



Innovation
Growing
today for a
sustainably,
better
together
tomorrow



Trifast plc

Annual Report for the year ended 31 March 2022

Welcome from our Chair, Jonathan Shearman



It is my pleasure to invite you to read more about the ongoing journey of delivering the potential that lies within Trifast

Key highlights



1. Before separately disclosed items (see notes 2 and 32)

GAAP measures

	FY2022	FY2022 change	FY2021	FY2020
Revenue growth	218.6	16.2%	188.2	200.2
Operating profit	11.6	32.5%	8.8	4.1
OP %	5.3%	60bps	4.7%	2.0%

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Highlights

- Strong recovery in HY1 and robust growth in HY2 drives a year-on-year revenue increase of 18.7% (organic 15.9%; acquisition 2.8%, 8.9% organic increase at CER against FY2020)
- Successful phase one price increase negotiation, implemented to mitigate cost inflation, returns gross margins in the month of March 2022 much closer to historic levels
- Underlying operating margins increase to 6.8% (FY2021: 6.4%), as strong sales growth offsets overhead normalisation
- Strong financial position allows further investment in inventory to support sales growth and protect supply, even as lead times remain at historic highs
- Falcon acquired - a first step on our ambitious North American acquisition journey
- Project Atlas, phased roll-out to our largest subsidiary underway, completion expected by end of 2022

Looking ahead

- Focus on emerging markets as disruption drives opportunity, including EV and 5G
- Distributor sector sales expected to remain high, as supply chain challenges persist
- Very strong growth expected to continue in North America as:
 - TR Falcon post-acquisition business plan drives expansion into ET&I and general industrial
 - Organic light vehicle market share gains continue
- Health & home, strong trading expected to continue in Asia, European demand impacted by ongoing Ukraine conflict and downturn in consumer sentiment
- High growth at our Hungarian (ET&I) and PTS (distributors) businesses, supported by the move to larger premises
- Market share gains across the world help to offset semi-conductor shortages in the light vehicle sector
- Risk of recurring lockdown disruption could impact sales at our Chinese location
- Revenue growth to become a function of both volume and price as inflationary pressures persist
- Greater emphasis on product-range expansion and an engineering-led approach to market, to support customer acquisition and development
- Macro uncertainties, including recessionary concerns, have potential to impact markets in the shorter term

Purpose, vision, mission and strategy

Trifast is a leading international specialist in the design, engineering, manufacture and distribution of high-quality industrial fastenings and Category 'C' components, principally to major global assembly industries

Our purpose

To provide Trusted Reliability at every turn to our customers, suppliers and our people, empowering them to deliver sustainable products and solutions that add value to society and our planet

Our vision

To enable innovation today for a better tomorrow

Our strategy

Investing for organic growth

[Read more on page 28](#)

Project Atlas

[Read more on page 30](#)

Engineering-led innovation

[Read more on page 32](#)

Accelerated acquisition journey

[Read more on page 34](#)

Our mission

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, ESG (environmental, social and governance), 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 culture

By working together, we can generate sustainable growth. Our strong values and culture enable us to continue to deliver and grow despite challenging macroeconomic conditions

Our values



Trusted

The organisation and its employees need to trust each other – colleagues need to trust each other – the organisation needs to instil trust in its stakeholders



Reliable

We do what we say we will do when we say we will do it – both inside and outside of our organisation



Inclusive

We work together as a team and respect each other



Fair

We are thoughtful of every individual and consistent in how we interact



Ethical

We are mindful of our impact on others and the environment and demonstrate integrity in all our actions



Excellent

We add value and quality to everything we do for our customers and other stakeholders

Cultural pillars



Being inclusive but pragmatic and empowering



A 'Can Do' attitude, working in an agile manner to deliver practical results



Engaging with employees regularly and meaningfully



Providing development opportunities



Listening



Working together as a professional global team



Communicating openly, positively and regularly



Investing in the future – people/product/property



Saying thank you, being thoughtful and kind to each other



Celebrating success

Chief Executive Officer's review



As we approach our 50 year anniversary in 2023, I am pleased to see how our business is transforming, from an international company with individual operations worldwide, to a more global company, working together as one team



Mark Belton
Chief Executive Officer

Introduction

Over the last few years, we have seen the world change dramatically creating opportunities and challenges along the way. As a Group we have come together and met those changes head on. The combination of the Covid-19 pandemic and the Ukraine conflict has affected everyday life around the world in so many different ways. In business, further obstacles have created a combined macroeconomic backdrop not seen commercially for many decades, manifesting in commodity shortages, to supply chain logistics disruption, plant lockdowns, and significant cost inflation.

