that the Committee has overriding discretion to change formulaic outcome (both downwards and upwards) if it is out of line with underlying performance of the Company
Long-Term Incentive Plan ("LTIP")	Opportunity increased by 25% of salary to 175% of salary Adopted three-year vesting period plus two-year holding period Enhanced malus and clawback provisions Overriding discretion in line with annual bonus No change to performance measures
Minimum shareholding requirement	Increased shareholding requirement to 250% of salary and introduction of post-employment shareholding requirement for two years
Non-Executive Directors	
Fees	Targeting FTSE Small Cap median fees

1) Policy tables – Executives

Base salary	**Purpose** To provide competitive salary levels recognising the market value of the role and individual's skills, experience and performance as well as their contributions and enable the recruitment and retention of high calibre Executives **Operation** Base salary is set annually on 1 April. Base salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance and levels of increase for the broader *Trifast* employee population. The Committee will target median salaries within FTSE Small Cap index companies The Committee also considers the impact of any base salary increase on the total remuneration package. Increases awarded each year will be set out in the statement of implementation of Policy	**Maximum opportunity** The maximum annual salary increase will not normally exceed the average increase which applies across the wider *Trifast* UK employee population. Larger increases may be awarded subject to performance in the following circumstances: i. A material change in the role and responsibilities of the Executive Director (for example, in the situation where the Executive Board is reduced in size); or ii. Project Atlas implementation has progressed and key milestones have been achieved, however an Executive Director's salary remains below the median of the FTSE Small Cap Index; or iii. An Executive Director has been appointed either internally or externally at below the market level to reflect experience
Benefits	**Purpose** To provide market-competitive benefits **Operation** The Company provides the following ongoing benefits: ▪ Company car (or car allowance) ▪ Private medical insurance ▪ Permanent health insurance ▪ Critical illness cover and life cover ▪ Income protection insurance In addition, the Company pays additional benefits when specific business circumstances require it. For example, for a non-UK Executive the Company may consider providing specific benefits appropriate for the local market. The Company reimburses all necessary and reasonable business expenses	**Maximum opportunity** Capped at the cost of providing the benefits
Pension	**Purpose** To offer market-competitive levels of pension provision **Operation** Executive Directors participate in defined contribution pension arrangements. Executive Directors may request a pension allowance to be paid in cash, after deducting employer National Insurance costs, in place of defined contribution arrangements	**Maximum opportunity** For existing Executive Directors, the maximum employer contribution is 20% of base salary until 31 March 2023. From 1 April 2023 this will be reduced to 10% of base salary in line with the Operational Executive Board (OEB) contribution level. However, the Committee will keep this under review to reflect market practice For new joiners, the maximum employer contribution is 10% of base salary in line with the OEB contribution level

SAYE	**Purpose** Facilitate equity involvement for Executives and UK based employees **Operation** The *Trifast* Savings Related Share Option Scheme is HMRC approved. The Scheme offers three and five-year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20%)	**Maximum opportunity** Annual savings limit in line with HMRC limit
Annual bonus	**Purpose** To encourage and reward delivery of short-term profitability and cash conversion alongside the execution of the Company's annual strategic priorities in line with shareholder interests **Operation and performance measures** Each year Executive Directors are eligible to participate in the annual bonus. The Committee selects performance measures which it considers appropriate to support the Company's strategic priorities and the delivery of value to shareholders. The individual targets for each element of the bonus will be set annually by the Committee The annual bonus will be assessed against three performance measures over the financial year as set out below: ▪ 70% of maximum bonus opportunity will be measured against underlying organic operating profit* targets ▪ 20% of maximum bonus opportunity will be measured against cash conversion rate** targets ▪ 10% of maximum bonus opportunity will be measured against a basket of one or two Strategic and/or Operational targets. This basket will include measures relating to the following themes: operational excellence, growth strategy, customer satisfaction, people and risk mitigation. The Committee will determine the one or two most appropriate targets each year in line with the business plan The performance measures that have been selected, in the Committee's view, most appropriately reflect the Company's strategy to: ▪ Focus on generating strong and sustainable organic profits for the benefit of shareholders ▪ Focus on maintaining a strong balance sheet through cash conversion of profit ▪ Focus on delivering challenging specific Strategic and Operational targets which aid in long-term value creation A financial underpin will apply such that for a payment to be made under the Strategic and Operational element the Company will need to achieve at least threshold performance against the underlying organic operating profit measure Strategic and Operational targets will be disclosed prospectively, unless they are deemed commercially sensitive by the Board in which case the targets and their achievement will be reported on retrospectively The Committee will have overriding discretion to change formulaic outcome (both downwards and upwards) if it is out of line with underlying performance of the Company. In addition, the Committee has the discretion to adjust targets or performance conditions for any exceptional events that may occur during the year Malus will apply during the bonus year and the share deferral vesting period and clawback will apply for a period of two years post bonus payment and deferred share vesting	**Maximum opportunity and timing of payments** The annual bonus will be in the form of cash with a deferred share component The maximum annual award level is 150% of base salary The maximum amount that can be paid as cash is 100% of base salary and any remainder would be paid as deferred shares A deferral period of three years will apply to any portion of the annual bonus over 100% of base salary that is deferred into shares The percentage of bonus earned for differing levels of performance is: i. Threshold: 25% of maximum opportunity ii. Target: 50% of maximum opportunity iii. Stretch: 100% of maximum opportunity

Long-Term Incentive Plan	**Purpose** To incentivise delivery of the Group's long-term business strategy and sustainable value for shareholders **Operation and performance measures** The Committee may make an annual award of shares to each Executive Director in the form of nil-cost options under the Long-Term Incentive Plan ("LTIP") LTIP awards will have a vesting period of three years followed by a holding period of two years. During the holding period any vested and exercised awards cannot be sold except for tax purposes on exercise The Committee selects performance measures considering the Company's long-term business strategy. The individual targets and the weightings will be set at grant by the Committee Performance will be measured against total Earnings Per Share ("EPS") and relative Total Shareholder Return ("TSR") targets over three financial years as set out below: ▪ 70% of the LTIP award will be based on EPS; and ▪ 30% of the LTIP award will be based on relative TSR versus the FTSE Small Cap Index (excluding investment trusts) The EPS targets and relative TSR measures for the following years LTIP award will be disclosed prospectively in the implementation of Policy section of the annual report on remuneration The EPS and relative TSR measures have been selected to reward senior Executives for the generation of strong and sustainable long-term earnings and the delivery of long-term sustainable value for the benefit of shareholders Malus will apply during the vesting period and clawback will apply during the holding period The Committee will have overriding discretion to change formulaic outcomes of future LTIP awards (both downwards and upwards) if it is out of line with underlying performance of the Company	**Maximum opportunity** The proposed annual award level for existing Executive Directors is to grant awards of 175% of base salary On recruitment this limit may be increased to 250% of salary but only in exceptional circumstances 25% of the LTIP award will vest for threshold performance increasing on a straight line basis to 100% for maximum performance
Shareholding requirement	**Operation** A 250% of salary shareholding requirement for all Executive Directors. This is to be built up over five years and shall be effective at the start of the new Policy Shares beneficially owned, the post-tax value of any vested but unexercised LTIP awards and the post-tax value of any bonus deferral shares will count towards the requirement	**Post-employment requirement** Post-employment, an Executive Director shall continue to hold shares equivalent to the minimum of their actual shareholding on cessation of employment and their in- employment shareholding requirement for a period of two years following termination of employment For the avoidance of doubt, shares beneficially owned at the date of adoption of the policy and any in-flight LTIP awards will be exempt from this post-employment requirement but all future share-based awards granted under the policy approved by shareholders at the 2020 AGM would be captured The Committee will annually review the progress against achievement of these guidelines

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* Underlying organic operating profit is defined as organic operating profit before separately disclosed items ^

** Cash conversion rate is defined as underlying cash conversion as a percentage of underlying EBITDA. Underlying cash conversion is defined as cash conversion before the cash impact of separately disclosed items. Underlying EBITDA is defined as operating profit before depreciation. amortisation and separately disclosed items^

^ Separately disclosed items are detailed in note 2

Directors' remuneration policy

Any differences between the policy for Directors and employees is set out on page 100 of the 2020 Directors' remuneration report in the alignment between wider workforce pay and Directors' remuneration policy section.

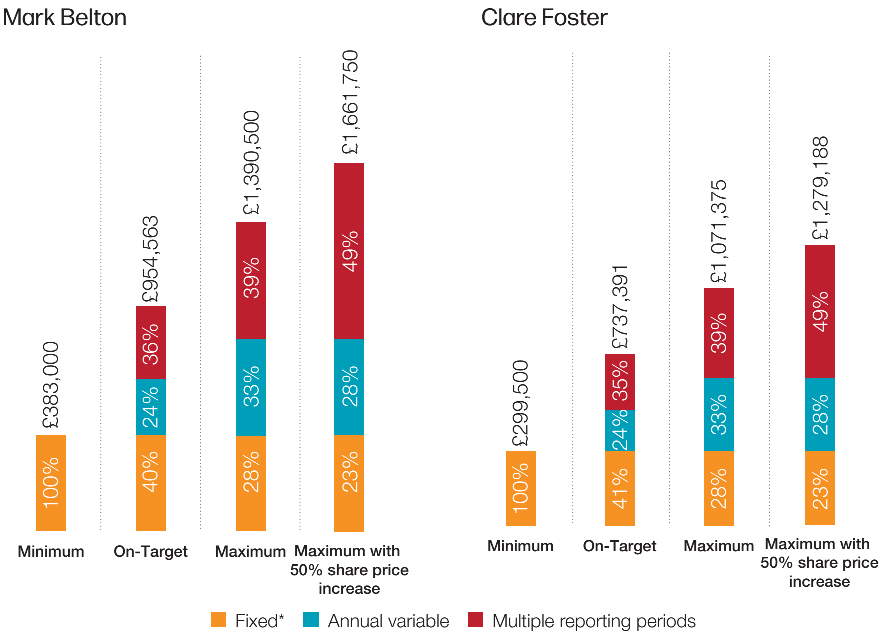
Legacy incentive awards

Executive Directors are eligible to receive payment under any award made prior to the approval and implementation of the Remuneration Policy set out above under existing incentive arrangements. For the avoidance of doubt, it is noted that the Company will honour any commitments entered that have been disclosed previously to Shareholders.

2) Illustration of Remuneration Policy

The following chart provides an estimate of the potential future reward opportunities for the Executive Directors, and the potential split between the different elements of pay under four different performance scenarios: "minimum", "on-target", "maximum" and "maximum with LTIP share price growth of 50% over three years". Potential reward opportunities are based on the proposed Remuneration Policy, applied to salaries as at 1 April 2020.

The assumptions used in determining the level of pay-outs are set out in the table below the chart:



Scenario	Fixed	Annual variable (annual bonus)	Multiple reporting periods (LTIP)
Minimum	Base salary at 1 April 2020 Pension, benefits and SAYE in line with year ended 31 March 2020	Nil	Nil
On target		50% of maximum	62.5% vesting
Maximum		100% of maximum	100% vesting
Maximum with LTIP share price growth of 50% over three years		100% of maximum	100% vesting with 50% share price growth

Notes

- For LTIP, the on-target pay-out is 62.5% of maximum (the mid-point between threshold vesting (25%) and maximum vesting (100%)

3) Policy on recruitment arrangements

The Committee's approach to Executive Director recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the current Executive Directors, as set out in the remuneration Policy table.

Remuneration element	Treatment under Policy
Base salary, pension and other benefits	The salary level will be set considering a number of factors including market practice, the individual's experience and responsibilities, other pay structures within *Trifast* and will be consistent with the salary Policy for existing Executive Directors The Executive Director shall be eligible to receive pension and benefits in line with *Trifast*'s remuneration policy
Annual bonus and LTIP	The Executive Director will be eligible to participate in the Annual Bonus and LTIP as set out in the remuneration Policy table above. The maximum level of variable remuneration that may be offered is 325% of base salary consistent with that of existing Executive Directors The exceptional award limit in the LTIP allows this to be increased to 400% of base salary in the year of recruitment (where the increased award of 250% of salary is above the normal LTIP maximum of 175% of salary)
Share buy-outs and replacement awards	The Committee's Policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justify the provision of a replacement award, the value of any incentives that will be forfeited on cessation of a director's previous employment will be calculated taking into account the following: ▪ The proportion of the performance period completed on the date of the director's cessation of employment ▪ The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied ▪ Any other terms and conditions having a material effect on their value ('lapsed value') The Committee may then grant a replacement award up to the equivalent value as the lapsed value where possible under the Company's incentives plans. Where the circumstances are such that this is not possible a bespoke arrangement may be used including in accordance with Rule 9.4.2(R) of the Listing Rules
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his/her normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case by case basis but will take into consideration any cost of living differences/housing allowance, disturbance allowances and schooling
Internal promotions	In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to the terms on which it was originally granted. These would be disclosed to shareholders in the remuneration report for the relevant financial year
Changes from previous Policy approved at the 2017 AGM	Changes in the recruitment Policy reflect changes to the remuneration Policy

The Company's Policy when setting fees for the appointment of new Non-Executive Directors is to apply the policy which applies to current Non-Executive Directors, which is set out on page 106.

4) Policy on payment for loss of office – cessation of employment and Change of Control

When determining any loss of office payment for a departing Director the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The following tables shows how the Committee would expect to treat Executive Directors on cessation of employment or upon a Change of Control.

Directors' remuneration policy

Cessation of employment

Notice periods	The notice periods for all Executive Directors is 12 months
Circumstances of departure of Executive Directors	A 'good leaver' is a person whose cessation of employment is for one of the following reasons: ▪ Death ▪ Ill-health ▪ Injury or disability ▪ Redundancy ▪ Retirement ▪ Employing company ceasing to be a Group company ▪ Transfer of employment to a company which is not a Group company ▪ Where the person is designated a good leaver at the discretion of the Committee A participant who is not a 'good leaver' is a 'bad leaver'
Base salary, pension and other benefits	Base salary, pension and all taxable benefits (company car (or car allowance), private medical insurance, permanent health insurance, critical illness cover & life cover and income protection insurance) are paid in lieu of notice. Neither notice nor a payment in lieu of notice will be given in the event of gross misconduct
Annual bonus	Unless the Remuneration Committee determines otherwise, if a participant is a 'good leaver', then any cash bonus payable in the year of cessation will be pro-rated for time, performance will be tested at the normal date and will be paid at the usual bonus payment date with the exception of death when bonus will be calculated at date of death Where a participant is a 'good leaver' and there is a deferred bonus payable in the year of cessation, then the portion of the bonus that is required to be deferred will remain subject to deferral and will vest on the original vesting date with the exception of death when awards vest on date of death. The Remuneration Committee may exercise discretion to pay any deferred element to a 'good leaver' in cash at the usual bonus payment date. Any unvested deferred shares would vest on the usual vesting date unless the Committee exercises discretion to allow for vesting at the date of cessation The Remuneration Committee also has the discretion to allow the determination and payment of bonus as at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation Participants that are 'bad leavers' will forfeit any cash bonus in the year of cessation and any unvested deferred shares

Notice periods	The notice periods for all Executive Directors is 12 months
LTIP	The treatment under the LTIP is as follows: ▪ For good leavers, any outstanding awards will normally vest on the normal vesting date subject to performance, and be prorated for time except for death when awards vest on date of death ▪ Anyone who is not a good leaver will be a bad leaver. Bad leavers will forfeit all unvested awards ▪ All leavers will remain subject to the sale restrictions under the holding period irrespective of their employment status ▪ Where a participant ceases employment during the two-year holding period, they will have six months from the date they cease employment to exercise their vested awards The Remuneration Committee has the following elements of discretion ▪ To measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation ▪ To vest the LTIP award at the end of the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation ▪ To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders

Change of control

Annual bonus	▪ Cash bonus for the year in which a change of control event occurs will be pro-rated for time and performance ▪ At the Remuneration Committee's discretion, it may consider whether to dis-apply pro-rating for time ▪ Unvested deferred share awards will vest on change of control ▪ In the event of an internal corporate reorganisation, the Remuneration Committee may decide to replace unvested deferred share awards with equivalent new awards over shares in the acquiring company
LTIP	▪ Unvested awards will vest early subject to (i) the extent that any applicable performance targets have been satisfied at that time and (ii) pro-rating to reflect the reduced period of time between grant and early vesting as a proportion of the vesting period that has then elapsed ▪ At the Remuneration Committee's discretion, it may consider whether to dis-apply pro-rating for time ▪ In the event of an internal corporate reorganisation, the Remuneration Committee may decide to replace unvested awards with equivalent new awards over shares in the acquiring company

5) Malus and clawback policies

Annual bonus – cash	- Malus will apply up to the time of payment and clawback will apply for a period of 2-years post payment
Annual bonus – shares	- Malus will apply during the vesting period and clawback will apply for a period of 2-years post-vesting
LTIP	- Malus will apply during the vesting period and clawback will apply for the 2-year post-vesting holding period

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company
- The assessment of any performance condition or condition in respect of an annual bonus or LTIP award that was based on error, or inaccurate or misleading information
- The discovery that any information used to determine a cash bonus or the number of shares subject to a bonus share deferral or LTIP award was based on error, or inaccurate or misleading information
- Action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct
- A material failure of risk management of the Company, a Group company or a business unit of the Group
- The Company or any Group company or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of shares is materially reduced provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure; and/or
- Events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to him

6) Discretions retained by the Remuneration Committee

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of the annual bonus and LTIP (the LTIP being operated in general terms according to the rules to be approved by shareholders).

The areas where discretion is retained includes, but is not limited to, the following:

- The participants
- The timing of an award
- The size of an award
- The determination of vesting and/or pay-out
- Discretion required when dealing with a change of control or restructuring of the Group
- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends)

These discretions, which in certain circumstances can be operated in both an upward and downward manner, are consistent with market practice and are necessary for the proper and fair operation of the plans so that they achieve their original purpose.

The Committee has discretion in several areas of policy as set out in this report. In particular, the Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with underlying performance of the Company. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

7) External Directorships

The Board allows Executive Directors to accept one appropriate outside commercial non-Executive Director appointments provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Director concerned may retain fees paid for these services, which will be subject to approval by the Board before accepting. The Executive Directors currently hold no external directorships.

8) Policy table – Non-Executive Directors

Non-Executive Director remuneration is not performance related and is not pensionable. The only other payments made to Non-Executive Directors are mileage allowances at HMRC rates and expenses for items incurred during the fulfilment of their roles. An explanation of the Policy with regards to Non- Executive Directors is set out in the table below:

Non-Executive Directors	**Objective** To attract and retain individuals with the requisite skills and experience to perform the role **Operation** Set annually on 1 April The Company will target median fees within FTSE Small Cap index companies Non-Executive Directors are paid a base fee and additional fees for Committee membership and Chairmanship. An additional fee is also payable to the Senior Independent Director The Chair fee will be determined by the Committee, whilst the other non-executive fees will be determined by the Chair and Executive Directors	**Maximum opportunity** It is anticipated that increases to Chair and NED fee levels will typically be in line with market levels of fee inflation and the increase awarded to the wider workforce. Larger increases above this may be awarded in the following circumstances: i. A material change in the time commitment or responsibilities of the Non-Executive Director; or ii. Project Atlas implementation has progressed and key milestones have been achieved, however, Non-Executive Director's fees remain below the median of the FTSE Small Cap Index

9) Service contracts for Executive Directors

The service agreements of the Executive Directors are not fixed term and are terminable by either the Company or the Director on the following bases:

Executive Director	Notice period	Date of signing
MR Belton	12	26 July 2012
CL Foster	12	1 October 2015
GC Roberts	12	26 July 2012

When setting notice periods, the Committee has regard for market practice and corporate governance best practice. For new appointments the notice period for Executive Directors will be set at 12 months. The Director contracts are kept at the Company's Registered office.

10) Non-Executive Directors letters of appointment

The Company's policy is to appoint Non-Executive Directors to the Board with a breadth of skills and experience that is relevant to its business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee. The Non-Executive Directors do not have service contracts but are appointed under letters of appointment. Claire Balmforth and Clive Watson have been appointed for an initial three-year term and both are subject to election at the 2020 AGM and annual re-election thereafter at the Company's AGM.

Read more about the **Nomination Committee** on pages 86 to 87

The remaining Non-Executive Directors were appointed for an initial three-year term and their appointment continues subject to annual re-election at the Company's AGM. The table below sets out the date that each Non-Executive Director was first appointed and the notice period by which their appointment may be terminated early by either party. For new appointments the notice period is three months and in line with existing Non-Executives arrangements, set out in the 2014 Director's remuneration policy, this will be extended to 12 months on a change of control. The Director contracts are kept at the Company's Registered office.

Executive Director	Notice period	Date of signing
MM Diamond*	3 months	1 April 2017
NW Warner **	3 months	16 June 2015
JPD Shearman	3 months	26 July 2012
SW Mac Meekin	3 months	25 April 2013
C Balmforth^	3 months	26 March 2020
C Watson^	3 months	20 April 2020

* retired 31 March 2020 and, as such, will not be seeking re-election at the AGM
** retired 31 July 2020 and, as such, will not be seeking re-election at the AGM
^although signing contracts prior to the appointment, Claire Balmforth was appointed as Non-Executive Director on 1 April 2020 and Clive Watson on 30 July 2020

11) Consideration of conditions elsewhere in the Group

The remuneration Policy throughout the Company is based on ensuring that we can attract and retain the most suitable people. This principle is consistent with that applied to the development of our remuneration Policy for Executive Directors. Employee views were not specifically sought in determining this Policy and no comparison metrics were used.