Yet despite these challenges, we have had our best trading year ever by revenue, with growth of 18.7%. This resulted in underlying operating profit increasing by 27.1%. Gross margins at the end of March moved much closer to our historic levels and all regions delivered profitable growth. In the summer we also acquired Falcon Fastening Solutions Inc. as part of our strategy to both grow and rebalance our North American region and I am pleased to report that TR Falcon revenue is performing slightly ahead of our original expectations.

We have had to operate smarter, collaborating much more with our customers and suppliers to ensure our Trusted Reliability of supply. I am incredibly proud of how our teams globally have managed it, thanks to the strong relationships that they have developed over many years.

I want to take this opportunity to acknowledge the hard work and commitment of all my colleagues around the world, as none of this could have been possible without their dedication, and their 'can do' spirit.

Overview

At the beginning of the financial year the Covid-19 vaccination programme began to be rolled out and life started to return to some form of new normality. We adapted our working practices to ensure all our people continued to remain safe and that the Group adhered to local government regulations. While virtual communications cut down travel costs and in the main made us more productive, we recognised the importance of working together face-to-face and the comradery that this achieves. The opening up, therefore, of restrictions towards the end of 2021 and into 2022 has been very much welcomed, enabling us to visit and, more importantly, continue to support our people around the business. We are mindful that potential risks associated with Covid-19 remain in many parts of the world, as the recent lockdowns in Shanghai have evidenced, however this has had limited impact on FY2022 and we will continue to adapt our business to ensure our people remain safe and that we are able to service our customers effectively.



Following change and technological developments in our end markets, we revisited our sector analysis in FY2021 to better reflect how we view these markets and the opportunities within them. All sectors within the period showed growth, despite the ongoing supply chain disruption and the temporary factory closures across several of our global OEMs. In particular, we are very pleased to have delivered growth of 7.4% in our Light Vehicle (LV) sector, which represented an outperformance of c.9% against an automotive market that has been subject to significant short-term challenges. We are delighted to report that we have successfully added a number of contractual wins to our order book both from existing and new customer relationships across our key sectors. Sales to distributors and energy, tech & infrastructure (ET&I) sectors were driven by strong underlying demand. We have also continued to see an increased number of opportunities develop in the electric vehicle (EV) market.

Our North America region continues to go from strength to strength, with very strong organic revenue growth further supplemented by acquisition growth from TR Falcon.

The Ukraine conflict has exacerbated wider supply chain disruption, especially in Europe. The direct impact on the business has been minimal with less than 1% of Group revenue going into Russia and Ukraine, however a number of our global customers operating in Europe do also include Russia as an end market which is impacting volumes at specific locations. On behalf of all of us at Trifast our thoughts go out to all those affected by this conflict and we hope the situation can be resolved quickly and family and friends reunited.

The macroeconomic environment (supply chain pressures, together with freight, energy and other input cost increases over the period) created challenges, generating pent up demand but also impacting our margins in the first half of the year. In response to ongoing inflationary pressures, we instigated a co-ordinated price increase programme, with phase one substantially completed by the financial year end. This helped gross margins return closer to more historic levels, although further inflationary cost increases, such as energy incurred during the latter part of the financial year, held back a full margin recovery due to the lag between cost increase and recovery. As part of doing business in this environment we are continuing dialogue with our customers to pass on relevant additional costs and the successful outcome of these negotiations will remain key.

Given the various macroeconomic factors affecting the supply chain, we invested significantly in stock during the period and whilst this has impacted cash generation, it has guaranteed continuity of supply in a period of very high lead times. It is pleasing to report that over this difficult period, we have met our contractual obligations and not let customers down as well as enabling us to capture market share. During FY2023 we expect stock levels to start to unwind as the macroeconomic environment stabilises.

Engineering-led innovation

'Innovation today for a better tomorrow' has long been our mantra and this has never been so important as in this current dynamically changing marketplace. As a society we are moving away from being wasteful towards preservation and conservation; not only do we have a resolute team focused on ESG, but we also have teams of highly skilled engineers who collaborate with customers to help support them on their application fastening issues by developing innovative and cost-effective engineered products. Our agile approach enables customers to develop sustainable products and solutions that will add value to society and the planet.

[Read more on page 32](#)

Accelerated acquisition journey

Following our successful integration and the solid performance delivered by TR Falcon, we continue our acquisition journey. With a focus on our strategic initiatives of rebalancing the regions alongside establishing supply chain support through more on/near-shoring manufacturing capabilities to help deliver economic and environmental benefits.

[Read more on page 36](#)

Chief Executive Officer's review continued

Investing in organic growth

Organic investment is core to our strategy for growth and medium-term margin enhancement. This encompasses our people, our systems and targeted locational investments.

Locational investment

As we continue to expand, we need to ensure that our locations remain fit for purpose. In May 2022 we relocated our high growth Hungary operation to larger, purpose built facilities and around the beginning of FY2024 our UK-based PTS business will also relocate to facilities that are over 40% bigger, enabling it to support future growth and more product ranges for the distributor market.

We recognised early last year that TR VIC, our European manufacturing site, would soon reach its capacity as higher-level demand is set to increase over the next few years. By the end of this calendar year we will have invested c.€4.0m into TR VIC's infrastructure and its machine capacity increasing production capability by over 30% and providing the foundation to produce more in-house, improve efficiencies and localise manufacturing support for our European OEMs and their ESG requirements

[Read more on pages 28 and 29](#)

Project Atlas

Project Atlas, a key driver of future growth and cost efficiencies, has continued to progress over FY2022. After the successful implementation at three sites in Europe, we decided to bring forward the phased roll-out to our highest revenue trading subsidiary TR Fastenings (UK). This in turn will enable us to free up greater capacity sooner. We knew this was always going to be the most complex and challenging roll-out and despite a successful phase one, we have seen a delay, to the end of calendar year 2022, in the implementation of phases two and three due to capacity constraints balancing supporting and protecting the growth we have seen, against training and educating the same people involved in Atlas. Although early days, we are pleased to report that the benefits of Atlas, both expected and unexpected, are being seen already within the business. Again, I would like to express my thanks to all our people involved in this transformational project. To undergo a change like this is difficult in the best of times, but to do it in the environment we have seen over the last few years is testimony to their resilience and strength of character.

[Read more on page 30](#)

People

We place great importance on the development and training of all our people. As part of our investment in Atlas we have launched a comprehensive human resources module which includes a global Employee Assistance portal to support staff in all aspects of wellbeing and an Online Learning Management System to complement face-to-face Development training. During the year we expanded our talent pool in our commercial function to drive our ambitious growth plans.

In March 2022, Scott McDaniel joined us as North America Regional Director. He has a wealth of operational and business leadership skills and has worked in a variety of industries including large global industrial fastenings companies. Scott will also sit on the Operational Executive Board (OEB) and is responsible for driving profitable growth in North America, both organically and acquisitively. As part of our succession planning, Glenda Roberts (who previously held the responsibility for the US), will continue to provide mentorship to the US team and remain Global Projects and Marketing Director.

We have further strengthened our Group compliance team to ensure that we continue to meet the expectations of our stakeholders. From April 2022, Lyndsey Case became Head of Governance and we welcomed Christopher Morgan, an experienced FTSE 250 practitioner, to the plc team as Group Company Secretary. To increase our strategic resilience within the business, Maddy Webb, who has been with the business for 21 years, has become Head of Risk, while Neil Stanbury joined us in March 2022 to assume the role of Global Director of Quality. With our strong growth aspirations, continual improvement initiatives, combined with the importance of environmental, social and governance (ESG), the enhanced team provides a stronger structured framework of governance.

Outlook

As a Group, we continue to see significant scope to build the business through a mix of organic market share growth, as well as through strategic acquisitions. We are pleased with the progress we are making, albeit the operating backdrop continues to require considerable effort to be applied to managing rising inflationary costs and supply chain disruption, as well as the ongoing roll out of Project Atlas. I remain incredibly proud, as well as amazed as to how the TR teams around the Group cope with all of this on a daily basis.

A rigorous focus on service levels and responsiveness have strengthened the Group's position in its established markets during this challenging period and have created incremental opportunities with key international OEM customers. While supply lead times are now stabilising across most of our territories, they remain at historically high levels at c.50+ weeks vs. c.25 weeks pre 2020 and so we have continued to invest in inventory to support customer demand.

In the first three months of the new financial year Group trading has been solid with c.10% growth in total revenue (at CER). We are continuing to see an increased number of opportunities in high growth and emerging technologies, with good momentum in new contract wins and our pipeline has never been so strong.

Revenue growth in the first quarter has been achieved despite ongoing challenges in certain markets. We welcomed the easing of the Shanghai lockdown in June, having seen trading in our Chinese operations significantly affected in the first two months of FY2023. This is estimated to have impacted revenue by c.£1.5m, although providing there are no further lockdowns in China, we envisage recouping a good proportion of this by the end of FY2023. Whilst less than 1% of Group revenue is directly derived from Russia, the conflict is having an indirect impact on some of our European health & home customers, coupled with some volume reductions as a result of a downturn in consumer sentiment. Our light vehicle OEM/Tier 1 customers continue to manage through semi-conductor chip shortages across all regions.