As part of our commitment to fairness across the business, and in line with requirements under the Corporate Governance Code, we have set out in this report information on the pay conditions of the wider workforce and comparisons with Executives. We are committed to transparency internally and externally in relation to developments on these important issues and will continue to consider how our disclosures can be enhanced going forward.

Pay structures across the Group

In making decisions on executive pay, the Committee considers wider workforce remuneration and conditions. We recognise the central importance of all our teams in delivering success and aim to provide a remuneration package for our employees which is aligned to our values and remuneration principles across the Group. Our remuneration for employees is market competitive and operates the same core structure as for Executive Directors including employee share and variable pay plans, with pension provision for all Directors and employees.

Prior to reviewing the remuneration outcomes, the Committee will consider a report covering key information such as base pay levels, pension and share scheme participation.

Employee engagement

We already regularly communicate with our employees. During FY2021, Jonathan Shearman (as designated NED) together with Claire Balmforth and the Global HR Director, Helen Toole, will develop this further to include, amongst other things, executive pay and culture.

Further details on how we engaged with employees during the year and the outcomes will be set out in this report next year. The Committee will use the voice of employees as valuable insight when making wider remuneration decisions.

12) Statement of shareholder views

We take the views of the shareholders seriously and these were considered when shaping the proposed new remuneration Policy. The Committee engaged with its key shareholders and the investor representative bodies and is grateful for their input into the process.

Directors' report

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the year ended 31 March 2020.

Results and proposed dividends

Total Group revenue from continuing operations was £200.2m (FY2019: £209.0m) and the profit for the year before taxation was £3.0m (FY2019: £16.4m). Underlying profit before tax for the Group was £17.1m (FY2019: £23.5m); see note 2 for breakdown.

The interim dividend of 1.20p per share was paid on 9 April 2020 (FY2019: interim 1.20p; final 3.05p).

To allow us to appropriately manage our financial position and flexibility in such an uncertain time, as we have already announced in April 2020, we are not proposing a final dividend for FY2020. We plan to revisit this decision on a regular basis depending on how the wider macroeconomic environment develops.

The Strategic report provides a detailed analysis of the results in the year and an indication of future developments.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on Tuesday 22 September 2020 at *Trifast* House, Bellbrook Park, Uckfield, East Sussex TN22 1QW.

Shareholders must not attend the AGM in person

As the situation with COVID-19 continues to evolve and develop, we are closely monitoring Public Health England advice in line with the UK Government restrictions on social gathering.

We encourage shareholders to vote remotely on the resolutions by completing the form of proxy which is attached to the Notice of Meeting either in paper form or electronically.

Should shareholders wish to put questions to the plc Board, these can be submitted via the investor website or via email to corporate.enquiries@trifast.com, in advance of the AGM. Any questions raised will be published on the website after the AGM together with the results of voting.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Chair

MM Diamond MBE
*Non-Executive Director
*Chair of Nominations Committee

Executive Directors

MR Belton
Chief Executive Officer

CL Foster
Chief Financial Officer

***GC Roberts**
Group Sales Director

Independent Directors (Non-Executive)

NW Warner
Senior Independent
Chair of Audit Committee

JPD Shearman
*Chair of Remuneration Committee

SW Mac Meekin

*retired from position 31 March 2020

The Directors' remuneration and their interests in share capital are shown in the Remuneration report on pages 92 to 107. All Directors are subject to annual re-election, details can be found in the Corporate governance report on pages 80 to 84. Biographical details can be found on pages 78 and 79.

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 25.

The Company was aware of the following material interests, representing 3% or more of the issued share capital of the Company.

As at 31 March 2020	No. of shares held	% of shareholding
Castlefield Investments (Sanford DeLand Asset Mgt)	16,535,000	13.48
Liontrust Asset Management	12,766,165	10.41
AXA Framlington Investment Managers	11,816,640	9.64
Schroder Investment Management Ltd	11,278,826	9.20
Mr Michael Timms	7,000,000	5.71
Hargreave Hale Ltd	6,588,113	5.37
Threadneedle Asset Management Ltd	3,914,632	3.19

As at 1 July 2020 (following the Placing in June)	No. of shares held	% of shareholding
Castlefield Investments (Sanford DeLand Asset Mgt)	19,100,000	14.05
AXA Framlington Investment Managers	13,410,375	9.87
Schroder Investment Management Ltd	12,491,510	9.19
Liontrust Asset Management	8,397,204	6.18
Hargreave Hale Ltd	7,729,192	5.69
Mr Michael Timms	7,000,000	5.15
Threadneedle Asset Management Ltd	4,906,547	3.61
Franklin Templeton Investments	4,598,800	3.38

Directors' report

Employee Benefit Trust ("EBT")

The number of *Trifast* 5p ordinary shares held by the *Trifast* EBT (as funded by the Group) at the 31 March 2020 was 1,028,191 (FY2019: 1,317,378) which represented 0.8% of the fully paid up share capital of the Company as at 31 March 2020 (FY2019: 1.08%). During the year, 1,289,187 shares were issued to meet employee share obligations (FY2019: 182,622) and 1,000,000 shares were acquired (FY2019: nil). These shares are shown in the own shares held reserve within equity on the balance sheet.

Financial instruments

Information in respect of the Group's policies on financial risk management objectives including policies to manage credit risk, liquidity risk and foreign currency risk, along with the capital structure of the Group are given in note 27 to the financial statements.

Corporate Governance

The Corporate governance statement on pages 80 to 84 should be read as forming part of the Directors' Report.

Takeover directive

Where not provided elsewhere in the Directors' report, the following provides the additional information required to be disclosed because of the implementation of the Takeover Directive.

There are no restrictions on the transfer of ordinary shares in the capital of the Company other than certain restrictions which may from time to time be imposed by law (for example, insider trading law). In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek the approval of the Company to deal in its shares.

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

No person has any special rights of control over the Company's share capital and all its shares are fully paid.

The rules governing the appointment and replacement of Directors are set out in the corporate governance section of the Directors' report on pages 80 to 84. The Company's Articles of Association may only be amended by a special resolution at a General Meeting of shareholders.

The Company is party to several banking agreements that, upon a change of control of the Company, could be terminable by the bank concerned.

Outside of the extension of certain Directors' rolling contract periods and notice periods, there are no agreements between the Company and its Directors or employees which provide for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

The Company is not aware of any contractual or other agreements which are essential to its business which ought to be disclosed in the Directors' report.

Employees

The Group has a policy of offering equal opportunities to employees at all levels in respect of the conditions of work. Throughout the Group it is the Board's intention to provide possible employment opportunities and training for disabled people and to care for employees who become disabled having regard to aptitude and abilities. Our Corporate Social Responsibility Statement can be found on our website **www.trifast.com** and further details are provided in the Strategic Report.

Regular consultation and meetings, formal, virtual or otherwise, are held with all levels of employees to discuss problems and opportunities. Information on matters of concern to employees is presented in the in-house letters and publications.

Read more about **Employee engagement** and our **Designated NED** on pages 84 and 92

Read more about **Strategy in action - Investing in our people** on pages 42 to 47

Read more about our **Health, Safety and Environment - ISO 14001** and our **Carbon footprint** in **Corporate social responsibility** on pages 54 to 57

Equity Placing (post balance sheet event)

On 19 June 2020, we provided an update to the Company's response to the COVID-19 outbreak and the intention to raise capital through a Placing. This has ensured that the Group could continue to invest in long-term growth as well as short-term working capital needs as markets recover.

Read more about our **Equity Placing** on page 14

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

During the year, as announced on 12 November 2019, following an audit tender process, the Board appointed BDO LLP as auditor of the Company on 25 November 2019. Please see pages 90 to 91 for further details.

The appointment for subsequent years will be subject to approval by shareholders at the next Annual General Meeting of the Company.

By order of the Board

Lyndsey Case
Company Secretary
27 July 2020

Trifast House
Bellbrook Park
Uckfield
East Sussex
TN22 1QW

Company registration number:
01919797

Statement of directors' responsibilities

in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant and reliable
- State whether they have been prepared in accordance with IFRSs as adopted by the EU
- Assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole
- The Strategic Report/Directors' Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

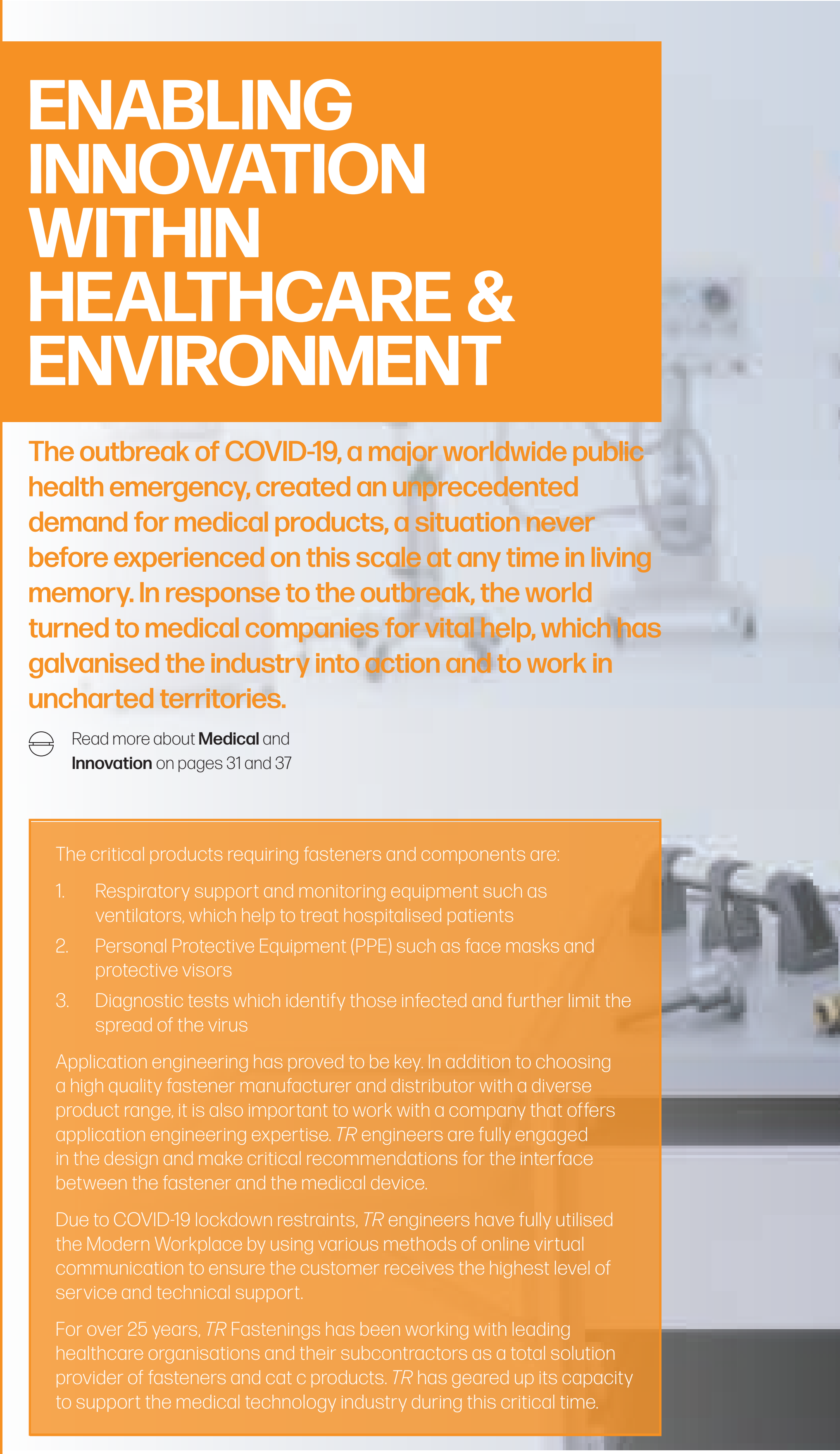
On behalf of the Board

Mark Belton
Chief Executive Officer

Clare Foster
Chief Financial Officer
27 July 2020

Financial statements

03



ENABLING INNOVATION WITHIN HEALTHCARE & ENVIRONMENT

The outbreak of COVID-19, a major worldwide public health emergency, created an unprecedented demand for medical products, a situation never before experienced on this scale at any time in living memory. In response to the outbreak, the world turned to medical companies for vital help, which has galvanised the industry into action and to work in uncharted territories.

Read more about **Medical** and **Innovation** on pages 31 and 37

The critical products requiring fasteners and components are:

1. Respiratory support and monitoring equipment such as ventilators, which help to treat hospitalised patients
2. Personal Protective Equipment (PPE) such as face masks and protective visors
3. Diagnostic tests which identify those infected and further limit the spread of the virus

Application engineering has proved to be key. In addition to choosing a high quality fastener manufacturer and distributor with a diverse product range, it is also important to work with a company that offers application engineering expertise. *TR* engineers are fully engaged in the design and make critical recommendations for the interface between the fastener and the medical device.

Due to COVID-19 lockdown restraints, *TR* engineers have fully utilised the Modern Workplace by using various methods of online virtual communication to ensure the customer receives the highest level of service and technical support.

For over 25 years, *TR* Fastenings has been working with leading healthcare organisations and their subcontractors as a total solution provider of fasteners and cat c products. *TR* has geared up its capacity to support the medical technology industry during this critical time.

Contents

Independent auditor's report to the members of *Trifast* plc

Opinion

We have audited the financial statements of *Trifast* plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity, Statements of financial position, Statements 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 Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 31 March 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 are 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 public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the directors' confirmation set out on page 60 in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement set out on page 84 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group and the Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 60 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter	How We Addressed the Key audit matter in the Audit
Recoverability of customer-specific inventory The group has bespoke customer-specific products for which there is a risk over recoverability if any contractual obligations to acquire outstanding stock are waived for commercial reasons or the customer experiences financial distress. Inventory is held at the lower of cost and net realisable value with provision being made for obsolete and slow moving items. Given the size of the customer-specific inventory balance, and the complexity involved in estimating customers changes in future demand there is a risk that the valuation of the inventory provision is inappropriate. ***Refer to the Accounting Policies of the Group on pages 136 to 143 for further detail on the policies impacting inventory provision valuation together with Note 31 detailing the estimation uncertainty over provisions for customer specific inventory and Note 19 for the financial disclosure of inventory.***	We have ▪ Tested the application of the group provision accounting policy through sample testing the disaggregation of customer specific inventory, their aging and the arithmetical accuracy of application of the provision; ▪ Challenged management's customer specific inventory provision estimate by evaluating its historic accuracy in comparison to the prior period provision, scrappage and its subsequent utilisation; ▪ On a sample basis, obtained agreements to confirm contractual terms of customer underwriting agreements; and ▪ On a sample basis, tested the recoverability of accounts receivable balances including those related to the sale of customer-specific inventory for indicators of financial distress. Key observations: We did not identify any indicators to suggest that the customer specific inventory provision was materially misstated.
Goodwill impairment Goodwill in the Group balance sheet is significant and subject to an annual impairment review. The recoverability of goodwill is dependent on estimating both cashflows and appropriate discount rates to apply in a value in use calculation. Given the size of the goodwill balance, and the complexity of estimating both cashflows (particularly owing to the impact of COVID-19) and discount rates we consider goodwill impairment to be an area of material estimation. Hence there is a risk that the valuation of goodwill is inappropriate. ***Refer to the Accounting Policies of the Group on pages 136 to 143 for further detail on the policies impacting goodwill valuation together with Note 31 detailing the estimation uncertainty over goodwill impairment and Note 14 for the financial disclosure of goodwill.***	We have; ▪ Assessed management's model for compliance with IAS 36 (impairment of assets) together with its interaction with the new application of IFRS 16 (leases) and tested its computational accuracy; ▪ Considered the historical accuracy of management's forecasting in light of the detailed exercise completed this year as a starting point for sensitising management's model; ▪ Checked the coherence of the forecast COVID-19 adjusted cashflows with those modelled as part of the group going concern exercise; ▪ Tested the discount rate assumptions using our valuation specialists to assess their reasonableness through corroboration to external sources; ▪ Performed sensitivity analysis over the key assumptions and ensuring the group considered the same reasonably possible adverse effects that could arise as a result of a decrease in sales due to the impact of COVID-19 as with those applied in their going concern exercise; and ▪ Assessed whether the disclosures sufficiently detail the key judgements within the impairment model and sources of estimation uncertainty. Key observations: We did not identify any indicators to suggest that the estimates made by the directors in the calculation of the goodwill impairment were inappropriate.

Key audit matter	How We Addressed the Key audit matter in the Audit
COVID-19 – Going Concern The directors’ assessment of going concern involves a number of subjective estimates including forecast revenues, changes in working capital, future levels of bad debts, the rate of inflation, which have all been impacted by the current COVID-19 pandemic. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved and to ensure the adequacy of the disclosure in the accounting policy in relation to the steps undertaken by the board to gain assurance that there is not a material uncertainty around the adoption of the going concern basis of preparing the financial statements. Therefore this area was identified as a Key Audit Matter. ***Refer to Accounting Policies of the Group on pages 136 to 143 for further detail on the Group’s basis of preparation and within the Director’s statement on page 84.***	We have: ▪ Checked that forecasts included considerations for the impact of COVID-19; ▪ Tested the computational accuracy of management’s model and re-created their three scenario results using their respective input variables; ▪ Challenged the likelihood and adequacy of management’s cost savings based on our understanding of the business and benchmarking against historic actuals; ▪ Assessed the availability of financing facilities, including the nature of facilities, their covenants and repayment terms; ▪ Considered management’s financial covenant compliance calculations through to September 2021 and concluded on the consistency of such calculations with the ratios stated in the relevant lender agreements; ▪ Sensitised the model with multivariate impacts to reflect a second peak in the Autumn mirroring the year-on-year revenue profile seen in April, flattening the overall revenue recovery together with a separate slower and contracted automotive sector. Further hypothetical mitigating cost savings were modelled by management bringing overhead costs in line with recent historic proportions; ▪ Considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario. Key observations: Our key observations are set out in the conclusions relating to principal risks, going concern and viability statement section of our audit report.

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.

The materiality for the group financial statements as a whole was set at £0.7m being 5% of profit before tax adjusted to exclude expensed Project Atlas, business acquisition costs and goodwill impairment totalling £11.7m. We consider this adjusted group profit before tax to be the most appropriate benchmark as it provides a more stable measure year-on-year than group profit before tax.

Performance materiality was set at 60% of the above materiality level taking into account various factors including this is a first year audit, the expected total value of known and likely misstatements, brought forward misstatements, management's attitude towards adjustments, the number of material estimates, and how homogeneous processes are within the group.

Where financial information from significant components were audited separately, significant component materiality levels were set for this purpose at lower levels up to a maximum of 95% of Group materiality ranging between £80k–£365k.

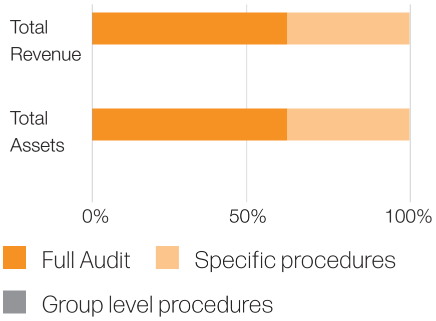
We agreed with the audit committee that we would all individual audit differences identified during the course of our audit in excess of £14k with those below £50k being reported in aggregate, in addition to other identified misstatements which, in our view, warranted reporting on qualitative grounds.

The materiality for the parent company financial statements, was restricted to the group audit allocated materiality of £0.2m. Performance materiality was set at 60% of materiality taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, management's attitude towards adjustments, and the number of material estimates.

An overview of the scope of our audit

Our group audit was scoped by obtaining an understanding of the group and its control environment and assessing the risk of material misstatement at a group level. Audit work was planned and undertaken to address the risks of material misstatement.

Of the group's 23 reporting components, five were identified as significant and material with full scope audit procedures being performed for group purposes and 15 were identified as not-significant but material where specific balances and risks were identified as being in scope for audit purposes. We conducted reviews of financial information (including enquiry) at a further three not-significant or material components.



Members of the group audit team completed all audits except for three of the full scope and three specific scope audits that were audited by local overseas BDO network members, and inventory counts where a combination of local BDO network members and a non-BDO audit team attended and reported to the group audit team. We performed audit procedures on the group consolidation process.

The group audit team controlled and directed the work of the component audit teams. This included providing detailed audit instructions and setting of group materiality. The group audit team also took part in local audit meetings at the planning and completion stage of the component audits, had full access to the component team's audit files, and the group audit team visited two overseas component teams and met with all Asian management teams. As a result of travel restrictions due to COVID-19, a further planned visit to Italy was not able to be completed in person but completed on a remote basis instead.

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of non-compliance or fraud by the Group. We designed audit procedures at both the Group and significant component levels to detect material misstatements due to fraud and error. We note that it can be harder to detect those arising due to fraud as they may involve deliberate concealment or collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent Company financial statements, including, but not limited to, IFRS, Companies Act 2006, the UK Listing Rules and certain requirements from the UK and overseas tax legislation. Our tests included, but were not limited to, agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and legal advisors, enquiries of management, review of board minutes, review of significant component auditors' working papers and review of internal audit reports. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the more removed from the audited financial transactions, the less likely we would become aware of it.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 121** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 88 to 91** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 81** – the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and 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.

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 and the part of the directors' remuneration report to be audited 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 set out on page 121, 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.

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

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the board on 25 November 2019 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement is 1 year, covering the year ending 31 March 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

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.

Anna Draper
(Senior Statutory Auditor)
For and on behalf of BDO LLP,
Statutory Auditor

Gatwick

27 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

for the year ended 31 March 2020

	Note	**2020** **£000**	2019 £000
Continuing operations			
Revenue	3, 37	**200,221**	208,952
Cost of sales		**(145,114)**	(146,317)
Gross profit		**55,107**	62,635
Other operating income	4	**424**	464
Distribution expenses		**(4,627)**	(4,268)
Administrative expenses before separately disclosed items		**(32,815)**	(34,635)
IFRS2 share based payment charge	2, 23	**(2,030)**	(2,454)
Acquired intangible amortisation	2, 14	**(1,409)**	(1,419)
Net acquisition costs	2, 32	**–**	(3)
Project Atlas	2	**(2,505)**	(3,117)
Impairments in goodwill	2, 14	**(7,761)**	–
Costs on exercise of executive share options	2	**(307)**	(107)
Total administrative expenses		**(46,827)**	(41,735)
Operating profit	5, 6, 7	**4,077**	17,096
Financial income	8	**82**	80
Financial expenses	8	**(1,117)**	(755)
Net financing costs		**(1,035)**	(675)
Profit before taxation	3	**3,042**	16,421
Taxation	9	**(3,280)**	(4,177)
(Loss)/profit for the year (attributable to equity shareholders of the parent Company)		**(238)**	12,244
(Loss)/earnings per share			
Basic	26	**(0.19)p**	10.14p
Diluted	26	**(0.19)p**	9.90p

The notes on pages 136 to 181 form part of these financial statements

Consolidated statement of comprehensive income

for the year ended 31 March 2020

	2020 £000	2019 £000
(Loss)/profit for the year	**(238)**	12,244
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**1,342**	148
(Loss)/profit on a hedge of a net investment taken to equity	**(924)**	466
Other comprehensive income recognised directly in equity	**418**	614
Total comprehensive income recognised for the year (attributable to the equity shareholders of the parent Company)	**180**	12,858

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2019	6,095	21,914	(3,019)	13,988	82,115	121,093
Effect of change in accounting policy (see note 1)	–	–	–	–	(1,069)	(1,069)
Balance at 31 March 2019 (restated)	6,095	21,914	(3,019)	13,988	81,046	120,024
Total comprehensive income for the year:						
Loss for the year	–	–	–	–	(238)	(238)
Other comprehensive income for the year	–	–	–	418	–	418
Total comprehensive income recognised for the year	–	–	–	418	(238)	180
Issue of share capital (note 25)	37	426	–	–	(16)	447
Share based payment transactions (net of tax)	–	–	–	–	1,836	1,836
Movement in own shares held (note 25)	–	–	1,085	–	(2,778)	(1,693)
Dividends (note 25)	–	–	–	–	(5,134)	(5,134)
Total transactions with owners	37	426	1,085	–	(6,092)	(4,544)
Balance at 31 March 2020	6,132	22,340	(1,934)	14,406	74,716	115,660

Consolidated statement of changes in equity

for the year ended 31 March 2019

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2018	6,068	21,579	(3,437)	13,374	72,705	110,289
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	12,244	12,244
Other comprehensive income for the year	–	–	–	614	–	614
Total comprehensive income recognised for the year	–	–	–	614	12,244	12,858
Issue of share capital (note 25)	27	335	–	–	(9)	353
Share based payment transactions (net of tax)	–	–	–	–	2,213	2,213
Movement in own shares held (note 25)	–	–	418	–	(418)	–
Dividends (note 25)	–	–	–	–	(4,620)	(4,620)
Total transactions with owners	27	335	418	–	(2,834)	(2,054)
Balance at 31 March 2019	6,095	21,914	(3,019)	13,988	82,115	121,093

Company statement of changes in equity

for the year ended 31 March 2020

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2019 and restated for effect in change in accounting policy (see note 1)	**6,095**	**21,914**	**(3,019)**	**1,521**	**23,680**	**50,191**
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	**4,166**	**4,166**
Total comprehensive income recognised for the year	–	–	–	–	**4,166**	**4,166**
Issue of share capital (note 25)	**37**	**426**	–	–	**(16)**	**447**
Share based payment transactions (net of tax)	–	–	–	–	**1,848**	**1,848**
Movement in own shares held (note 25)	–	–	**1,085**	–	**(2,778)**	**(1,693)**
Dividends (note 25)	–	–	–	–	**(5,134)**	**(5,134)**
Total transactions with owners	**37**	**426**	**1,085**	–	**(6,080)**	**(4,532)**
Balance at 31 March 2020	**6,132**	**22,340**	**(1,934)**	**1,521**	**21,766**	**49,825**

Company statement of changes in equity

for the year ended 31 March 2019

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2018	6,068	21,579	(3,437)	1,521	21,853	47,584
Total comprehensive income for the year:						
Profit for the year	–	–	–	–	4,577	4,577
Total comprehensive income recognised for the year	–	–	–	–	4,577	4,577
Issue of share capital (note 25)	27	335	–	–	(9)	353
Share based payment transactions (net of tax)	–	–	–	–	2,297	2,297
Movement in own shares held (note 25)	–	–	418	–	(418)	–
Dividends (note 25)	–	–	–	–	(4,620)	(4,620)
Total transactions with owners	27	335	418	–	(2,750)	(1,970)
Balance at 31 March 2019	6,095	21,914	(3,019)	1,521	23,680	50,191

Statements of financial position

at 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Non-current assets					
Property, plant and equipment	10, 11	**20,427**	21,081	**2,384**	2,469
Right-of-use asset	12, 13	**13,788**	–	**24**	–
Intangible assets	14, 15	**39,155**	44,818	**4,088**	943
Equity investments	16	–	–	**42,006**	41,440
Deferred tax assets	17, 18	**1,926**	2,129	**381**	683
Total non-current assets		**75,296**	68,028	**48,883**	45,535
Current assets					
Inventories	19	**59,187**	57,558	–	–
Trade and other receivables	20	**52,928**	53,782	**48,911**	44,517
Cash and cash equivalents	27	**28,727**	25,199	**265**	899
Total current assets		**140,842**	136,539	**49,176**	45,416
Total assets	3	**216,138**	204,567	**98,059**	90,951
Current liabilities					
Other interest-bearing loans and borrowings	21, 27	**266**	32,617	–	29,123
Trade and other payables	22	**34,914**	37,207	**4,587**	5,102
Right-of-use liabilities	12, 13, 21	**3,113**	–	**11**	–
Tax payable		**1,817**	1,982	–	–
Total current liabilities		**40,110**	71,806	**4,598**	34,225
Non-current liabilities					
Non-current trade and other payables		–	138	–	–
Other interest-bearing loans and borrowings	21, 27	**43,622**	6,739	**43,622**	6,407
Right-of-use liabilities	12, 13, 21	**11,996**	–	**14**	–
Provisions	24	**959**	959	–	–
Deferred tax liabilities	17, 18	**3,791**	3,832	–	128
Total non-current liabilities		**60,368**	11,668	**43,636**	6,535
Total liabilities	3	**100,478**	83,474	**48,234**	40,760
Net assets		**115,660**	121,093	**49,825**	50,191
Equity					
Share capital		**6,132**	6,095	**6,132**	6,095
Share premium		**22,340**	21,914	**22,340**	21,914
Own shares held		**(1,934)**	(3,019)	**(1,934)**	(3,019)
Reserves		**14,406**	13,988	**1,521**	1,521
Retained earnings		**74,716**	82,115	**21,766**	23,680
Total equity		**115,660**	121,093	**49,825**	50,191

The profit after tax for the Company is £4.2m (FY2019: £4.6m).

The notes on pages 136 to 181 form part of these financial statements.

These financial statements were approved by the Board of Directors on 27 July 2020 and were signed on its behalf by:

Mark Belton
Director

Clare Foster
Director

Statements of cash flows

for the year ended 31 March 2020

		Group		Company	
	Note	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Cash flows from operating activities					
(Loss)/profit for the year		**(238)**	12,244	**4,166**	4,577
Adjustments for:					
Depreciation, amortisation and impairment	10, 11, 14	**11,541**	3,672	**85**	80
Right-of-use asset depreciation	12, 13	**3,118**	–	**19**	–
Unrealised foreign currency loss		**89**	38	**82**	–
Financial income	8	**(82)**	(80)	**(115)**	(38)
Financial expense (excluding right-of-use liabilities' financial expense)	8	**752**	755	**742**	614
Right-of-use liabilities' financial expense	12, 13	**365**	–	**–**	–
(Gain)/loss on sale of property, plant and equipment and investments		**(3)**	12	**–**	–
Dividends received		**–**	–	**(10,072)**	(10,837)
Equity settled share based payment charge		**1,981**	2,414	**441**	1,131
Taxation charge	9	**3,280**	4,177	**41**	–
Operating cash inflow/(outflow) before changes in working capital and provisions		**20,803**	23,232	**(4,611)**	(4,473)
Change in trade and other receivables		**2,060**	(755)	**(2,310)**	(10,475)
Change in inventories		**(1,217)**	(6,036)	**–**	–
Change in trade and other payables		**(2,242)**	(2,645)	**(538)**	2,673
Change in provisions		**–**	(12)	**–**	–
Cash generated from/(used in) operations		**19,404**	13,784	**(7,459)**	(12,275)
Tax paid		**(3,889)**	(3,877)	**–**	–
Net cash from/(used in) operating activities		**15,515**	9,907	**(7,459)**	(12,275)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**7**	31	**–**	–
Interest received		**82**	84	**108**	37
Acquisition of subsidiary, net of cash acquired	32	**(503)**	(8,150)	**–**	–
Acquisition of property, plant and equipment and intangibles	10, 11, 14, 15	**(4,594)**	(4,180)	**(3,145)**	(999)
Dividends received		**–**	–	**10,072**	10,837
Net cash (used in)/from investing activities		**(5,008)**	(12,215)	**7,035**	9,875
Cash flows from financing activities					
Proceeds from the issue of share capital	25	**447**	353	**447**	353
Purchase of own shares	25	**(1,693)**	–	**(1,693)**	–
Proceeds from new loan		**45,026**	12,136	**44,225**	12,136
Repayment of borrowings		**(41,620)**	(5,953)	**(37,318)**	(4,433)
(Payment)/proceeds from finance leases		**(74)**	(2)	**–**	–
Repayment of right-of-use liabilities	12, 13	**(3,487)**	–	**(18)**	–
Dividends paid	25	**(5,134)**	(4,620)	**(5,134)**	(4,620)
Interest paid		**(752)**	(758)	**(719)**	(614)
Net cash (used in)/from financing activities		**(7,287)**	1,156	**(210)**	2,822
Net change in cash and cash equivalents		**3,220**	(1,152)	**(634)**	422
Cash and cash equivalents at 1 April		**25,199**	26,222	**899**	477
Effect of exchange rate fluctuations on cash held		**308**	129	**–**	–
Cash and cash equivalents at 31 March		**28,727**	25,199	**265**	899

1 Accounting policies

a) Significant accounting policies

Trifast plc ('the Company') is a company incorporated in the United Kingdom. The registered office details are on page 187.

The Consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The Company financial statements present information about the Company as a separate entity and not about its Group. The profit after tax for the Company is £4.2m (FY2019: £4.6m).

Statement of compliance
Both the Company financial statements and the Consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs') except as explained below:

On publishing the Company financial statements here together with the Consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Consolidated and Company financial statements.

In these financial statements the Group has changed its accounting policies for IFRS16 Leases. The effect of the changes in accounting policies by this standard has been disclosed in note 1w. The accounting policies (notes 1f and 1o) and relevant notes to the financial statements (notes 12 and 13) have been updated to reflect the new requirements.

A number of amendments to existing standards are also effective from 1 April 2019 but they do not have a material effect on the Group financial statements.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

The Group is currently assessing the impact of these amendments and do not expect them to have a significant impact on the financial statements.

b) Basis of preparation

The financial statements are prepared in Sterling, rounded to the nearest thousand. They are prepared on the historical cost basis with the exception of certain items which are measured at fair value as disclosed in the accounting policies below.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects current and future periods.

Judgements made by management in the application of Adopted IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

Going concern
A review of the business activity and future prospects of the Group (including the impact of COVID-19) are covered in the accompanying Strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are specifically described in the Business review on pages 70 to 75. Detailed information regarding the Group's current facility levels, liquidity, credit, interest and foreign exchange risk are provided in note 27.

Current trading and forecasts show that the Group will continue to be profitable and generate cash. The banking facilities and covenants that are in place provide appropriate headroom against forecasts.

Considering the current forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1 Accounting policies continued

c) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to direct relevant activities of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Transactions eliminated on consolidation

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at average rates of exchange for the period, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised in a separate component of equity, the translation reserve, through other comprehensive income. They are released into the income statement as part of the gain or loss on disposal.

e) Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity in the translation reserve. The ineffective portion is recognised immediately in the income statement. The effective portion is recycled and recognised in the income statement upon disposal of the operation.

f) Property, plant and equipment

i) Owned assets

Property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy (j)).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 April 2004, the date of transition to Adopted IFRS, are measured on the basis of deemed cost, being the revalued amount at the date of transition.

ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates are as follows:

Freehold and long leasehold buildings – 2% per annum on a straight-line basis or the period of the lease
Short leasehold properties – period of the lease
Motor vehicles – 20–25% per annum on a straight-line basis
Plant and machinery – 10–20% per annum on a straight-line basis
Fixtures, fittings and office equipment – 10–25% per annum on a straight-line basis

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items of property, plant and equipment. Where relevant, residual values are reassessed annually.

iii) Leased assets (prior year only)

The rental charges on assets held under operating leases are taken to the profit and loss account on a straight-line basis over the life of the lease.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described in accounting policy (o).

1 Accounting policies continued

iv) Subsequent costs

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 an expense as incurred.

g) Intangible assets

i) On business combinations

All business combinations are accounted for by applying the acquisition method. In respect of business combinations that have occurred since 1 April 2004, goodwill represents the difference between the fair value of the consideration transferred and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. For non-equity amounts any subsequent changes to the fair value are recognised in the profit and loss.

Positive goodwill arising on acquisitions is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy (j)).

Goodwill arising on acquisitions before 1 April 1998 was written off to reserves in the year of acquisition. Under IFRS1 and IFRS3, this goodwill will now remain eliminated against reserves. Goodwill arising on acquisitions after 1 April 1998 but before 31 March 2004 is included on the basis of its deemed cost, which represents the amortised amount recorded under UK GAAP as at 31 March 2004. The classification and accounting treatment of business combinations that occurred prior to 1 April 2004 has not been reconsidered in preparing the Group's year-end balance sheets.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

ii) Other intangible assets

Expenditure on Project Atlas is capitalised (currently as an asset under the course of construction) as the system is technically and commercially feasible, and the Group intends to and has the technical ability and sufficient resources to complete development, future economic benefits are probable and the Group can measure reliably the expenditure attributable to the asset during its development. The expenditure capitalised is directly attributable to the design and build of the new system and includes the cost of materials and external consultants as well as an appropriate allocation of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses. Currently no amortisation charges are recognised in the financial statements as the asset is not ready for its intended use.

Intangible assets other than goodwill that are acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy (j)).

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

iii) 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.

iv) Amortisation

Amortisation is charged to the consolidated income statement in administrative expenses on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested systematically for impairment at each annual balance sheet date. The amortisation rates of other intangible assets per annum are as follows:

Customer relationships	–	6.7% to 12.5%
Technology	–	6.7% to 10%
Order backlog	–	100%
Marketing - related	–	8.3%
Other	–	20% to 33%

h) Non-derivative financial instruments

i) Investments in subsidiaries

Investments in subsidiaries are held in the Company balance sheet at historic cost net of any impairment (see accounting policy (j)).

ii) Trade and other receivables

Trade and other receivables are recognised initially at the transaction price when they originated, and subsequently at amortised cost less impairment losses (see accounting policy (j)). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

1 Accounting policies continued

iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents only for the purpose of the Statements of cash flows.

iv) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at amortised cost. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

v) Trade and other payables

Trade and other payables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition or issue. Subsequently they are measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

i) Inventories

Inventories are stated at the lower of cost and net realisable value with provision being made for obsolete and slow moving items. In determining the cost of raw materials, consumables and goods purchased for resale, a first-in first-out purchase price is used and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads based on normal operating capacity.

j) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (i)), and deferred tax assets (see accounting policy (p)), are reviewed at each balance sheet date to determine whether there is any indication of impairment.

Financial assets measured at amortised cost and contract assets (as defined in IFRS15) are considered to be credit-impaired if objective evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset.

When determining whether objective evidence indicates there is a negative effect on estimated future cash flows, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for expected credit losses (ECLs) are recognised when they are expected to arise as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset where appropriate.

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

For goodwill and other intangible assets that have an indefinite useful life, the recoverable amount is estimated at each annual balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement unless the asset is recorded at a revalued amount in which case it is treated as a revaluation decrease.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

i) Calculation of recoverable amount

The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

1 Accounting policies continued

ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss on any other asset is assessed at each reporting date and 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.

k) Share capital

i) Dividends

Dividends to the Company's shareholders are recognised as a liability and deducted from shareholders' equity in the period in which the shareholders' right to receive payment is established.

ii) Classification of share capital issued by the Group

Share capital issued by the Group is treated as equity as it is a non-derivative that confers no contractual obligations upon the Company or the Group to deliver cash or other financial assets with another party under conditions that are potentially unfavourable.

l) Employee benefits

i) Defined contribution plans

The Group operates Defined Contribution Pension Schemes which include stakeholder pension plans. The assets of these schemes are held separately from those of the Group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period. The Group pays fixed contributions and will have no legal or constructive obligation to pay further amounts.

ii) Share based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of cash settled awards is recognised as an expense with a corresponding increase in liabilities over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the award. Any changes in the liability are recognised in profit or loss.

Where the Company grants awards over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the share based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised in equity or liabilities depending on the method of settlement. Amounts recharged to the subsidiary are recognised as a reduction in the cost of investment in the subsidiary.

iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal plan to terminate employment before the normal retirement date.

m) 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. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

n) Revenue

Revenue from the sale of goods rendered is recognised net of VAT in the consolidated income statement when the performance obligation is satisfied and the customer obtains control. In accordance with normal practice, there is a single performance obligation which is on dispatch of goods or at the point of customer acceptance where appropriate. The transaction price is determined by the invoice amount with adjustments made for variable consideration (ie rebates) where applicable.

o) Expenses

i) Operating lease payments (prior year) and short-term/low value lease payments (current year)

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

ii) Finance lease payments (prior year finance leases, current year IFRS16 Leases)

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1 Accounting policies continued

iii) Net financing costs

Net financing costs comprise interest payable on borrowings and right-of-use liabilities calculated using the effective interest rate method and interest receivable on funds invested. Interest income is recognised in the consolidated income statement as it accrues, using the effective interest method. Net finance costs also include the amortisation of arrangement fees and related costs.

p) Taxation

Tax on the profit or loss for the period presented comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries 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 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.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend. Information as to the calculation of income tax on the profit or loss for the period presented is included in note 9.

q) Operating segment reporting

A segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenditure (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (the Board) in order to make decisions about allocating resources and to assess its performance, and for which discrete financial information is available.

The Group operates in a number of geographical economic environments. The Company only operates in one business segment, being the manufacture and logistical supply of industrial fasteners and Category 'C' components.

r) Financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

s) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options and deferred equity awards granted to employees.

t) Underlying measure of profits and losses

The Group believes that underlying operating profit and underlying profit before tax provide additional guidance to statutory measures to help understand the underlying performance of the business during the financial period. The term 'underlying' is not defined under Adopted IFRS. It is a measure that is used by management to assess the underlying performance of the business internally and is not intended to be a substitute measure for Adopted IFRSs' GAAP measures. The Group defines these underlying measures as follows:

Underlying profit before tax is profit before taxation and separately disclosed items (see note 2).

Underlying profit after tax is profit after taxation but before separately disclosed items (see note 2) and is used in the calculation of underlying earnings per share.

1 Accounting policies continued

Underlying operating and segment results (see note 3) are operating and segment profit before separately disclosed items.

It should be noted that the definitions of underlying items being used in these financial statements are those used by the Group and may not be comparable with the term 'underlying' as defined by other companies within the same sector or elsewhere.

Separately disclosed items are included within the income statement caption to which they relate.

u) Separately disclosed items (see note 2)
Separately disclosed items are those significant items which in management's judgement should be highlighted by virtue of their size or incidence to enable a full understanding of the Group's financial performance.

v) Own shares acquired by Employee Benefit Trust
The Employee Benefit Trust ("EBT") provides for the issue of shares to Group employees under share based payment arrangements. The Company is the sole funder of the EBT, and all shares and assets held by the EBT are held under a trust arrangement for the benefit of Group employees and the Company, and the Company therefore accounts for the EBT as an extension to the Company in the financial statements.

Repurchased shares (classified as own shares acquired) are recognised at the amount of consideration paid, which includes directly attributable costs, as a deduction from equity. They are presented separately in equity as own shares held. When the shares are subsequently sold or used to settle future equity award commitments, the amount received is recognised as an increase in equity.

w) Adoption of IFRS16
This note explains the impact of the adoption of IFRS16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019 (date of initial application).

The group adopted IFRS16 from 1 April 2019 under the modified retrospective approach and therefore has not restated comparatives for the 2019 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

Policy applied from 1 April 2019 – The Group as lessee
The Group's leases primarily comprise of right-of-use assets regarding land & buildings, motor vehicles and equipment. Short-term leases (<12 months) and leases for which the underlying asset is of a low value (<£4k) are excluded.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments (excluding non-lease components) that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate.

The lease liabilities are subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The liability will be remeasured if there is a change in the future lease payments or if there are changes in the estimated length of the lease.

The lease period is established as the non-cancellable period together with the opportunity to extend the lease if the lessee is reasonably certain to utilise that option, and periods covered by an opportunity to terminate the lease if the lessee is reasonably certain not to utilise that option.

Practical expedients applied
In applying IFRS16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS17 and IFRIC4 Determining whether an Arrangement contains a Lease.

1 Accounting policies continued

Adjustments recognised on adoption of IFRS16 – Group

On adoption of IFRS16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The Group also recognised right-of-use assets for properties, vehicles & equipment which were measured on a retrospective basis as if the new rules had always been applied, discounted at the rate on the date of initial application. This has been summarised below.

	1 April 2019 £'000
Right-of-use assets	12,909
Deferred tax asset	251
Right-of-use liabilities (current)	2,727
Right-of-use liabilities (non-current)	11,566
Prepayments	(117)
Accruals	(180)
Retained Earnings	(1,069)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the lessee's incremental borrowing rate at 1 April 2019. The weighted average rate applied is 2.4%.

The right-of-use liabilities recognised at 1 April 2019 reconciles to the operating lease commitment as at 31 March 2019 as disclosed in the Group's consolidated financial statements as follows:

	1 April 2019 £'000
Operating lease commitment as at 31 March 2019 as disclosed in the Group's consolidated financial statements	14,283
Recognition exemption for leases of low-value assets	(160)
Recognition exemption for leases with less than 12 months lease term at transition	(250)
Operating leases in scope of IFRS16	13,873
Discounted using the incremental borrowing rate as 1 April 2019	(1,676)
Inception date before transition date but lease commenced after	(203)
Difference between minimum lease payments & end of lease	2,105
Extension options reasonably certain to be exercised	194
Right-of-use liabilities recognised at 1 April 2019	**14,293**

The recognised right-of-use assets relate to the following types of assets:

	1 April 2019 £'000
Land & buildings	11,925
Motor vehicles	951
Equipment	33
Total right-of-use asset	**12,909**

Adjustments recognised on adoption of IFRS16 – Company

On adoption of IFRS16, the Company recognised lease liabilities of £20,000 and right of use assets of £20,000 in relation to leases which had previously been classified as operating leases under the principles of IAS17 Leases. The leases were measured using the same principles above for the Group.

2 Underlying profit before tax and separately disclosed items

	Note	2020 £000	2019 £000
Underlying profit before tax		**17,054**	23,521
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge	23	**(2,030)**	(2,454)
Acquired intangible amortisation	14	**(1,409)**	(1,419)
Net acquisition costs	32	–	(3)
Project Atlas		**(2,505)**	(3,117)
Impairment of goodwill		**(7,761)**	–
Costs on exercise of executive share options		**(307)**	(107)
Profit before tax		**3,042**	16,421

	Note	2020 £000	2019 £000
Underlying EBITDA		**23,525**	26,449
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge	23	**(2,030)**	(2,454)
Net acquisition costs	32	–	(3)
Project Atlas		**(2,505)**	(3,117)
Impairment of goodwill		**(7,761)**	–
Costs on exercise of executive share options		**(307)**	(107)
EBITDA		**10,922**	20,768
Acquired intangible amortisation		**(1,409)**	(1,419)
Depreciation and non-acquired amortisation		**(5,436)**	(2,253)
Operating profit		**4,077**	17,096

There were £nil separately disclosed items in FY2020 (FY2019: £nil) other than the amounts detailed above. FY2020 accounts for leases under IFRS16 Leases, FY2019 accounts for leases under IAS 17 Leases. The transition to IFRS16 resulted in EBITDA being c.£3.5m higher.

Recurring items

During the period the IFRS2 charge decreased, due to the non-market performance conditions not being achieved for the Board FY2018 LTIP and hence the cumulative charge was reversed. £0.3m (FY2019: £0.5m) relates to the Board deferred equity bonus scheme. £0.1m (FY2019: £0.6m) relates to the new LTIP structure for the Directors. £1.5m (FY2019: £1.2m) represents the charge for the Deferred Bonus Award scheme for senior managers. The remaining £0.2m (FY2019: £0.2m) relates to the SAYE scheme.

IFRS2 share based payment charges have continued to be specifically presented as separately disclosed items within administrative expenses. We understand that these costs are more conventionally included within underlying results and we confirm management's intention to present these as such at the appropriate time. However, currently the underlying equity award schemes that form the basis of these charges are under a period of significant development.

2 Underlying profit before tax and separately disclosed items continued

This includes:

- The cessation of the Board deferred equity schemes that were in operation from FY2014 to FY2017
- The one-off introduction of a three-year Senior Manager deferred equity bonus award in FY2016
- The introduction of the current annual, rolling three year Board LTIP share awards in FY2018
- The subsequent introduction of a new annual, rolling three year Senior Manager LTIP share award scheme in FY2020

As a result of the above, the annual IFRS2 charge is expected to be subject to a significant degree of volatility until we reach a more stable ongoing position. We consider that this ongoing volatility, if presented within our underlying results in the short to medium term, will only detract readers from being able to gain a clear understanding of the Group's underlying trading position.

Management will continue to periodically assess this decision to determine when IFRS2 share based payment charges will become part of the underlying results.

Acquired intangible amortisation has remained in line with prior year. Intangible amortisation relating to acquisitions have been separately disclosed since they do not relate to the trading performance of the respective entities with a charge.

During the year, part of the FY2017 Board deferred equity bonus shares and the FY2017 Senior Manager Equity Awards were exercised and the Group incurred £0.3m of employer's National Insurance in relation to these exercises. Last year, the FY2016 Deferred Equity Bonus awards were exercised resulting in the Company incurring £0.1m of employer's National Insurance.

Event driven/one-off items

Net acquisition costs of £nil (FY2019: £0.1m) were incurred in the year. The FY2019 acquisition costs were in relation to the acquisition of PTS on 4 April 2018. The costs in FY2019 were offset by a £(0.1)m movement in the contingent consideration for PTS.

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes, budgeted to cost £15.0m. As a consequence of the work undertaken to date on this project, we have incurred direct costs of £2.5m in FY2020 (FY2019: £3.1m), largely relating to the project team. We have excluded these costs from our underlying results, to reflect the unusual scale and one-off nature of this project. We anticipate continuing to do so in order to provide shareholders with a better understanding of our underlying trading performance during this period of investment. This investment will be recorded as a combination of capital expenditure and separately disclosed items, dependent on accounting convention.

Impairments in goodwill of £7.8m (FY2019: £nil) were incurred in the year relating to VIC (£7.0m) and PSEP (£0.8m), see note 14 for further details.

Management feel it is appropriate to remove the one off costs and certain non-trading items discussed above to better allow the reader of the accounts to understand the underlying performance of the Group. Further reconciliations of underlying measures to GAAP measures can be found in note 34.

3 Operating segmental analysis

Segment information, as discussed in note 1 (q), is presented in the consolidated financial statements in respect of the Group's geographical segments. This reflects the Group's management and internal reporting structure, and the operating basis on which individual operations are reviewed by the Chief Operating Decision Maker (the Board). Performance is measured based on each segment's underlying profit before finance costs and income tax as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. This is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the industry.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Goodwill and intangible assets acquired on business combinations are included in the region to which they relate.

3 Operating segmental analysis continued

Geographical operating segments

The Group is comprised of the following main geographical operating segments:

- UK
- Europe includes Norway, Sweden, Hungary, Ireland, Holland, Italy, Germany, Spain and Poland
- USA includes USA and Mexico
- Asia includes Malaysia, China, Singapore, Taiwan, Thailand, India and Philippines

In presenting information on the basis of geographical operating segments, segment revenue and segment assets are based on the geographical location of our entities across the world, and are consolidated into the four distinct geographical regions, which the Board use to monitor and assess the Group. Interest is reported on a net basis rather than gross as this is how it is presented to the Chief Operating Decision Maker. All material non-current assets are located in the country the relevant Group entity is incorporated in.

March 2020	**UK £000**	**Europe £000**	**USA £000**	**Asia £000**	**Common costs £000**	**Total £000**
Revenue						
Revenue from external customers	**71,979**	**71,217**	**10,864**	**46,161**	–	**200,221**
Inter segment revenue	**3,521**	**1,521**	**177**	**8,363**	–	**13,582**
Total revenue	**75,500**	**72,738**	**11,041**	**54,524**	–	**213,803**
Underlying operating result	**6,819**	**5,722**	**281**	**8,262**	**(2,995)**	**18,089**
Net financing costs	**(161)**	**(102)**	**(114)**	**(33)**	**(625)**	**(1,035)**
Underlying segment result	**6,658**	**5,620**	**167**	**8,229**	**(3,620)**	**17,054**
Separately disclosed items (see note 2)						**(14,012)**
Profit before tax						**3,042**
Specific disclosure items						
Depreciation and amortisation	**1,841**	**2,717**	**235**	**1,949**	**103**	**6,845**
Impairments in goodwill		**6,966**		**795**		**7,761**
Assets and liabilities						
Non-current asset additions	**3,021**	**777**	**136**	**1,463**	**3,167**	**8,564**
Segment assets	**65,679**	**69,836**	**8,897**	**64,534**	**7,192**	**216,138**
Segment liabilities	**(24,127)**	**(16,150)**	**(1,855)**	**(13,582)**	**(44,764)**	**(100,478)**

Within separately disclosed items of £14.0m are £7.8m of goodwill impairments.

March 2019	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	76,030	75,395	8,822	48,705	–	208,952
Inter segment revenue	3,040	1,742	178	10,539	–	15,499
Total revenue	79,070	77,137	9,000	59,244	–	224,451
Underlying operating result	8,666	8,423	446	9,445	(2,784)	24,196
Net financing (costs)/income	(99)	(42)	(19)	63	(578)	(675)
Underlying segment result	8,567	8,381	427	9,508	(3,362)	23,521
Separately disclosed items (see note 2)						(7,100)
Profit before tax						16,421
Specific disclosure items						
Depreciation and amortisation	705	1,891	45	951	80	3,672
Assets and liabilities						
Non-current asset additions	700	754	1,312	218	998	3,982
Segment assets	57,763	75,407	6,505	59,458	5,434	204,567
Segment liabilities	(20,027)	(14,416)	(492)	(10,759)	(37,780)	(83,474)

There were no material differences in Europe and USA between the external revenue based on location of the entities and the location of the customers. Of the UK external revenue £14.9m (FY2019: £16.9m) was sold into the European market. Of the Asian external revenue, £4.5m (FY2019: £5.1m) was sold into the American market and £4.1m (FY2019: £8.6m) sold into the European market.

Revenue is derived solely from the manufacture and logistical supply of industrial fasteners and Category 'C' components.

4 Other operating income

	2020 £000	2019 £000
Rental income received from freehold properties	**12**	12
Other income	**412**	452
	424	464

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	2020 £000	2019 £000
Depreciation and non-acquired amortisation	10, 14	**2,318**	2,253
Right-of-use assets depreciation	12	**3,118**	–
Amortisation of acquired intangibles	14	**1,409**	1,419
Impairments in goodwill		**7,761**	–
Operating lease expense		**1,058**	4,051
Net foreign exchange gain		**(567)**	(92)
Project Atlas (IT and business processes)		**2,505**	3,117
(Gain)/loss on disposal of fixed assets		**(3)**	12

The employee benefit expense recognised in the year is disclosed in note 23. Operating lease expense in FY2020 are low value and short-term leases, in FY2019 it was operating leases under IAS17.

Auditor's remuneration:

	2020 £000	2019 £000
Audit of these financial statements	**146**	87
Audit of financial statements of subsidiaries pursuant to legislation	**250**	252
Taxation compliance services	–	21
Other assurance services	–	30
Other services relating to transaction services	–	–
Total	**396**	**390**

6 Staff numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Group		Company	
	Number of employees		Number of employees	
	2020	2019	**2020**	2019
Office and Management	**113**	113	**20**	19
Manufacturing	**338**	337	**–**	–
Sales	**194**	193	**–**	–
Distribution	**634**	633	**–**	–
	1,279	1,276	**20**	19

The aggregate payroll costs of these people were as follows:

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Wages and salaries (including accrued bonus)	**33,622**	32,697	**1,851**	1,780
Share based payments	**2,030**	2,454	**441**	1,131
Social security costs	**3,497**	3,280	**303**	274
Contributions to defined contribution plans (see note 23)	**2,004**	1,994	**178**	192
	41,153	40,425	**2,773**	3,377

7 Directors' emoluments

	2020 £000	2019 £000
Directors' emoluments	**1,108**	1,082
Company contributions to money purchase pension plans	**30**	30
Pension cash payments	**105**	102
	1,243	1,214

The emoluments of individual Directors, as well as the total gain on exercise of share options by Directors, are shown in the Remuneration report on pages 92 to 107.

The aggregate of emoluments of the highest paid Director was £0.32m (FY2019: £0.31m), which included no vested LTIP or deferred equity award (FY2019: £nil), Company pension contributions of £0.01m (FY2019: £0.01m) made to a money purchase scheme on his behalf and pension cash payments of £0.04m (FY2019: £0.04m). During the year, 16,822 SAYE share options were exercised (no deferred equity shares were exercised) by the highest paid director (FY2019: no SAYE share options exercised, no deferred equity shares exercised).

The annual IFRS2 charge relating to Board deferred equity bonuses was £0.28m (FY2019: £0.52m). The annual IFRS2 charge relating to Board LTIP shares was £0.11m (FY2019: £0.58m). The highest paid Director's element of this charge was £0.08m (FY2019: £0.33m).

	Number of Directors	
	2020	2019
Retirement benefits are accruing to the following number of Directors under money purchase schemes	**3**	3
The number of Directors who exercised share options was	**3**	1

See pages 92 to 107 of the Remuneration report for more details.

Directors' rights to subscribe for shares in the Company are also set out in the Remuneration report.

8 Financial income and expense

	2020 £000	2019 £000
Financial income		
Interest income on financial assets	**82**	80
Financial expenses		
Interest payable on bank loans, IFRS 16 right-of-use liabilities and hire purchase liabilities	**1,117**	755

The FY2020 includes £0.4m of additional interest on the right-of-use liabilities in compliance with IFRS 16, see note 12 (FY2019 : £nil)

9 Taxation

Recognised in the income statement	2020 £000	2019 £000
Current UK tax expense:		
Current year	**59**	496
Adjustments for prior years	**(50)**	103
	9	599
Current foreign tax expense:		
Current year	**3,181**	3,941
Adjustments for prior years	**(91)**	(10)
	3,090	3,931
Total current tax	**3,099**	4,530
Deferred tax expense (note 17):		
Origination and reversal of temporary differences	**179**	(289)
Change in tax rates	**(7)**	27
Adjustments for prior years	**9**	(91)
Deferred tax expense/(income)	**181**	(353)
Tax in income statement	**3,280**	4,177

	2020 £000	2019 £000
Current tax recognised directly in equity – IFRS2 share based tax credit	**(58)**	(121)
Deferred tax recognised directly in equity – IFRS2 share based tax charge	**203**	322
Total tax recognised in equity	**145**	201

Reconciliation of effective tax rate ('ETR') and tax expense	2020 £000	ETR %	2019 £000	ETR %
(Loss)/profit for the period	**(238)**		12,244	
Tax from continuing operations	**3,280**		4,177	
Profit before tax	**3,042**		16,421	
Tax using the UK corporation tax rate of 19% (FY2019: 19%)	**578**	**19**	3,120	19
Tax suffered on dividends	**416**	**14**	474	3
Non-deductible expenses	**286**	**9**	189	1
Tax incentives	–	–	(146)	(1)
Non-taxable receipts	**(44)**	**(1)**	–	–
IFRS2 share option charge	**501**	**16**	105	1
Deferred tax assets not recognised	**76**	**2**	58	–
Impairment losses	**1,475**	**49**	–	–
Different tax rates on overseas earnings	**131**	**4**	348	2
Adjustments in respect of prior years	**(132)**	**(4)**	2	–
Tax rate change	**(7)**	–	27	–
Total tax in income statement	**3,280**	**108**	4,177	25

10 Property, plant and equipment – Group

	Land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures & fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2018	17,091	968	30,876	6,077	683	55,695
Additions	182	136	1,656	982	32	2,988
Acquisitions	–	4	115	399	19	537
Disposals	–	(36)	(67)	(18)	–	(121)
Effect of movements in foreign exchange	42	19	140	10	(1)	210
Balance at 31 March 2019	**17,315**	**1,091**	**32,720**	**7,450**	**733**	**59,309**
Balance at 1 April 2019	17,315	1,091	32,720	7,450	733	59,309
Additions	24	10	688	655	50	1,427
Disposals	–	–	(46)	(156)	(16)	(218)
Effect of movements in foreign exchange	206	(1)	470	40	14	729
Balance at 31 March 2020	**17,545**	**1,100**	**33,832**	**7,989**	**781**	**61,247**
Depreciation and impairment						
Balance at 1 April 2018	5,376	698	24,650	4,407	551	35,682
Depreciation charge for the year	271	103	1,331	451	50	2,206
Acquisitions	–	1	71	201	11	284
Disposals	–	(20)	(41)	(17)	–	(78)
Effect of movements in foreign exchange	(12)	14	121	11	–	134
Balance at 31 March 2019	**5,635**	**796**	**26,132**	**5,053**	**612**	**38,228**
Balance at 1 April 2019	5,635	796	26,132	5,053	612	38,228
Depreciation charge for the year	283	100	1,473	436	41	2,333
Disposals	–	–	(49)	(150)	(15)	(214)
Effect of movements in foreign exchange	85	(2)	357	21	12	473
Balance at 31 March 2020	**6,003**	**894**	**27,913**	**5,360**	**650**	**40,820**
Net book value						
At 31 March 2018	11,715	270	6,226	1,670	132	20,013
At 31 March 2019	11,680	295	6,588	2,397	121	21,081
At 31 March 2020	**11,542**	**206**	**5,919**	**2,629**	**131**	**20,427**

Included in the net book value of land and buildings is £9.7m (FY2019: £9.7m) of freehold land and buildings, and £1.9m (FY2019: £2.0m) of long leasehold land and buildings.

Project Atlas costs in the consolidated income statement includes £53k (FY2019: £3k) of depreciation.

11 Property, plant and equipment – Company

	Land and buildings £000	Fixtures & fittings £000	Total £000
Cost			
Balance at 1 April 2018	3,857	571	4,428
Additions	48	8	56
Balance at 31 March 2019, 1 April 2019 and 31 March 2020	**3,905**	**579**	**4,484**
Depreciation and impairment			
Balance at 1 April 2018	1,375	560	1,935
Depreciation charge for the year	76	4	80
Balance at 31 March 2019	1,451	564	2,015
Balance at 1 April 2019	1,451	564	2,015
Depreciation charge for the year	82	3	85
Balance at 31 March 2020	**1,533**	**567**	**2,100**
Net book value			
At 1 April 2018	2,482	11	2,493
At 31 March 2019	2,454	15	2,469
At 31 March 2020	**2,372**	**12**	**2,384**

Included in the net book value of land and buildings is £2.4m (FY2019: £2.5m) of freehold land and buildings.

12 IFRS16 – Group

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

- Leases of low value assets
- Leases with a duration of 12 months or less

IFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. For an explanation of the transitional requirements that were applied as at 1 April 2019, see note 1w. The following policies apply subsequent to the date of initial application, 1 April 2019.

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 lessee'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
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset

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 depreciated on a straight-line basis over the remaining term of the lease.

12 IFRS16 – Group continued

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 using a revised discount rate. 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, which are discounted at the same discount rate that applied on lease commencement. 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.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of use asset being adjusted by the same amount
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount

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
- Whether the location represents a new area of operations for the Group

At 31 March 2020 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because it was considered reasonably certain that the Group would not exercise its right to exercise any right to break the lease.

Nature of leasing activities (in the capacity as lessee)

The Group leases several 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 jurisdiction's property leases the periodic rent is fixed over the lease term.

The Group also leases certain items of plant and equipment and vehicles which comprise only fixed payments over the lease terms.

The percentages in the table below reflect the current proportions of total lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use total assets if there was an uplift of 1% on the balance sheet date to lease payments that are variable.

	Lease contracts (number)	Fixed payments %	Variable payments %	Sensitivity £000
Property leases with periodic uplifts to market rentals or inflation	7	–	21	31
Property leases with fixed payments	35	72	–	–
Leases of equipment & vehicles	129	7	–	–
At 31 March 2020	**171**	**79**	**21**	**31**

12 IFRS16 – Group continued

Right-of-use assets (Group)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
At 1 April 2019	11,925	951	33	12,909
Additions				
Lease extensions	2,336	22	–	2,358
New leases	920	586	75	1,581
Rent review	31	–	–	31
Depreciation	(2,590)	(504)	(24)	(3,118)
Disposals	–	(21)	–	(21)
Foreign exchange movements	44	4	–	48
At 31 March 2020	**12,666**	**1,038**	**84**	**13,788**

Right-of-use liabilities (Group)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
At 1 April 2019	13,288	966	39	14,293
Additions				
Lease extensions	2,279	22	–	2,301
New leases	920	586	75	1,581
Rent review	31	–	–	31
Lease payments	(2,937)	(523)	(27)	(3,487)
Interest	342	22	1	365
Disposals	–	(21)	–	(21)
Foreign exchange movements	43	3	–	46
At 31 March 2020	**13,966**	**1,055**	**88**	**15,109**

	Total £000
Short-term lease expense	973
Low value lease expense	85
Aggregate undiscounted future commitments for short-term and low value leases	301

There have been no sale and leaseback transactions in the current or prior year.

	Under 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
At 31 March 2020					
Lease liabilities	**3,113**	**2,380**	**4,477**	**5,139**	**15,109**

13 IFRS16 – Company

Right-of-use assets (Company)

	Motor vehicles £000	Total £000
At 1 April 2019	20	20
Additions		
New leases	23	23
Depreciation	(19)	(19)
At 31 March 2020	**24**	**24**

Right-of-use liabilities (Company)

	Motor vehicles £000	Total £000
At 1 April 2019	20	20
Additions		
New leases	23	23
Lease payments	(18)	(18)
Interest	–	–
At 31 March 2020	**25**	**25**

	Total £000
Short-term lease expense	7
Low value lease expense	–
Aggregate undiscounted future commitments for short-term and low value leases	–

There have been no sale and leaseback transactions in the current or prior year.

	Under 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000	Total £000
At 31 March 2020					
Lease liabilities	**11**	**6**	**8**	**–**	**25**

14 Intangible assets – Group

	Assets under course of construction £000	Goodwill £000	Other £000	Total £000
Cost				
Balance at 1 April 2018	–	43,358	15,456	58,814
Acquisitions	–	2,043	4,816	6,859
Additions	943	–	51	994
Effect of movements in foreign exchange	–	359	(258)	101
Balance at 31 March 2019	943	45,760	20,065	66,768
Balance at 1 April 2019	943	45,760	20,065	66,768
Additions	3,145	–	22	3,167
Effect of movements in foreign exchange	–	165	346	511
Balance at 31 March 2020	**4,088**	**45,925**	**20,433**	**70,446**
Amortisation and impairment				
Balance at 1 April 2018	–	14,231	6,182	20,413
Amortisation for the year	–	–	1,469	1,469
Effect of movements in foreign exchange	–	164	(96)	68
Balance at 31 March 2019	–	14,395	7,555	21,950
Balance at 1 April 2019	–	14,395	7,555	21,950
Amortisation for the year	–	–	1,447	1,447
Impairment for the year	–	7,761	–	7,761
Effect of movements in foreign exchange	–	(12)	145	133
Balance at 31 March 2020	**–**	**22,144**	**9,147**	**31,291**
Net book value				
At 1 April 2018	–	29,127	9,274	38,401
At 31 March 2019	943	31,365	12,510	44,818
At 31 March 2020	**4,088**	**23,781**	**11,286**	**39,155**

The addition in assets under the course of construction in the year relates to Project Atlas.

Included within other intangibles are customer relationship intangible assets of £9.0m (FY2019: £9.9m), know-how of £1.1m (FY2019: £1.3m) and marketing related intangibles of £0.9m (FY2019: £1.0m).

The amortisation charge is recognised in administrative expenses in the income statement. Of the £1,447,000 charge in the year, £1,409,000 relates to amortisation on acquired intangibles.

Other intangible assets are made up of:

- Customer relationships acquired as part of the acquisition of PSEP. The remaining amortisation period left on these assets is 3.8 years
- Customer relationships, technology know-how and technology patents acquired as part of the acquisition of VIC. The average remaining amortisation period on these assets is 7.8 years
- Customer relationships acquired as part of the acquisition of Kuhlmann. The average remaining amortisation period on these assets is 5.5 years
- Customer relationships and marketing related intangibles acquired as part of the acquisition of PTS, the average remaining amortisation period on these assets is 12.3 years

14 Intangible assets – Group continued

The following cash generating units have carrying amounts of goodwill:

	2020 **£000**	2019 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**10,691**	10,722
TR Fastenings AB (Sweden)	**1,063**	1,063
Lancaster Fastener Company Ltd (UK)	**1,245**	1,245
Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK)	**4,083**	4,083
Power Steel and Electro-Plating Works SDN Bhd (PSEP) (Malaysia)	–	793
TR VIC SPA (VIC) (Italy)	**3,001**	9,802
TR Kuhlmann GmbH (Germany)	**1,551**	1,510
Precision Technology Supplies Ltd (UK)	**2,043**	2,043
Other	**104**	104
	23,781	31,365

The changes in goodwill for SFE and Kuhlmann relate to foreign exchange gains or losses as these investments are held in, Singaporean Dollars and Euros respectively. The reductions in goodwill for VIC and PSEP predominantly relate to goodwill impairments of £7.0m and £0.8m respectively, the remaining movements relate to foreign exchange gains or losses as the investments are held in Euros and Malaysian Ringgits respectively.

Annual impairment testing

The Group tests goodwill annually for impairment. The recoverable amount of cash generating units is determined from value in use calculations.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. In this method, the free cash flows after funding internal needs of the subject company are forecast for a finite period of four years based on actual operating results, budgets and economic market research. Beyond the finite period, a terminal (residual) value is estimated using an assumed stable cash flow figure.

The values assigned to the key assumptions represent management's assessment of future trends in the fastenings market and are based on both external and internal sources of historical data. Further information on sources of data used can be found in each description of the key assumptions below.

The recoverable amount of Special Fasteners Engineering Co. Ltd (Taiwan), *TR* VIC SPA (Italy) and Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK) have been calculated with reference to the key assumptions shown below:

	SFE		**VIC**		**Serco**	
	2020	2019	**2020**	2019	**2020**	2019
Long-term revenue growth rate	**2.0%**	2.0%	**1.6%**	2.0%	**2.0%**	2.0%
Discount rate – post-tax	**7.6%**	9.9%	**10.8%**	11.2%	**7.3%**	8.4%
Discount rate – pre-tax	**9.5%**	12.4%	**14.9%**	15.4%	**9.0%**	10.4%
Terminal EBIT margin	**16.2%**	16.8%	**13.5%**	17.2%	**8.1%**	9.1%

Long-term revenue growth rate

Four year management plans are used for the Group's value in use calculations. Long-term growth rates into perpetuity have been determined as the lower of:

- The nominal GDP rates for the country of operation
- The long-term compound annual growth rate in EBITDA in years six to ten estimated by management

Post-tax risk adjusted discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on the Weighted Average Cost of Capital ('WACC') (using post-tax numbers). The cost of equity element uses the risk free rate for ten year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific Group operating company.

In making this adjustment, inputs required are the equity market risk premium (that is, the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

14 Intangible assets – Group continued

In determining the risk adjusted discount rate, management has applied an adjustment for the systemic risk to each of the Group's operations determined using an average of the betas of comparable listed fastener distribution and manufacturing companies and, where available and appropriate, across a specific territory. Management has used an equity market risk premium that takes into consideration studies by independent economists, the average equity market risk premium over the past five years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

To calculate the pre-tax discount rate we have taken the post-tax discount rate and divided this by one minus the applicable tax rate. We consider this an appropriate approximation of the pre-tax rate as there are no significant timing differences between the tax cash flows and tax charges. The table above discloses the discount rate on a post and pre-tax basis. This takes into account certain components such as the various discount rates reflecting different risk premiums and tax rates in the respective regions. Overall, the Board is confident that the discount rate adequately reflects the circumstances in each location and is in accordance with IAS36.

Terminal EBIT margin

The margins used in the value in use calculations are based on historic performance adjusted for any known or expected changes to occur to existing operations based on management plans. Key adjustments relate to known efficiency gains from increased volumes achieved in the business as well as the transactional foreign exchange impact based on forecast rates.

Impairments in the year

The impairments of £7.0m in VIC's goodwill and £0.8m in PSEP's goodwill respectively have arisen due to the impact of COVID-19 both on short to medium-term cash flows as well as higher than usual discount rates. These have been separately disclosed in the consolidated income statement.

For VIC, the discount rate used is 10.8% post-tax (14.9% pre-tax). This is at similar levels to FY2019 (11.2% post-tax; 15.4% pre-tax) due to the economic struggles in Italy, but higher than the average post-tax rate in previous years of c.9.3%. The unit's recoverable amount calculated by management is £27.4m.

For PSEP, the discount rate used is 10.6% post-tax (13.9% pre-tax). This is broadly in line with FY2019 (11.6% post-tax; 15.3% pre-tax), but higher than the average post-tax rate in previous years of *c.*10.0%. The unit's recoverable amount calculated by management is £10.4m.

Sensitivity to changes in assumptions

The continued economic struggles in Italy, combined with the impact of COVID-19, has caused the discount rate for VIC to remain high (the years before FY2019 it was c.9.3%), thus reducing headroom. If these uncertainties continue and the discount rate increases then it is possible that there might be an additional impairment of VIC's goodwill. Given the impairment in the year, VIC's recoverable amount is equal to its carrying amount. An increase in the discount rate of 50bps will cause the units recoverable amount to be £1.3m lower than its carrying amount. Despite the negative impact of the macroeconomic factors (including COVID-19) which are outside of our direct control, management believe the outlook for VIC continues to be positive.

Excluding VIC, management believe that no reasonably possible change in any key assumptions would cause the carrying value of any other cash generating unit to exceed its recoverable amount.

15 Intangible assets – Company

	Assets under course of construction £000	Other £000	Total £000
Cost			
Balance at 1 April 2018	–	62	62
Additions	943	–	943
Balance at 31 March 2019	943	62	1,005
Balance at 1 April 2019	943	62	1,005
Additions	3,145	–	3,145
Balance at 31 March 2020	4,088	62	4,150
Amortisation and impairment			
Balance at 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	–	62	62
Net book value			
At 1 April 2018	–	–	–
At 31 March 2019	943	–	943
At 31 March 2020	**4,088**	–	**4,088**

The addition in assets under the course of construction in the year relates to Project Atlas.

16 Equity investments – Company

Investments in subsidiaries

	Total £000
Cost	
Balance at 1 April 2018, 31 March 2019, 1 April 2019	42,585
Additions	566
Balance at 31 March 2020	**43,151**
Provision	
Balance at 1 April 2018, 31 March 2019, 1 April 2019 and 31 March 2020	1,145
Net book value	
Balance at 1 April 2018, 31 March 2019	**41,440**
Balance at 31 March 2020	**42,006**

The additions in the year relate to IFRS2 charges that will not be recharged to subsidiaries.

Details of principal subsidiary and associate undertakings, country of registration and principal activity are included in note 33.

All subsidiaries have a reporting date concurrent with *Trifast* plc, except *TR* Formac (Shanghai) Pte Ltd which has a reporting date of 31 December due to local regulatory requirements.

Following the acquisition of Serco Ryan Ltd in September 2005, the trade and assets of Serco Ryan were transferred to fellow subsidiary *TR* Fastenings Ltd at book value. This resulted in an apparent overvaluation of the Serco Ryan Ltd investment as held in the Company's books, although there was no overall loss to the Group. Schedule 1 of SI 2008/410 of the Companies Act 2006 requires that, where such overvaluation is expected to be permanent, the investment should be written down accordingly. The directors consider that as the substance of the transaction was merely to reorganise the Group's operations, such a treatment would fail to give a true and fair view. Therefore the diminution in value of the investment in Serco Ryan Ltd has instead been re-allocated to the Company's investment in *Trifast* Overseas Holdings Ltd, being the immediate parent company of *TR* Fastenings Limited and directly owned by the Company.

17 Deferred tax assets and liabilities – Group

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Property, plant and equipment	**(1)**	(44)	**1,815**	1,751	**1,814**	1,707
IFRS16 Leases	**(253)**	–	**–**	–	**(253)**	–
Intangible assets	**(118)**	(116)	**2,166**	2,292	**2,048**	2,176
Provision on inventories	**(715)**	(805)	**–**	–	**(715)**	(805)
Provisions/accruals	**(480)**	(460)	**345**	366	**(135)**	(94)
IFRS2 Share based payments	**(405)**	(1,068)	**–**	–	**(405)**	(1,068)
Tax losses	**(489)**	(213)	**–**	–	**(489)**	(213)
Tax (assets)/liabilities	**(2,461)**	(2,706)	**4,326**	4,409	**1,865**	1,703
Tax set-off	**535**	577	**(535)**	(577)	**–**	–
Net tax (assets)/liabilities	**(1,926)**	(2,129)	**3,791**	3,832	**1,865**	1,703

A potential £2.3m (FY2019: £2.0m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is highly unlikely. The majority of the increase (£0.2m) reflects the UK tax rate change from 17% to 19%.

A potential £1.4m of (FY2019: £1.6m) deferred tax liability relating to the temporary differences associated with undistributed profits in subsidiaries has not been recognised. This is on the grounds that we are able to control the timing of these reversals and it is not considered probable that these amounts will reverse in the foreseeable future.

17 Deferred tax assets and liabilities – Group continued

Movement in deferred tax during the year

	1 April 2019 £000	Recognised in income £000	Recognised in equity^ £000	**31 March 2020 £000**
Property, plant and equipment*	1,707	95	12	**1,814**
IFRS16 leases*	(251)	(3)	1	**(253)**
Intangible assets	2,176	(163)	35	**2,048**
Provision on inventories	(805)	87	3	**(715)**
Provisions/accruals	(94)	(22)	(19)	**(135)**
IFRS2 Share based payments	(1,068)	460	203	**(405)**
Tax losses	(213)	(273)	(3)	**(489)**
	1,452	181	232	**1,865**

* The 1 April 2019 position has been restated to include a deferred tax asset of £251k recognised on the adoption of IFRS16 Leases

Movement in deferred tax during the prior year

	1 April 2018 £000	**Recognised in income £000**	**Recognised on Acquisitions £000**	**Recognised in equity^ £000**	**31 March 2019 £000**
Property, plant and equipment	1,625	36	42	4	1,707
Intangible assets	1,634	(248)	819	(29)	2,176
Provision on inventories	(694)	(103)	–	(8)	(805)
Provisions/accruals	(223)	139	–	(10)	(94)
IFRS2 Share based payments	(1,142)	(248)	–	322	(1,068)
Tax losses	(270)	71	–	(14)	(213)
	930	(353)	861	265	1,703

^ Amounts recognised in equity include the deferred tax on IFRS2 share based payments and the equity element of foreign exchange differences taken to reserves

18 Deferred tax assets and liabilities – Company

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2020 £000	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Property, plant and equipment	–	–	**133**	128	**133**	128
Provisions/accruals	**(1)**	(1)	–	–	**(1)**	(1)
IFRS2 Share based payments	**(309)**	(682)	–	–	**(309)**	(682)
Tax losses	**(204)**	–	–	–	**(204)**	–
Tax (assets)/liabilities	**(514)**	(683)	**133**	128	**(381)**	(555)
Tax set-off	**133**	–	**(133)**	–	–	–
Net tax (assets)/liabilities	**(381)**	(683)	–	128	**(381)**	(555)

A potential £2.2m (FY2019: £2.0m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is highly unlikely. The increase of £0.2m reflects the UK tax rate change from 17% to 19%.

18 Deferred tax assets and liabilities – Company continued

Movement in deferred tax during the year

	1 April 2019 £000	Recognised in income £000	Recognised in equity £000	**31 March 2020 £000**
Property, plant and equipment	128	5	–	**133**
Provisions/accruals	(1)	–	–	**(1)**
IFRS2 Share based payments	(682)	195	178	**(309)**
Tax losses	–	(204)	–	**(204)**
	(555)	(4)	178	**(381)**

Movement in deferred tax during the prior year

	1 April 2018 £000	Recognised in income £000	Recognised in equity £000	31 March 2019 £000
Property, plant and equipment	132	(4)	–	128
Provisions/accruals	(1)	–	–	(1)
IFRS2 Share based payments	(766)	(107)	191	(682)
	(635)	(111)	191	(555)

19 Inventories – Group

	2020 £000	2019 £000
Raw materials and consumables	**4,982**	5,568
Work in progress	**2,026**	2,233
Finished goods and goods for resale	**52,179**	49,757
	59,187	57,558

In FY2020, inventories of £129.2m (FY2019: £132.4m) were recognised as an expense during the year and included in cost of sales. Inventories have been written down by £1.6m in the year (FY2019: £1.1m) in line with the Group's stock provisioning policy. Such write-downs were recognised as an expense during FY2020. No significant specific stock provisions have been reversed in the year.

No inventories are pledged as security for liabilities.

The carrying amount of inventories carried at fair value less costs to sell is £1.4m (FY2019: £1.2m).

20 Trade and other receivables

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Trade receivables	**48,484**	49,149	–	–
Non trade receivables and prepayments	**4,444**	4,633	**21**	313
Amounts owed by subsidiary undertakings	–	–	**48,890**	44,204
	52,928	53,782	**48,911**	44,517

An explanation of credit risk and details of the security held over receivables is provided in note 27.

The trade receivables position for the Group at 1 April 2018 was £48.0m.

Expected credit losses for the Group were calculated by first grouping trade receivables by entity and looking at historic credit loss rates over 5 years. This was then overlaid with considerations for overdue debt, forward looking information (including COVID-19) and any customer specific risks.

Expected credit losses for the Company were assessed at year end and there had not been a significant increase in credit risk therefore they are provided at 12-month ECL. No material provision was required in FY2020 or FY2019.

21 Other interest-bearing loans and borrowings

This note provides information about the Group and Company's existing interest-bearing loans and borrowings as at 31 March 2020. For more information about the security provided by the Group and Company over loans or the Group and Company's exposure to interest rate, foreign currency and liquidity risk, see note 27.

			Current		Non-current	
Initial loan value	**Rate**	**Maturity**	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Group						
Asset based lending	Base + 1.49%	2019	–	2,977	–	–
VIC unsecured loan	EURIBOR + 1.95%	2020	**266**	517	–	258
Right of use liabilities	Various	2020-2050	**3,102**	–	**11,982**	–
Finance lease liabilities	Various	2019-2020	–	–	–	74
Group and Company						
Revolving Credit Facility	LIBOR/ EURIBOR + 1.10%	2023	–	–	**44,262**	–
Prepaid arrangement fees			–	–	**(640)**	–
Right of use liabilities	Various	2020-2023	**11**	–	**14**	–
Facility A VIC acquisition loan	EURIBOR + 1.50%	2021	–	4,307	–	4,307
Facility B Revolving Credit Facility	LIBOR/ EURIBOR + 1.50%	2019-2021	–	24,816	–	–
Property Loan	LIBOR + 1.25%	2021	–	–	–	2,100
Total Group			**3,379**	32,617	**55,618**	6,739
Total Company			**11**	29,123	**43,636**	6,407

On 16th April 2019, the Group re-financed its banking facilities, see note 27 for further information.

22 Trade and other payables

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Trade payables	**20,054**	21,496	–	–
Amounts payable to subsidiary undertakings	–	–	**3,547**	4,162
Deferred consideration	–	511	–	–
Non-trade payables and accrued expenses	**12,665**	12,961	**855**	839
Other taxes and social security	**2,195**	2,239	**185**	101
	34,914	37,207	**4,587**	5,102

23 Employee benefits

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans, which include stakeholder pension plans whose assets are held separately from those of the Group, in independently administered funds.

The total expense relating to these plans in the current year was £2.0m (FY2019: £2.0m) and represents contributions payable by the Group to the funds.

At the end of the financial year, there were outstanding pension contributions of £0.1m (FY2019: £0.1m), which are included in creditors.

Share based payments

The Group Share Options (including SAYE plans) provide for an exercise price equal to the average quoted market price of the Group shares on the date of grant. In the case of SAYE, this price is discounted in line with HMRC limits. The vesting period is generally three or five years. The options expire if they remain unexercised after the exercise period has lapsed. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless for retirement, redundancy or health reasons. The options are equity settled.

The number and weighted average exercise prices of share options are as follows:

	2020		2019	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**1,239,534**	**1.43**	1,341,115	1.22
Granted during the year	**373,753**	**1.78**	298,670	1.93
Forfeited/lapsed during the year	**(235,663)**	**1.81**	(54,890)	1.77
Exercised during the year	**(427,971)**	**1.04**	(345,361)	1.00
Outstanding at the end of the year	**949,653**	**1.65**	1,239,534	1.43
Exercisable at the end of the year	**42,421**	**1.17**	22,797	1.05

The options outstanding at 31 March 2020 had a weighted average remaining contractual life of 1.9 years (FY2019: 1.6 years) and exercise prices ranging from £1.00 to £1.93 (FY2019: £0.35 to £1.93).

The weighted average share price at the date of exercise for share options exercised in 2020 was £1.86 (FY2019: £1.99).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model.

The contractual life of the option is used as an input into this model.

Board deferred equity bonus shares

The Board deferred equity bonus shares have been discussed in more detail in the Remuneration report (pages 92 to 107). The number of deferred equity bonus shares are as follows:

	Deferred equity bonus shares
Outstanding at beginning of year	**1,682,860**
2015 deferred equity bonus shares exercised	**(400,046)**
Outstanding at the end of the year	**1,282,814**
Exercisable at the end of the year	**746,211**

The above includes 36,703 shares for C Foo relating to his employment as *TR* Asia MD. He does not sit on the Main plc Board.

These nil cost options are subject to a three year service period and the fair value has been calculated using the discounted dividend model (DDM). This is based on expected dividends over the three year term. They are equity settled shares.

The weighted average share price at the date of exercise for share options exercised in FY2020 was £1.79 (FY2019: £2.21).

The options outstanding at 31 March 2020 had a weighted average remaining contractual life of nil years (FY2019: 0.4 years).

23 Employee benefits continued

Senior manager deferred bonus shares

The number of deferred bonus shares is as follows:

	Deferred bonus shares
Outstanding at beginning of year	1,843,179
Granted during the year	788,500
Exercised during the year	(1,306,440)
Outstanding at end of year	**1,325,239**

The shares granted in previous years were subject to a base award and a multiplier award. The base award required a service period of three years from date of grant and was also subject to personal performance conditions being met during the performance period. The multiplier award was determined by a non-market performance condition which was achieved at 31 March 2019 meaning the maximum multiplier was applied to the shares that vested. The awards granted on 30 December 2016, 24 November 2017, 1 April 2018, 4 April 2018 and 14 November 2018 vested in December 2019. The method of settlement for these shares is a mixture of equity and cash settled. The fair value has been calculated using the Discounted Dividend model. This was at grant date for the equity settled awards. The fair value for the cash settled awards was remeasured to the date the awards vested. The weighted average share price at the date of exercise for share options exercised in FY2020 was £1.75 (FY2019: £nil).

The awards granted in the current year are subject to a non-market performance condition of underlying EPS growth for a 3 year period starting on 1 April 2019 and a service condition of 3 years from the grant date. The non-market performance condition requires underlying EPS to growth by 5% per annum for a 25% payout, 15% per annum for a 100% payout with straight line vesting for growth in between 5% and 15% per annum. If growth is less than 5% per annum the payout is nil. The method of settlement for these shares is a mixture of equity and cash settled. The fair value has been calculated using the Discounted Dividend model. This was at grant date for the equity settled awards. The fair value for the cash settled awards are remeasured at the reporting date.

Board LTIP shares

The Board LTIP shares are part of the remuneration policy approved at the 2017 AGM and have been discussed in more detail in the Remuneration report (pages 92 to 107). The maximum number of Board LTIP shares are as follows:

	Board LTIP shares
Outstanding at beginning of year	1,178,428
Granted during the year	549,879
Outstanding at end of year	**1,728,307**

The above includes 151,442 shares for G Budd relating to when he was a main plc Board Director. He stepped down from the main plc Board on 31 March 2018. The above includes 446,490 shares for G Roberts relating to when she was a main plc Board Director. She stepped down from the main plc Board on 31 March 2020.

23 Employee benefits continued

These nil cost options are subject to performance (EPS growth and TSR performance) and service conditions over a three year period. The fair value for the EPS element has been calculated using the DDM whilst the fair value for the TSR element has been calculated using the Monte-Carlo simulation. They are equity settled shares. In line with IFRS2 the amount recognised as an expense has been adjusted to reflect the number of awards for which the service and non-market performance conditions are expected to be met.

The options outstanding at 31 March 2020 had a weighted average remaining contractual life of 1.3 years (FY2019: 1.8 years).

Date of grant	**Type of instrument**	**Valuation model**	**Number out-standing on 31 March 2020**	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk- free rate %	Expected annual dividend %	Fair value (£)
01/10/2014	SAYE 5 Year	Black-Scholes	**1,515**	1.05	1.00	35.76	5.00	5.00	1.73	1.33	0.33
01/10/2015	SAYE 5 Year	Black-Scholes	**111,991**	1.14	1.05	34.60	5.00	5.00	1.17	1.84	0.33
01/10/2016	SAYE 3 Year	Black-Scholes	**34,986**	1.72	1.07	33.83	3.00	3.00	0.36	1.63	0.68
01/10/2016	SAYE 5 Year	Black-Scholes	**57,018**	1.72	1.07	32.80	5.00	5.00	0.66	1.63	0.71
01/10/2017	SAYE 3 Year	Black-Scholes	**169,183**	2.24	1.77	26.64	3.00	3.00	0.57	1.56	0.59
01/10/2017	SAYE 5 Year	Black-Scholes	**76,766**	2.24	1.77	31.18	5.00	5.00	0.82	1.56	0.72
01/10/2018	SAYE 3 Year	Black-Scholes	**132,022**	1.92	1.93	24.59	3.00	3.00	0.84	2.01	0.28
01/10/2018	SAYE 5 Year	Black-Scholes	**27,504**	1.92	1.93	30.01	5.00	5.00	1.03	2.01	0.42
01/10/2019	SAYE 3 Year	Black-Scholes	**245,713**	1.60	1.78	27.58	3.00	3.00	0.45	2.66	0.19
01/10/2019	SAYE 5 Year	Black-Scholes	**92,955**	1.60	1.78	28.46	5.00	5.00	0.43	2.66	0.24
Total SAYE Share Options			**949,653**								
30/09/2015	Board deferred equity	DDM	**384,466**	1.16	n/a	n/a	2.56	2.56	n/a	1.81	1.11
15/07/2016	Board deferred equity	DDM	**361,745**	1.35	n/a	n/a	2.71	2.71	n/a	2.07	1.28
26/07/2017	Board deferred equity	DDM	**536,603**	2.17	n/a	n/a	2.68	2.68	n/a	1.61	2.08
30/12/2016	SM deferred bonus equity	DDM	**488,183**	2.05	n/a	n/a	3.00	3.00	n/a	1.46	1.96
24/11/2017	SM deferred bonus equity	DDM	**39,370**	2.45	n/a	n/a	2.10	2.10	n/a	1.47	2.37
30/09/2017	Board LTIP shares - EPS growth	DDM	**479,567**	2.08	n/a	n/a	3.00	3.00	0.53	1.68	1.98
30/09/2017	Board LTIP shares - TSR element	Monte-Carlo simulation	**205,528**	2.08	n/a	25.7	3.00	3.00	0.53	1.68	0.80
04/04/2018	SM deferred bonus equity	DDM	**9,186**	2.54	n/a	n/a	1.74	1.75	n/a	1.42	2.48
23/07/2018	Board LTIP shares - EPS growth	DDM	**345,333**	2.38	n/a	n/a	3.00	3.00	0.77	1.62	2.27
23/07/2018	Board LTIP shares - TSR element	Monte-Carlo simulation	**148,000**	2.38	n/a	24.30	3.00	3.00	0.77	1.62	0.94
23/07/2019	Board LTIP shares - EPS growth	DDM	**384,915**	2.07	n/a	n/a	3.00	3.00	0.42	2.05	1.95
23/07/2019	Board LTIP shares - TSR element	Monte-Carlo simulation	**164,964**	2.07	n/a	25.96	3.00	3.00	0.42	2.05	1.15
23/07/2019	SM deferred bonus equity	DDM	**744,000**	2.07	n/a	n/a	3.00	3.00	n/a	2.05	1.95
23/07/2019	SM deferred bonus cash	DDM	**44,500**	2.07	n/a	n/a	3.00	2.31	n/a	4.47	0.86
Total Share options			5,286,013								

23 Employee benefits continued

Expected volatility was determined by calculating the historic volatility of the Group's share price over one, two and three years back from the date of grant. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total charges of £2.0m and £2.5m in relation to share based payment transactions in FY2020 and FY2019 respectively. Of this, £49k (FY2019: £40k) relates to cash settled awards to which a liability is recognised on the statement of financial position in trade and other payables. The remaining amount relates to equity settled awards.

As at 31 March 2020, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
01/10/14/SAYE	1,515	Oct 2019
01/10/15/SAYE	111,991	Oct 2020
01/10/16/SAYE	92,004	Oct 2019, Oct 2021
01/10/17 SAYE	245,949	Oct 2020, Oct 2022
01/10/18 SAYE	159,526	Oct 2021, Oct 2023
01/10/19 SAYE	338,668	Oct 2022, Oct 2024
Total outstanding options	949,653	
Board deferred equity bonus shares	1,282,814	Sep 2018, Jul 2019, 2020
Senior manager deferred bonus shares	1,325,239	Dec 2019, Jul 2022
Board LTIP shares	1,728,307	Sep 2020, Jul 2021, Jul 2022
Total	**5,286,013**	

All options require continued employment from grant date to the later of vesting date or exercise date.

24 Provisions

Group	Dilapidations £000	Total £000
Balance at 31 March 2019 and 31 March 2020	959	959

Dilapidations relate to a portfolio of properties within the UK, external advisors were used to provide estimates of potential costs and likelihood of sub-letting. The future cash flows were then discounted using risk free rates over the length of the leases. These will be utilised on vacation.

All amounts represent a best estimate of the expected cash outflows although actual amounts paid could be lower or higher.

Group	**2020 Total £000**	2019 Total £000
Non-current (greater than 1 year)	**959**	959
Current (less than 1 year)	–	–
Balance at 31 March	**959**	959

In respect of the Company there are £nil provisions (FY2019: £nil).

25 Capital and reserves

Capital and reserves – Group and Company

See Statements of changes in equity on pages 132 to 133.

Reserves

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

The merger reserve has arisen under Section 612 Companies Act 2006 and is a non-distributable reserve.

During the year the Group purchased 1,000,000 shares (FY2019: nil) on the open market via the *Trifast* EBT for £1.68 per share , total £1.7m (FY2019 : nil shares). Whilst 1,289,187 shares (FY2019: 182,622) were transferred out of the Own Shares Held reserve at a weighted average cost of £2.16, total cost £2.8m (FY2019: weighted average cost of £2.29, total cost £0.4m) to fulfil part of the exercise of awards under the deferred equity bonus shares scheme. The number of ordinary shares held at the 31 March 2020 was 1,028,191 (FY2019: 1,317,378). These shares are in the Own Shares Held reserve and are to help meet future employee share plan obligations.

Share capital

	Number of ordinary shares	
	2020	2019
In issue at 1 April	**121,890,011**	121,364,667
Shares issued	**742,901**	525,344
In issue at 31 March – fully paid	**122,632,912**	121,890,011

The total number of shares issued during the year was 742,901 for a consideration of £0.4m (FY2019: 525,344 shares for £0.4m). In FY2019 6,973 shares were issued in relation to the Senior Manager deferred bonus share scheme. The number was greater than the total exercised (3,937 shares) as a result of a proportion of the award being settled in a tax efficient manner (3,195 as nil-cost awards and 3,778 as CSOP options with an exercise price of £1.98).

In FY2020, all shares were issued for cash, excluding 314,930 shares (FY2019: 173,010) as part of the Board deferred equity bonus scheme and nil (FY2019: 3,195) as part of the senior manager deferred bonus shares.

	2020 **£000**	2019 £000
Allotted, called up and fully paid		
Ordinary shares of 5p each	**6,132**	6,095

The holders of ordinary shares (excluding own shares held) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

During the year the following dividends were recognised and paid by the Group:

	2020 **£000**	2019 £000
Final paid 2019 – 3.05p (FY2018: 2.75p) per qualifying ordinary share	**3,687**	3,301
Interim paid 2019 – 1.20p (FY2018: 1.10p) per qualifying ordinary share	**1,447**	1,319
	5,134	4,620

After the balance sheet date a final dividend of nilp per qualifying ordinary share (FY2019: 3.05p) was proposed by the Directors and an interim dividend of 1.20p (FY2019: 1.20p) was paid in April 2020.

	2020 **£000**	2019 £000
Final proposed 2020 – nilp (FY2019: 3.05p) per qualifying ordinary share	–	3,687
Interim paid 2020 1.20p (FY2019: 1.20p) per qualifying ordinary share	**1,457**	1,447
	1,457	5,134

Subject to Shareholder approval at the Annual General Meeting which is to be held on 22 September 2020, the Board are not proposing a final dividend at this time. See the Business Review for further details.

26 Earnings per share

Basic earnings per share

The calculation of basic loss per share at 31 March 2020 was based on the loss attributable to ordinary shareholders of £(0.2)m (FY2019: profit of £12.2m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2020 (excluding own shares held) of 122,171,272 (FY2019: 120,723,637), calculated as follows:

Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at 1 April	**121,890,011**	121,364,667
Net effect of shares issued/(held)	**281,261**	(641,030)
Weighted average number of ordinary shares at 31 March	**122,171,272**	120,723,637

Diluted earnings per share

The calculation of diluted loss per share at 31 March 2020 was based on loss attributable to ordinary shareholders of £(0.2)m (FY2019: profit of £12.2m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2020 (excluding own shares held) of 122,171,272 (FY2019: 123,734,170), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020	2019
Weighted average number of ordinary shares at 31 March	**122,171,272**	120,723,637
Effect of share options on issue	–	3,010,533
Weighted average number of ordinary shares (diluted) at 31 March	**122,171,272**	123,734,170

For diluted EPS there are potentially 2,273,827 dilutive share options, however they are not included in the weighted average calculation for FY2020 because they are anti-dilutive since there is a loss after tax. These dilutive share options are considered in the calculation for underlying diluted EPS below.

The average market value of the Company's shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options and deferred equity awards were outstanding.

Underlying earnings per share

	2020 EPS			2019 EPS		
EPS (total)	**Earnings £000**	**Basic**	**Diluted**	Earnings £000	Basic	Diluted
(Loss)/profit after tax for the financial year	**(238)**	**(0.19)p**	**(0.19)p**	12,244	10.14p	9.90p
Separately disclosed items:						
IFRS2 share based payment charge	**2,030**	**1.66p**	**1.63p**	2,454	2.03p	1.98p
Acquired intangible amortisation	**1,409**	**1.15p**	**1.13p**	1,419	1.18p	1.14p
Net acquisition costs	–	–	–	3	–	–
Costs on exercise of executive share options	**307**	**0.25p**	**0.24p**	107	0.09p	0.09p
Impairments in goodwill	**7,761**	**6.35p**	**6.24p**	–	–	–
Project Atlas	**2,505**	**2.05p**	**2.01p**	3,117	2.58p	2.52p
Tax charge on adjusted items above	**(653)**	**(0.53)p**	**(0.52)p**	(1,370)	(1.13p)	(1.10p)
Underlying profit after tax	**13,121**	**10.74p**	**10.54p**	17,974	14.89p	14.53p

The 'underlying diluted' earnings per share is detailed in the above tables. In the Directors' opinion, this best reflects the underlying performance of the Group and assists in the comparison with the results of earlier years (see note 2).

27 Financial instruments

(a) Fair values of financial instruments

There is no significant difference between the fair values and the carrying values shown in the balance sheet.

(b) Financial instruments risks

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business, and the Group continues to monitor and reduce any exposure accordingly. Information has been disclosed relating to the individual Company, only where a material risk exists.

27 Financial instruments continued

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a predetermined amount. All overdue debts are monitored regularly and customers are put on credit hold if payments are not received on time as appropriate. The carrying amount of trade receivables represents the maximum credit exposure for the Group. These procedures have been enhanced as a result of COVID-19 uncertainties. Therefore, the maximum exposure to credit risk at the balance sheet date was £48.5m (FY2019: £49.1m), being the total carrying amount of trade receivables net of an allowance. Management does not consider there to be any significant unimpaired credit risk in the year-end balance sheet (FY2019: £nil), even taking into account COVID-19.

At the balance sheet date there were no significant geographic or sector specific concentrations of credit risk. Although we continue to monitor the automotive sector closely due to the ongoing challenges in this specific end market.

Impairment losses

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows.

	2020 **£000**	2019 £000
Balance at 1 April	**(986)**	(897)
Impairment loss movement	**(163)**	(89)
Balance at 31 March	**(1,149)**	(986)

There are no significant losses/bad debts provided for specific customers. The allowance account for trade receivables is used to record impairment losses where a credit risk has been identified, unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

(ii) Liquidity and interest risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group holds net debt and hence its main interest and liquidity risks are associated with the maturity of its facilities against cash inflows from around the Group. The Group's objective is to maintain a balance of continuity of funding and flexibility through the use of banking facilities as applicable.

At 31 March 2020, the Group banking facilities with a group of three lenders comprised a revolving multi-currency credit facility ('RCF') of up to £80.0m (balance at 31 March 2020: £44.3m).

On 16 April 2019, all of the Group's centrally held facilities and the ABL facility in *TR* Fastenings Ltd were redeemed via this new four year Revolving Credit Facility of up to £80m maturing April 2023. The facility includes an accordion of. up to £40m and the option to extend maturity up to April 2024. The facility is guaranteed by 16 Group companies which exceed thresholds in various financial metrics as specified by lenders. Interest on this new facility is charged at the aggregate rate of LIBOR/EURIBOR plus a margin of 1.10%, in accordance with a formula incorporating the ratio of consolidated net debt against the consolidated underlying EBITDA of the Group.

In June 2015, VIC took out a €3m repayment loan with MPS in Italy to part fund the de-factoring of their receivables. Interest is charged at 1.95% above EURIBOR until maturity in FY2021.

27 Financial instruments continued

Covenant headroom – at 31 March 2020

The RCF facility in place as at 31 March 2020 are subject to quarterly covenant testing as follows:

Interest cover:	Underlying EBITDA to net interest to exceed a ratio of four.
Adjusted leverage:	Total net debt to underlying EBITDA not to exceed a ratio of three.

These covenants currently provide significant headroom and forecasts (taking into account COVID-19 scenario planning and the equity raise (see note 30)) indicate no breach is anticipated.

Liquidity tables

The following are the contractual maturities of the existing financial liabilities, excluding bank overdrafts and lease liabilities

	2020			
	Carrying amount/ contractual cash flows^ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000
Non-derivative financial liabilities				
Company				
Revolving credit facility	**44,262**	–	–	**44,262**
Total Company	**44,262**	–	–	**44,262**
Group				
VIC unsecured loan	**266**	**266**	–	–
Total Group	**44,528**	**266**	–	**44,262**

^ In addition to the above, there are interest charges of £328k for the year relating to Revolving Credit Facilty.

IFRS 16 Right-of-use liabilities details are provided in note 12.

	2019			
	Carrying amount/ contractual cash flows £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000
Non-derivative financial liabilities				
Company				
Facility A – VIC acquisition loan	8,614	4,307	4,307	–
Facility B – Revolving credit facility	24,816	24,816	–	–
Property loan	2,100	–	2,100	–
Total Company	35,530	29,123	6,407	–
Group				
Asset based lending	2,977	2,977	–	–
VIC unsecured loan	775	517	258	–
Total Group	39,282	32,617	6,665	–

Liquidity headroom

Trading forecasts show that the facilities in place at 31 March 2020 provided sufficient liquidity headroom. The Group continues to maintain positive relationships with a number of banks and the Directors believe that appropriate facilities will continue to be made available to the Group as and when they are required. The re-finance on 16 April 2019 provides additional liquidity headroom to support the Group's strategic investment aims.

On 19 June, the Group successfully completed a placing of new ordinary shares, raising net £15.5m of proceeds. As of 30 June 2020 the Group has been in a net cash position, promoting further significant liquidity headroom (see note 30).

27 Financial instruments continued

Facilities that were available at 31 March 2020 (excluding bank overdrafts and lease liabilities):

	2020			2019		
	Available facilities £000	**Utilised facilities £000**	**Unutilised facilities £000**	Available facilities £000	Utilised facilities £000	Unutilised facilities £000
Company						
Revolving Credit Facility	**80,000**	**44,262**	**35,738**	–	–	–
Facility A – VIC acquisition loan	–	–	–	8,614	8,614	–
Facility B – Revolving credit facility	–	–	–	31,000	24,816	6,184
Property loan	–	–	–	2,100	2,100	–
Total Company	**80,000**	**44,262**	**35,738**	41,714	35,530	6,184
Group						
Asset based lending	–	–	–	15,000	2,977	12,023
VIC unsecured loan	**266**	**266**	–	775	775	–
Total Group	**80,266**	**44,528**	**35,738**	57,489	39,282	18,207

In addition there is an accordion facility of £40m as part of the RCF facility agreement, which provides potential additional finance under current agreed terms subject to credit approval.

Interest risk

The Group monitors closely all loans outstanding which currently incur interest at floating rates. When appropriate the Group makes use of derivative financial instruments, including interest rate swaps and caps. The Group will continue to review this position going forward.

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates the split between fixed and variable interest rates at the balance sheet date.

Further details of the rates applicable on interest-bearing loans and borrowings is given in note 21.

All assets and liabilities in place at year end bear interest at a floating rate and therefore may change within one year.

Interest rate table (including lease liabilities)

	Group		Company	
	2020 £000	2019 £000	**2020 £000**	2019 £000
Variable rate instruments				
Financial assets	**28,727**	25,199	**265**	899
Financial liabilities*	**(58,997)**	(39,356)	**(43,647)**	(35,530)
Net debt	**(30,270)**	(14,157)	**(43,382)**	(34,631)

* Including prepaid arrangement fee of £0.6m

Sensitivity analysis

A change of one percentage point in interest rates at the balance sheet date would change equity and profit and loss by £0.4m (FY2019: £0.4m). This calculation has been applied to risk exposures existing at the balance sheet date.

This analysis assumes that all other variables, in particular foreign currency rates, remain consistent and considers the effect of financial instruments with variable interest rates. The analysis is performed on the same basis for the comparative period.

(iii) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than local functional currency. The Group faces additional currency risks arising from monetary financial instruments held in non-functional local currencies.

Operational foreign exchange exposure

Where possible the Group tries to invoice in the local currency at the respective entity. If this is not possible, then to mitigate any exposure, the Group tries to buy from suppliers and sell to customers in the same currency.

Where possible the Group tries to hold the majority of its cash and cash equivalent balances in the local currency at the respective entity.

27 Financial instruments continued

Monetary assets/liabilities

The Group continues to monitor exchange rates and buy or sell currencies in order to minimise open exposure to foreign exchange risk. The Group does not speculate on exchange rates. No foreign exchange derivative financial instruments are held at the balance sheet date.

The Euro denominated RCF utilised facility of €46.4m (£41.1m) is net investment hedged against the net asset value of *TR* VIC, *TR* Kuhlmann and *TR* Espana. Therefore all foreign exchange movements that are being hedged are taken to the translation reserve. The US Dollar denominated RCF utilised facility of $4.0m (£3.2m) is naturally hedged by an equivalent asset in the Company.

The Group's exposure to foreign currency risk is as follows (based on the carrying amount for cash and cash equivalents held in non-functional currencies):

31 March 2020	**Sterling £000**	**Euro £000**	**US Dollar £000**	**Singapore Dollar £000**	**Total £000**
Cash and cash equivalents exposure	695	2,497	7,730	213	11,135

31 March 2019	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
Cash and cash equivalents exposure	1,297	2,719	5,094	281	9,391

Sensitivity analysis

Group

A 1% change in significant foreign currency balances against local functional currency at 31 March 2020 would have changed equity and profit and loss by the amount shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

		Equity & profit or loss	
Foreign currency	Local currency	**2020 £000**	2019 £000
EURO	Sterling	**(9)**	(11)
US Dollar	Singapore Dollar	**(51)**	(26)
US Dollar	Taiwanese Dollar	**(20)**	(14)
EURO	Hungarian forint	**(11)**	(9)

(c) Capital management and allocation

The Group's objectives when managing capital are to ensure that all entities within the Group will be able to continue as going concerns, whilst maximising the return to shareholders through the optimisation of the debt and equity balance. We regularly review and maintain or adjust the capital structure as appropriate in order to achieve these objectives.

Capital allocation priorities

The Board's key capital allocation priorities are as follows:

- Continue to invest in the business to drive organic growth
- Realise acquisitions in-line with our acquisition strategy
- Return to a progressive dividend policy as soon as is practical, maintaining a target dividend cover range of between 3× to 4×

Due to ongoing investment opportunities and the current levels of uncertainty due to COVID-19, we have no medium-term plans to return excess cash to shareholders.

Cash conversion

The Group has been and continues to expect to be, outside of the short term COVID-19 environment, consistently cash generative. In the longer term the Board continues to target normalised cash conversion of 70% to 80%, as we invest in the balance sheet to support our ongoing organic growth.

	2017	2018	2019	**2020**
Net debt to underlying EBITDA	0.28×	0.30×	0.54×	**0.80x**

Calculated in line with the banking agreement

Maximum adjusted leverage covenant - 3.0x

27 Financial instruments continued

In the current uncertain environment the Board has set a maximum net debt to underlying EBITDA ratio of 1.5× (FY2019 : 2.0×). This would only be breached via investment, where a short-term reversal can be reliably forecast.

The Group has various borrowings and available facilities (see section (b) (ii) Liquidity and interest risk) that contain certain external capital requirements ('covenants') that are considered normal for these types of arrangements. As discussed above, we remain comfortably within all such covenants.

Due to the uncertainties of the COVID-19 pandemic our total funding requirement is reviewed via detailed scenario forecasts, updated daily and reported weekly. Further information on our response to COVID-19 is included on pages 10 to 13.

The capital structure of the Group is provided below:

	2020 £000	2019 £000
Cash and cash equivalents	**28,727**	25,199
Borrowings (note 21)	**(58,997)**	(39,356)
Net debt	**(30,270)**	(14,157)
Equity	**(115,660)**	(121,093)
Capital	**(145,930)**	(135,250)

28 Contingent liabilities

Company

The Company has cross guarantees on its UK banking facilities with its three UK subsidiaries. The amount outstanding at the end of the year was £nil (FY2019: £0.1m).

29 Related parties

Group and Company

Compensation of key management personnel of the Group.

Full details of the compensation of key management personnel are given in the Directors' remuneration report on pages 92 to 107.

Transactions with Directors and Directors' close family relatives.

During 2020 a relative of the Chair provided IT/Marketing consultancy services totalling £12,000 (FY2019: £12,000) on an arm's length basis and with terms similar to other third party suppliers. The outstanding balance at 31 March 2020 was £2,000 (FY2019: £1,000).

There were no other related party transactions with Directors, or Directors' close family members in the year (FY2019: £nil).

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included in note 33.

Company related party transactions with subsidiaries – income/expenditure FY2020

	Rent income £000	Income management fees £000	Loan interest receivable £000	Total income £000	Expenditure management fees £000	Loan interest payable £000	Total expense £000
TR Fastenings Ltd	290	332	–	622	647	23	670
Lancaster Fastener Co Ltd	–	30	–	30	–	–	–
Precision Technology Supplies Ltd	–	30	–	30	–	–	–
TR Southern Fasteners Ltd	–	24	–	24	–	–	–
TR Norge AS	–	24	–	24	–	–	–
TR Fastenings AB	–	73	–	73	–	–	–
TR Miller BV	–	88	–	88	–	–	–
TR Hungary Kft	–	103	–	103	–	4	4
TR VIC SPA	–	104	–	104	–	–	–
TR Kuhlmann GmbH	–	76	–	76	–	–	–
TR Fastenings España	–	64	25	89	–	–	–
TR Fastenings Inc	–	82	90	172	–	–	–
TR Asia Investments Pte Ltd	–	752	–	752	–	–	–
Total	**290**	**1,782**	**115**	**2,187**	**647**	**27**	**674**

29 Related parties continued

Company related party transactions with subsidiaries – income/expenditure FY2019

	Rent income £000	Income management fees £000	Loan interest receivable £000	Total income £000	Expenditure management fees £000	Loan interest payable £000	Total expense £000
TR Fastenings Ltd	290	435	–	725	539	–	539
Lancaster Fastener Co Ltd	–	39	–	39	–	–	–
Precision Technology Supplies Ltd	–	–	–	–	–	–	–
TR Southern Fasteners Ltd	–	25	–	25	–	–	–
TR Norge AS	–	29	–	29	–	–	–
TR Fastenings AB	–	77	–	77	–	–	–
TR Miller BV	–	92	–	92	–	–	–
TR Hungary Kft	–	97	–	97	–	7	7
TR VIC SPA	–	104	–	104	–	–	–
TR Kuhlmann GmbH	–	82	–	82	–	–	–
TR Fastenings España	–	66	16	82	–	–	–
TR Fastenings Inc	–	87	22	109	–	–	–
TR Asia Investments Pte Ltd	–	716	–	716	–	–	–
	290	1,849	38	2,177	539	7	546

	2020		2019	
	Balances receivables £000	**Balances payables £000**	Balances receivables £000	Balances payables £000
TR Fastenings Ltd	**2,812**	**3,225**	2,026	3,462
Lancaster Fastener Company Ltd	**104**	–	93	–
Precision Technology Supplies	**116**	–	56	–
TR Southern Fasteners Ltd	**49**	–	23	–
TR Norge AS	**86**	–	55	–
TR Fastenings AB	**246**	–	164	–
TR Miller Holding B.V.	**234**	–	183	–
TR Hungary Kft	**53**	**2**	29	343
TR VIC SPA	**215**	–	136	–
TR Kuhlmann GmbH	**15**	–	143	–
TR Fastenings España	**2,758**	–	1,687	–
TR Fastenings Inc	**3,330**	–	2,018	–
TR Asia Investments Holdings Pte Ltd	**491**	–	491	–
TR Formac Pte Ltd	**411**	–	234	–
TR Formac (Malaysia) SDN Bhd	**8**	–	75	–
TR Formac (Shanghai) Pte Ltd	**3**	–	67	–
Special Fasteners Engineering Co Ltd	**149**	–	96	–
Power Steel & Electro-Plating Works SDN Bhd	**13**	–	167	–
TR Fastenings Poland Sp Zoo	**43**	–	39	–
Non-trading dormant subsidiaries	–	**267**	–	267
Trifast Overseas Holdings Ltd	**37,754**	–	36,422	–
Trifast Holdings B.V.	–	**53**	–	90
	48,890	**3,547**	44,204	4,162

All related party transactions are on an arm's length basis.

30 Subsequent events

There are no material adjusting events subsequent to the balance sheet date.

On the 19 June 2020 the Company's broker, Peel Hunt, successfully completed the placing of 12,448,132 new ordinary shares of five pence each in the share capital of the Company at a price of 120.5 pence per Placing Share, raising gross proceeds of approximately £15m. The Placing Price represented a discount of 9.7% to the closing price of 133.5 pence per share on 18 June 2020. The Placing Shares being issued represented approximately 10.1% of the issued share capital of the Company prior to the Placing.

On 23 June, the broker option was exercised in full, placing a total of 830,000 new ordinary shares of five pence each in the share capital of the Company, raising gross proceeds of approximately £1m. The transaction costs incurred relating to the placings of these shares were £0.5m.

As part of the transactions for the placing of the ordinary shares, *Trifast* plc acquired Project Lavender Limited, a company incorporated in Jersey, on 5 June 2020, and after the placing of the shares the company was liquidated on 24 June 2020.

The placing was undertaken to ensure that the Group can continue to support its long-term strategic investments as well as being able to maximise its growth in the short term as markets recover from COVID-19. For further details, see the Business Review.

There are no other material non-adjusting events subsequent to the balance sheet date.

31 Accounting estimates and judgements

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported annual amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key judgements

In preparing the financial statements and applying the Group's accounting policies, the key judgement made by management relates to Project Atlas costs meeting the capitalisation criteria under IAS 38 Intangible Assets, allowing directly attributable costs to be capitalised. The judgement includes identifying and quantifying the costs that should be capitalised, which principally relate to the design and build of the IT infrastructure, from the overall Project Atlas spend. In the year, £3.1m (FY2019: £0.9m) (see notes 14 and 15) has been capitalised. The costs expensed in the income statement are disclosed in note 2. Other than Project Atlas, no judgements have been made, other than those involving estimations, that have a significant effect on the amounts recognised in the financial statements.

Sources of estimation uncertainty

The sources of estimation uncertainty that management have identified which may result in a material adjustment to the carrying amount of assets and liabilities in the next financial year are inventory valuation and recoverability of goodwill.

Inventories are stated at the lower of cost and net realisable value with a provision being made for obsolete and slow moving items. Initially, management makes a judgement on whether an item of inventory should be classified as standard or customer specific. This classification then determines when a provision is recognised. Management then estimates the net realisable value of the stock for each individual classification. A provision is made earlier for customer specific stock (compared to standard) because it carries a greater risk of becoming obsolete or slow moving given the fastenings are designed specifically for an individual customer. The amount of write downs recognised as an expense in the period relating to this estimate is detailed in note 19.

The carrying amount of inventory at year end was £59.2m of which £31.4m related to customer specific stock (FY2019: carrying value £57.6m, customer specific stock £30.3m).

The key sensitivity to the carrying amount of customer specific inventory relates to the future demand levels for specific products stocked for individual customers. In the event that an individual customer's demand for products specific to them unexpectedly reduced, the company might be required to increase the inventory provision. Although one customer taking such action is unlikely to result in a material adjustment, multiple customers taking such action over a short timescale could result in a material adjustment.

The carrying amount of goodwill at year end was £59.9m (FY2019: £31.4m) of which £3.0m (FY2019: £9.8m) relates to VIC. As part of the impairment review testing, management have recognised an impairment of £7.0m in the year for VIC, but also that the recoverability of the remaining goodwill is sensitive to changes in discount rate. The uncertainty in the Italian economy, particularly due to COVID-19, could cause an increase in discount rate which could lead to an additional impairment. For more information, please see note 14.

There are also longer-term risks involved with the recoverability of goodwill which could result in a material adjustment to the carrying amounts of assets and liabilities. These estimates depend upon the outcome of future events and may need to be revised as circumstances change.

32 Acquisition of Precision Technology Supplies Limited ('PTS')

Please note all figures below are as disclosed in the 31 March 2019 Annual Report.

On 4 April 2018, the Group acquired PTS for an initial consideration of £8.5m, subject to adjustment based on the net cash in the business at completion. The initial amount was paid on completion in cash. Contingent consideration of up to £2.5m in cash is based on the achievement of significant earn out targets, and will be deferred for 12 months. The targets require PTS to achieve a minimum adjusted profit after tax (PAT) for FY2019 to receive a further £0.5m consideration. Then for every £1 of adjusted PAT in excess of the minimum an extra £3.77 will be payable subject to a maximum of £2.0m. This contingent consideration will also serve as a retention against which any potential warranty and indemnity claims can be offset at the end of the earn out period. The cash consideration has been met from the Company's existing bank facilities via a drawdown of part of the accordion facility with HSBC.

Based in East Grinstead, UK, PTS was founded in 1988 and employs 27 staff. It is a highly regarded distributor of stainless steel industrial fastenings and precision turned parts, primarily to the electronics, medical instruments, petrochemical, defence and robotics sectors. Its emphasis is on delivering high quality products and services, currently selling into >75 countries directly through its well-established distributor network, as well as digitally through its newly developed, fully integrated commercial website which lists over 43,000 products for sale. This approach has enabled PTS to continue to deliver strong sales growth over the last three years.

In the twelve months since acquiring PTS to 31 March 2019, the subsidiary contributed £1.2m to the consolidated profit before tax for the period and £7.1m to Group revenue.

TR has experienced a growing demand for stainless steel fastenings from a number of our global OEM customers. Adding the PTS product portfolio will widen our global stock range to enhance our customer offering and provide further support to our distributor sales (currently 12% of Group revenue).

	Provisional fair values disclosed^ £000	Adjustments to provisional fair values £000	Recognised fair value £000
Property, plant and equipment	253	–	253
Intangible assets	4,816	–	4,816
Inventories	2,417	(164)	2,253
Trade and other receivables	1,324	–	1,324
Cash and cash equivalents	632	–	632
Trade and other payables	(1,218)	187	(1,031)
Provisions	–	(50)	(50)
Deferred tax liabilities	(861)	–	(861)
Net identifiable assets and liabilities	7,363	(27)	7,336
Consideration paid:			
Initial cash price paid	8,781	–	8,781
Contingent consideration at fair value*	598	–	598
Total consideration	9,379	–	9,379
Goodwill on acquisition	2,016	27	2,043

^ These figures were disclosed in the Annual Report for the year ended 31 March 2019

* Original contingent consideration fair value at acquisition date

The fair value of trade and other receivables is £1.3m. The gross contractual flows to be collected are £1.1m. The best estimate at acquisition date of the contractual flows not to be collected is £nil.

Intangible assets that arose on the acquisition include the following:

- £3.7m of customer relationships, with an amortisation period deemed to be 15 years
- £1.1m of marketing related intangibles, with an amortisation period deemed to be 12 years

Goodwill is the excess of the purchase price over the fair value of the net assets acquired and is not deductible for tax purposes. It mostly represents potential synergies, e.g. cross-selling opportunities between PTS and the Group, and PTS's assembled workforce.

Effect of acquisition

The Group incurred costs of £nil up to 31 March 2020 (FY2019: £0.1m) in relation to the PTS acquisition. In FY2019 the £0.1m of costs were included in administrative expenses in the Group's consolidated statement of comprehensive income and formed part of separately disclosed items, see note 2. This was offset by a movement of £0.1m in acquisition related contingent consideration.

33 *Trifast* plc subsidiaries

	Country of incorporation or registration	Issued and fully paid share capital	Principal activity
Europe			
Trifast Overseas Holdings Ltd	United Kingdom		Holding Company
Trifast Holdings B.V.	Netherlands		Holding Company
TR Fastenings Ltd	United Kingdom		Manufacture and distribution of fastenings
TR Southern Fasteners Limited	Republic of Ireland		Distribution of fastenings
TR Norge AS	Norway		Distribution of fastenings
TR Miller Holding B.V.	Netherlands		Distribution of fastenings
Lancaster Fastener Company Ltd	United Kingdom		Distribution of fastenings
TR Fastenings AB	Sweden		Distribution of fastenings
TR Hungary Kft	Hungary		Distribution of fastenings
TR Fastenings Poland Sp. Z o.o	Poland		Distribution of fastenings
TR VIC SPA	Italy		Manufacture and distribution of fastenings
VIC Sp. Z o.o.	Poland		Distribution of fastenings
TR Kuhlmann GmbH	Germany		Distribution of fastenings
Precision Technology Supplies Ltd	United Kingdom		Distribution of fastenings
TR Fastenings España – Ingenieria Industrial, S.L.	Spain		Distribution of fastenings
Asia			
TR Asia Investment Holdings Pte Ltd	Singapore		Holding Company
TR Formac Pte Ltd	Singapore		Manufacture and distribution of fastenings
TR Formac (Malaysia) SDN Bhd	Malaysia		Manufacture and distribution of fastenings
TR Formac (Shanghai) Pte Ltd	China		Distribution of fastenings
Special Fasteners Engineering Co Ltd	Taiwan		Manufacture and distribution of fastenings
TR Formac Fastenings Private Ltd	India		Distribution of fastenings
Power Steel & Electro-Plating Works SDN Bhd	Malaysia		Manufacture and distribution of fastenings
TR Formac Co. Ltd	Thailand		Distribution of fastenings
Americas			
TR Fastenings Inc	USA		Distribution of fastenings
Dormants			
Trifast Systems Ltd	United Kingdom		Dormant
Ivor Green (Exports) Ltd	United Kingdom		Dormant
Charles Stringer's Sons & Co.Limited	United Kingdom		Dormant
Fastech (Scotland) Ltd	United Kingdom		Dormant
Micro Screws & Tools Ltd	United Kingdom		Dormant
Trifast International Ltd	United Kingdom		Dormant
Rollthread International Ltd	United Kingdom		Dormant
TR Group Ltd	United Kingdom		Dormant
Fastener Techniques Ltd	United Kingdom		Dormant
Trifast Qualifying Employee Share Ownership Trustee Ltd	United Kingdom		Dormant
Trifix Ltd	United Kingdom		Dormant
Serco Ryan Ltd	United Kingdom		Dormant
TR Europe Ltd	United Kingdom		Dormant

All of the above subsidiaries have been included in the Group's financial statements.

Percentage of ordinary shares held		
Group	Company	Office Address
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	–	Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands
100%	–	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	–	Mallow Business & Technology Park, Mallow, Co. Cork, P51 HV12, Republic of Ireland
100%	–	Masteveien 8, NO-1481 Hagan, Norway
100%	–	Kelvinstraat 5, 7575 AS, Oldenzaal, Netherlands
100%	–	Stevant Way, Northgate, White Lund Industrial Estate, Morecambe, LA3 3PU, UK
100%	–	Box 4133, Smedjegatan 6, 7tr, SE-131 04 Nacka, Sweden
100%	–	Szigetszentmiklós, Leshegy út 8, 2310 Hungary
100%	100%	Al Jerozolimskie 56c, 00-803 Warszawa, Poland
100%	–	Via Industriale, 19, 06022 Fossato Di Vico (PG), Italy
100%	–	Wroclaw, ul Wiosenna 14/2, Poland
100%	–	Lerchenweg 99, 33415 Verl, Germany
100%	–	The Birches Industrial Estate, Imberhorne Lane, East Grinstead, West Sussex RH19 1XZ, UK
100%	–	Calle De La Cilencia 43, Viladecans, Barcelona, CP 08840, Spain
100%	–	57 Senoko Road, Singapore 758121
100%	–	57 Senoko Road, Singapore 758121
100%	–	1 & 3 Lorong Iks Juru 11, Taman Industri Ringan Juru, 14100 Simpang Ampat, Seberang Perai (S), Pulau Pinang, Malaysia
100%	–	No. 1222, JinHu Road, Pudong, Shanghai, PR China. 201206
100%	–	9F.-3 No. 366, Bo Ai 2nd Rd., Kaohsiung 81358, Taiwan, R.O.C
100%	–	Plot No:180, Door No:2, 10th Cross Street, Mangala Nagar, Porur, Chennai-600 116, India
100%	–	Jalan Pengapit 15/19, Section 15, 40000 Shah Alam, Selangor Darul Ehsan, Malaysia
100%	–	29/1, Piya Place Langsuan, 6th Floor, Unit no.6H, Soi Langsuan, Ploenchit Rd., Lumpini, Patumwan, Bangkok 10330 Thailand
100%	–	11255 Windfern Road, Houston, TX. 77064
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	International House, Stanley Boulevard, Hamilton Intnl Technology Park, Blantyre, Glasgow, Scotland, G72 0BN
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
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100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
100%	100%	*Trifast* House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK

34 Alternative Performance Measures

The Annual Report includes both GAAP measures and Alternative Performance Measures (APMs). The latter of which are considered by management to better allow the readers of the accounts to understand the underlying performance of the Group. A number of these APMs are used by management to measure the KPIs of the business (see pages 68 to 69 for Key Performance Indicators) and are therefore aligned to the Group's strategic aims. They are also used at Board level to monitor financial performance throughout the year.

The APMs used in the Annual Report (including the basis of calculation, assumptions, use and relevance) are detailed in note 2 (underlying profit before tax, EBITDA and underlying EBITDA) and below.

- **Constant Exchange Rate (CER) figures**

These are used predominantly in the Business review and give the readers a better understanding of the performance of the Group, regions and entities from a trading perspective. They have been calculated by translating the 2020 income statement results (of subsidiaries whose presentational currency is not sterling) using FY2019 average annual exchange rates to provide a comparison which removes the foreign currency translational impact. The impact of translational gains and losses made on non-functional currency net assets held around the Group have not been removed.

- **Underlying operating margin**

Underlying operating margin is used in the business review to give the reader a better understanding of the performance of the Group and regions. It is calculated by dividing underlying operating profit by revenue in the year.

- **Underlying diluted EPS**

A key measure for the Group as it is one of the measures used to set the Directors' variable remuneration, as disclosed in the Directors' remuneration report. The calculation has been disclosed in note 26.

- **Return on capital employed (ROCE)**

Return on capital employed is a key metric used by investors to understand how efficient the Group is with its capital employed. The calculation is detailed in the Glossary on pages 184 to 185. The numerator is underlying EBIT which has been reconciled to operating profit below. Note 2 explains why the separately disclosed items have been removed to aid understanding of the underlying performance of the Group.

	Note	**2020** **£000**	2019 £000
Underlying EBIT/Underlying operating profit		**18,089**	24,196
Separately disclosed items within administrative expenses			
IFRS2 share based payment charge	23	**(2,030)**	(2,454)
Acquired intangible amortisation		**(1,409)**	(1,419)
Net acquisition costs	32	**–**	(3)
Project Atlas		**(2,505)**	(3,117)
Impairments of goodwill		**(7,761)**	–
Costs on exercise of executive share options		**(307)**	(107)
Operating profit		**4,077**	17,096

34 Alternative Performance Measures continued

- **Underlying cash conversion as a percentage of underlying EBITDA**

This is another key metric used by investors to understand how effective the Group were at converting profit into cash. Since the underlying cash conversion is compared to underlying EBITDA, which has removed the impact of IFRS2 share based payment charges (see note 2), the impact of these have also been removed from the underlying cash conversion. The adjustments made to arrive at underlying cash conversion from cash generated from operations are detailed below. To reconcile operating profit to underlying EBITDA, see note 2.

	2020 £000	2019 £000
Underlying cash conversion	**22,579**	17,154
Acquisition expenses	–	(101)
Costs on exercise of executive share options	**(289)**	(107)
Deferred consideration	**(503)**	–
Project Atlas	**(2,383)**	(3,162)
Cash generated from operations	**19,404**	13,784

- **Underlying effective tax rate**

This is used in the underlying diluted EPS calculation. It removes the tax impact of separately disclosed items in the year to arrive at a tax rate based on the underlying profit before tax.

	2020			2019		
	Profit impact £000	**Tax impact £000**	**ETR %**	Profit impact £000	Tax impact £000	ETR %
Profit before tax	**3,042**	**(3,280)**	**107.8%**	16,421	(4,177)	25.4%
Separately disclosed items	**14,011**	**(653)**	**4.7%**	7,100	(1,370)	19.3%
Underlying profit before tax	**17,053**	**(3,933)**	**23.1%**	23,521	(5,547)	23.6%

- **Adjusted net debt and adjusted net debt to Underlying EBITDA (adjusted leverage) ratio**

This removes the impact of IFRS 16 from both net debt and Underlying EBITDA from FY2020. There is no impact to FY2019 as IFRS16 was applied under the modified retrospective approach, see note 1. Underlying EBITDA is reconciled to operating profit in note 2.

	2020 £000
Net debt	**(30,270)**
Right-of-use lease liabilities	**15,109**
Adjusted net debt	**(15,161)**

	2020 £000
Underlying EBITDA	**23,525**
Operating lease payments	**(3,505)**
Adjusted EBITDA	**20,020**

- **Interest cover**

This is Adjusted EBITDA to adjusted net interest, removing the impact of IFRS 16 from both in FY2020. There is no impact to FY2019 as IFRS16 was applied under the modified retrospective approach, see note 1. Underlying EBITDA has IFRS 16 removed above and is reconciled to operating profit in note 2.

	2020 £000
Net debt	**(1,035)**
Right-of-use liability interest	**365**
Adjusted net interest	**(670)**

35 Reconciliation of net cash flow to movement in net debt

	2020 £000	2019 £000
Net change in cash and cash equivalents	**3,220**	(1,152)
Proceeds from new loan	**(45,026)**	(12,136)
Repayment of borrowings	**41,620**	5,953
Net increase in right-of-use liabilities	**(816)**	–
Payment of finance lease liabilities	**74**	2
Net proceeds from borrowings	**(4,148)**	(6,181)
Increase in net debt before exchange rate differences	**(928)**	(7,333)
Exchange rate differences	**(892)**	607
Increase in net debt	**(1,820)**	(6,726)
Opening net debt	**(14,157)**	(7,431)
Opening right-of-use liabiltiies at 1 April 2019	**(14,293)**	–
Closing net debt	**(30,270)**	(14,157)

Net debt consists of cash and cash equivalents, right-of-use liabilities and other interest-bearing loans and borrowings (both current and non-current) on the statement of financial position.

36 Changes in financial liabilities including both cash flows and non-cash changes

	2020 £000	2019 £000
Balance at 1 April	**39,356**	33,653
Opening right-of-use liabilities as 1 April 2019	**14,293**	–
Balance at 1 April (restated)	**53,649**	33,653
Cash flow changes	**(155)**	6,181
Foreign exchange on loans	**1,185**	(461)
Foreign exchange on translation of subsidiaries	**61**	(17)
Right-of-use liabilities additions	**3,913**	–
Right-of-use liabilities disposals	**(21)**	–
Right-of-use liabilities interest	**365**	–
Balance at 31 March	**58,997**	39,356

Liabilities arising from financing activities include other interest-bearing loans and borrowings and right-of-use liabilities.

37 Revenue from contracts with customers

In line with IFRS15 *Revenue from Contracts with Customers* we have included the disaggregation of external revenue by sector, breaking this down by our geographical operating segments.

March 2020	**UK £000**	**Europe £000**	**USA £000**	**Asia £000**	**Total £000**
Electronics	**4%**	**4%**	**1%**	**5%**	**14%**
Automotive	**9%**	**13%**	**4%**	**8%**	**34%**
Domestic appliances	**2%**	**12%**	**–**	**6%**	**20%**
Distributors	**9%**	**–**	**–**	**2%**	**11%**
General industrial	**7%**	**3%**	**–**	**1%**	**11%**
Other	**5%**	**4%**	**–**	**1%**	**10%**
Revenue from external customers (AER)	**36%**	**36%**	**5%**	**23%**	**100%**

March 2019	UK £000	Europe £000	USA £000	Asia £000	Total £000
Electronics	3%	5%	2%	5%	15%
Automotive	10%	13%	2%	8%	33%
Domestic appliances	1%	12%	–	7%	20%
Distributors	10%	–	–	2%	12%
General industrial	7%	3%	–	1%	11%
Other	5%	3%	–	1%	9%
Revenue from external customers (AER)	36%	36%	4%	24%	100%

Shareholder information

04

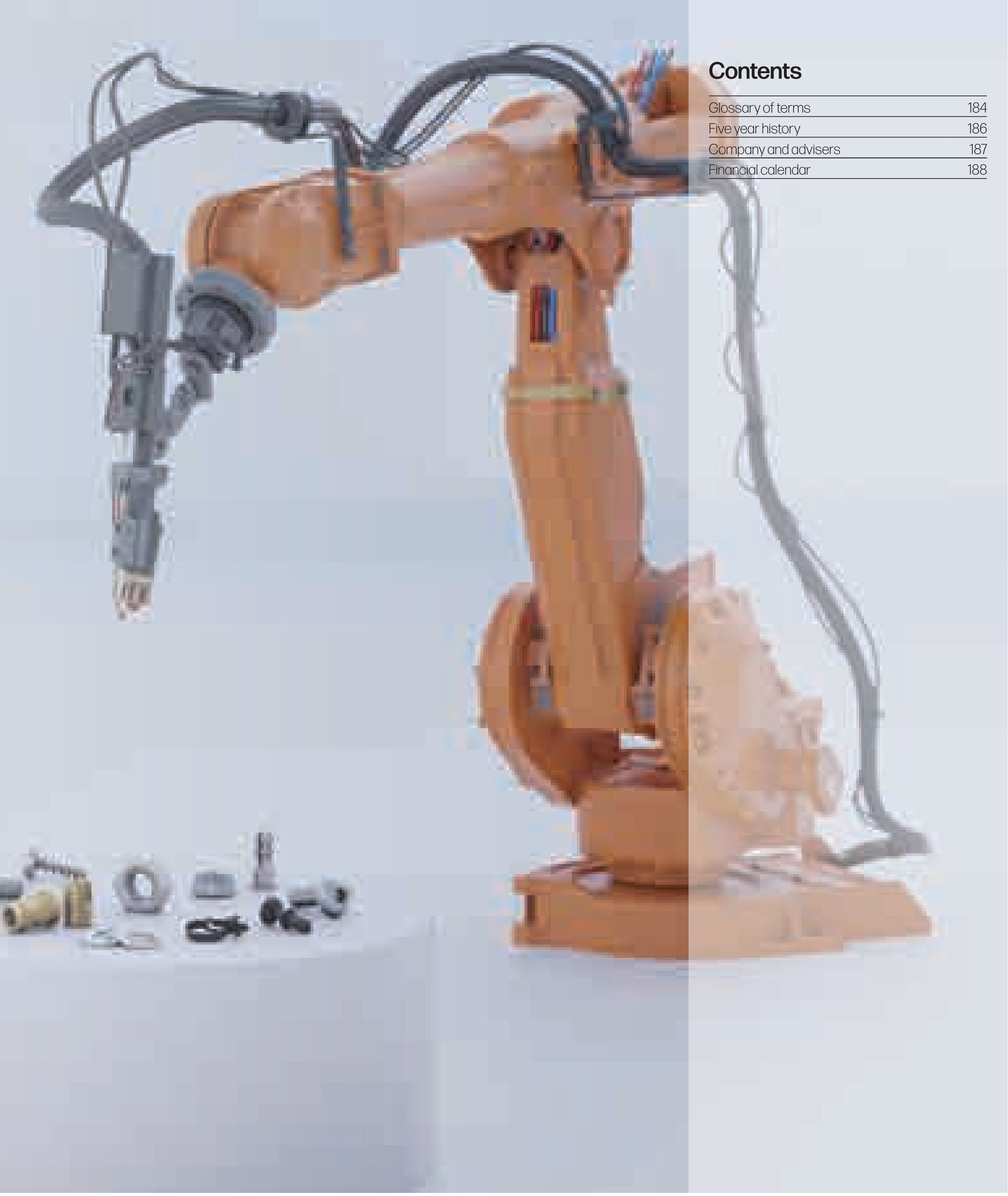
ENABLING INNOVATION WITHIN ROBOTICS & AUTOMATION

Once being the topic of science fiction, robotic automation and drone service integration is augmenting and replacing human activities in today's ever changing economic and social landscape.

Read more about **innovation** on pages 36 to 37

Pursuing increased productivity, accuracy and efficiency whilst reducing human exposure to dangerous or extreme environments are more available than ever with new enabling technologies in systems, drives, batteries and materials. Advances in artificial intelligence empowers auto-adaptability in autonomous robots and drones alongside collaborative and conventionally programmable robots. Cost effective, modular, more flexible and more capable equipment are accelerating the growth of drones and personal robots, fully automated production facilities as well as improved logistics and warehousing.

Our purpose is to enable business agility for our customers in this modern and rapidly evolving industry through our engineering resources, product expertise and local support and supply to stay ahead of the development curve in intelligent automation trends. Be it, autonomic farming or attended robotic manufacture, warehouse automation or drone service integration, entertainment, health or security services, *TR* Fastenings is facilitating the continuation of automation innovations.



Contents

Glossary of terms

AER
Actual Exchange Rate.

Assets
Anything owned by the Company having a monetary value; e.g. fixed assets such as buildings, plant and machinery, vehicles (these are not assets if rented and not owned) and potentially including intangibles such as trademarks and brand names, and current assets, such as inventory, debtors and cash.

Average capital employed
Averaged using month-end balances and opening capital employed. Capital employed is the sum of net assets and net debt.

Balance sheet (or statements of financial position)
These provide a 'snapshot' at a date in time of who owns what in the Company, and what assets and debts represent the value of the Company.

The balance sheet is where to look for information about short-term and long-term debts, gearing (the ratio of debt to equity), reserves, inventory values (materials and finished goods), capital assets, cash, and the value of shareholders' funds. The balance sheet equation is:

Capital + Liabilities (where the money came from)

= Assets (where the money is now)

Book build
Book building is the process by which an underwriter attempts to determine the price at which an initial public offering (IPO) or Placing of equity will be offered.

Broker option
The Broker Option has been issued to facilitate the participation by existing shareholders of the Company, being shareholders of the Company who hold shares in the Company.

CAGR
Compounded Annual Growth Rate.

Cash flow
The movement of cash in and out of a business from day-to-day direct trading and other non-trading effects, such as capital expenditure, tax and dividend payments.

Category 'C' components
Low value components that are wrapped up into our supply proposition for a customer.

CER
Constant Exchange Rate.

Current assets
Cash and anything that is expected to be converted into cash within 12 months of the balance sheet date. For example, debtors or inventory.

Current liabilities
Money owed by the business that is generally due for payment within 12 months of balance sheet date. For example: creditors, bank overdrafts or tax.

Depreciation
The proportion of cost relating to a capital item, over an agreed period, (based on the useful life of the asset), for example, a piece of equipment costing £10,000 having a life of five years might be depreciated over five years at a cost of £2,000 per year.

This would be shown in the income statement as a depreciation cost of £2,000 per year; the balance sheet would show an asset value of £8,000 at the end of year one, reducing by £2,000 per year; and the cash flow statement would show all £10,000 being used to pay for it in year one.

Dividend
A dividend is a payment made per share, to a company's shareholders and is based on the profits of the year, but not necessarily all the profits. Normally a half year dividend is recommended by a company board whilst the final dividend for the year is proposed by the board of directors and shareholders consider and vote on this at the Annual General Meeting.

Dividend cover
Underlying diluted earnings per share over proposed dividend per share in the year.

Earnings before
There are several 'Earnings before…' ratios. The key ones being:

- PBT
  Profit/earnings before taxes
- EBIT
  Earnings before interest and taxes
- EBITDA
  Earnings before interest, taxes, depreciation, and amortisation
- Underlying Profit
  before separately disclosed items (see note 2)

Earnings relate to operating and non-operating profits (e.g. interest, dividends received from other investments).

GAAP
Generally Accepted Accounting Practice.

Gearing
The ratio of debt to equity, usually the relationship between long-term borrowings and shareholders' funds.

GDPR
The General Data Protection Regulation is a regulation by which the European Parliament, the Council of the European Union, and the European Commission intend to strengthen and unify data protection for all individuals within the European Union. It also addresses the export of personal data outside the EU.

Goodwill
Any surplus money paid to acquire a company that exceeds its net assets fair value.

ICAEW
Institute of Chartered Accountants in England & Wales.

Intellectual property ('IP')
This is an intangible asset such as a copyright or patent.

Copyright is the exclusive right to produce copies and to control an original work and is granted by law for a specified number of years.

A patent is a government grant to an inventor, assuring the inventor the sole right to make, use and sell an invention for a limited period.

Legal entity identifier (LEI)
An LEI is a unique identifier for persons that are legal entities or structures including companies, charities and trusts. The obligation for legal entities or structures to obtain an LEI was endorsed by the G20 (the leaders of the 20 largest economies). Further information on LEIs, including answers to frequently asked questions, can be found at https://www.gleif.org/en/about-lei/questions-and-answers

MiFID
MiFID applied in the UK from 2007, and was revised by MiFID II, in January 2018, to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. MiFID II extended the MiFID requirements in a number of areas – new market structure requirements including:

- New and extended requirements in relation to transparency
- New rules on research and inducements
- New product governance requirements for manufacturers and distributors of MiFID 'products'
- Introduction of a harmonised commodity position limits regime

for more visit www.fca.org.uk/markets/mifid-ii

Multinational OEMs
We use this term to include all Original Equipment Manufacturers (OEMs), Tier 1 suppliers in the automotive sector and relevant key sub-contractors in the other sectors we service.

Non-pre-emptive rights
This term refers to an issue or sale of any equity securities by a Company to which pre-emptive rights do not apply.

PDMR
This term stands for Persons Discharging Managerial Responsibility. These relate to people who are Board directors or senior management, who have access to price-sensitive information on a regular basis. As a result, if they buy or sell shares at any time this must be declared in a PDMR notice which is released by the Company via the London Stock Exchange New service (RNS). PDMRs may not deal in the Company's shares in a close period.

P/E ratio (price per earnings)
The P/E ratio is an important indicator as to how the investing market views the health, performance, prospects and investment risk of a plc. The P/E ratio is arrived at by dividing the share price by the underlying diluted earnings per share.

Placing
A placing (called a placement in the US) is the issue of new securities, which are sold directly to holders, usually institutional investors. Unlike a Rights issue a placing of shares is not an offer to existing shareholders; simply to any suitable buyers who can be found. The advantage of a placing is that it is a cheaper and simpler method of raising funds for the business.

PPE
PPE stands for Personal Protective Equipment and includes items such as masks, helmets, gloves, eye protection and high-visibility clothing and is designed to keep people safe.

Pre-emptive rights
Pre-emptive rights are a clause in an option, security or merger agreement that gives the investor the right to maintain his or her percentage ownership of a company by buying a proportionate number of shares of any future issue of the security.

Profit
The surplus remaining after total costs are deducted from total revenue.

Profit and loss account (P&L) (or income statement)
The P&L shows how well the company has performed in its trading activities and would cover a trading account for a period.

The P&L shows profit performance and typically shows sales revenue, cost of sales/cost of goods sold, generally a gross profit margin, fixed overheads and/or operating expenses, and then a profit before tax figure ('PBT').

Retained profit/earnings
Business profit which is after tax and dividend payments to shareholders; retained by the business and used for reinvestment.

Reserves
The accumulated and retained difference between profits and losses year-on-year since the company's formation.

Return on capital employed ('ROCE')
A fundamental financial performance measure. A percentage figure representing earnings before interest and tax against the money that is invested in the business.

Underlying EBIT ÷ average capital employed (net assets + net debt) × 100 = ROCE

Rights issue
A rights issue is the term for when a Company offers more of its ordinary shares to current shareholders, usually to raise extra capital for the business.

Statements of cash flow
The statements of cash flows show the movement and availability of cash through and to the business over a given period. For any business 'cash is king' and essential to meet payments for example to suppliers, staff and other creditors.

Share capital
The balance sheet nominal value paid into the company by shareholders at the time(s) shares were issued.

Shareholders' funds
A measure of the shareholders' total interest in the company, represented by the total share capital plus reserves.

Stock code
A stock code is used to find a listing on the regulatory market such as the London Stock Exchange. *Trifast*'s stock code is TRI

Third party logistics (3PL)
3PL in logistics and supply chain management is an organisation's use of third-party businesses to outsource elements of its distribution, warehousing, and fulfilment services.

Trademark
The name or a symbol used by a manufacturer or dealer to distinguish its products from those of competitors. A registered trademark is one that is officially registered and legally protected.

Working capital
Current assets less current liabilities, representing the required investment, continually circulating, to finance inventory, debtors, and work in progress.

Five year history

	2016	2017	2018	2019	**2020**
Revenue	£161.4m	£186.5m	£197.6m	£209.0m	**£200.2m**
GP margin	29.7%	31.1%	30.5%	30.0%	**27.5%**
Underlying operating profit*	£16.8m	£21.0m	£22.7m	£24.2m	**£18.1m**
Underlying operating profit margin	10.4%	11.3%	11.5%	11.6%	**9.0%**
Operating profit	£13.9m	£17.9m	£19.0m	£17.1m	**£4.1m**
Operating profit margin	8.6%	9.6%	9.6%	8.2%	**2.0%**
Underlying EBITDA*	£18.2m	£22.9m	£24.7m	£26.4m	**£23.5m**
Underlying PBT*	£16.0m	£20.5m	£22.2m	£23.5m	**£17.1m**
PBT	£13.1m	£17.3m	£18.5m	£16.4m	**£3.0m**
ROCE %	18.5%	19.9%	20.1%	18.8%	**12.0%**
Total dividend per share	2.80p	3.50p	3.85p	4.25p	**1.20p**
Dividend increase %	33.3%	25.0%	10.0%	10.4%	**(71.8)%**
Dividend cover	3.6 ×	3.7 ×	3.6 ×	3.4 ×	**8.8 ×**
Underlying diluted EPS*	9.99p	12.82p	13.78p	14.53p	**10.54p**
Diluted EPS	8.50p	10.40p	12.20p	9.90p	**(0.19)p**
Adjusted net debt/(cash)^	£16.0m	£6.4m	£7.4m	£14.2m	**£15.2m**
Cash conversion % of underlying EBITDA*	88.9%	97.3%	68.1%	64.9%	**95.9%**
Share price at 31 March	127p	211p	255p	193p	**95p**

* Before separately disclosed items, see note 2

^ Presented after adoption of IFRS16 Leases in FY2020. For underlying EBITDA and underlying EBITDA%, the impact has been an increase of £3.5m and 170bps at CER (before IFRS16: £20.0m and 10.0%) and £3.5m and 170bps at AER (before IFRS16: £20.0m and 10.0%). For ROCE the impact has been a reduction of 100bps (before IFRS16: 13.0%)

Company and advisers

***Trifast* plc**
Incorporated in the United Kingdom
Registered number: 01919797

LSE Premium Listing:
Ticker: *TRI*

LEI REFERENCE: 213800WFIVE6RWK3CR22

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Clive Watson (Chair)[2]
Scott Mac Meekin
Claire Balmforth

Remuneration Committee
Claire Balmforth (Chair)
Neil Warner[1]
Scott Mac Meekin
Clive Watson[2]

Nominations Committee
Jonathan Shearman (Chair)
Neil Warner[1]
Scott Mac Meekin
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[1] retired 31 July 2020
[2] appointed 30 July 2020

Financial calendar

AGM	12 noon, Tuesday 22 September 2020
Half-yearly results	November 2020
Trading update	February 2021
Financial year end	31 March 2021
Pre-close trading update	April 2021
Preliminary results	June 2021

Details of the Company's up to date Financial reporting calendar can be found on our website at www.trifast.com/investors/financial-calendar/

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