We continue to be proactive in both cost management and pricing actions to mitigate the impact of ongoing, significant, inflationary cost increases. These actions are proving effective, albeit the lag between cost increase and recovery has continued to be seen in margins in the first quarter.

Given the unprecedented political and economic times the short term outlook for the Group is proving somewhat challenging to predict. However our Q1 performance, together with new contract wins and the growing pipeline, gives us confidence in delivering strong revenue growth in FY2023, despite a cautious view as to how quickly some of our specific market headwinds described above abate. We anticipate inflation in many cost areas will remain elevated over the remainder of the year and we will continue to take proactive steps to mitigate the impact of this on our margins.

The medium term is increasingly exciting and as a Board we remain confident that the fundamentals of our business model and strategy position us well to become a larger, more profitable company. Over the coming financial year we will continue to make steady progress through a mix of customer service, technical innovation, investment and capturing key opportunities being presented.

We look forward to updating you on our journey over the coming months and as always thank you for the interest you have shown in our business.

Mark Belton

Chief Executive Officer



Investment case – key reasons to invest

Trifast has one clear aspiration – to become a much bigger, more profitable company than the one we are today



A global leader in attractive markets

TR is a key global brand in a highly fragmented market. Our established global customer relationships and access to high growth/emerging markets support strong organic and acquisitive growth for the medium term



Pages 16 to 25




Ambitious growth strategy

Targeted investment in organic growth opportunities facilitates ongoing market share gains and enhanced profitability. Accelerated acquisition journey focused on North America further enhances growth via improved access to the world's largest fastenings market



Pages 26 to 37



Robust balance sheet and focus on capital allocation

A strong balance sheet, flexible banking facilities and a structured capital allocation framework provide the capability and confidence to invest for enhanced long-term returns



Pages 38 to 41



Focus on sustainability

Trifast is committed to securing a sustainable future. Our sustainability strategy will help us play our part in shaping a sustainable economy, using our technical expertise to drive innovation that adds value to society and our planet



Pages 42 to 51

Driving growth through our business model

Our distinctive mix of engineering expertise, high-quality manufacturing, and adaptable, reliable global logistics support delivery of our purpose

Our competitive strengths

A leading global brand

TR is a recognised and established global brand across a wide range of manufacturing sectors

Technical know-how and design-led engineering capabilities

Our engineering teams get involved from the start of the enquiry and design process, collaborating with our global OEM/Tier 1 customers to make the right fastener design decisions before full scale production begins and throughout the supply cycle

Global logistics

We have established secure and proven logistic networks across the world, offering seamless and reliable supply to c.75 countries. From complex Vendor Managed Inventory (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

High-quality, multi-locational manufacturing

Our seven manufacturing plants are spread across Asia, Europe and the UK, enabling us to offer our customers enhanced engineering capabilities and greater flexibility of supply and pricing

Network of trusted global suppliers

Established and proven relationships across the world ensure Trusted Reliability and flexibility, all the more important in the current challenging supply chain macroenvironment

Strong investment record

Investment into our manufacturing capabilities and our high growth distribution sites is targeted to best support our global OEM/Tier 1 customers and underpin growth. Whilst our digital evolution, via Project Atlas, has been specifically designed to support a more integrated and global approach to market

How we do it

We are a 24/7 'full service provider' offering 'end-to-end' support to all our customers


Our in-depth understanding of customer needs through our dedicated account management teams allows us to better serve them, leveraging our global scale on a local basis

We continuously strive to develop relationships with new global OEM/Tier 1's, identifying opportunities for future routes to supply

Underpinned by our values and culture

[Read more on page 03](#)



Design 

Assemblies cannot function without fastenings. Our custom-engineered components support the freedom and versatility of design necessary to allow our customers to create world-class products

In addition, we provide invaluable input when engaged early in the design phase. Our engineers' design expertise helps solve customer application problems within an assembly, providing cost efficiencies as well as enhancing performance

Produce 

Our global manufacturing plants provide reliable, timely and high-quality product to our key customers 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

Procure 

Two-thirds of the Group's revenue is sourced from our established global network of world-class external suppliers. This means we are not restricted by geography or in-house facilities. By being a 'one-stop' solution for all customers' components we are able to streamline and tailor the procurement process to meet our customers' needs

Deliver 

Our established, secure and proven logistic networks across the world offer seamless, reliable and cost-effective supply regardless of customer location - being where our customers need us to be is central to our Trusted Reliability

Creating value

For our customers

c.15 billion parts reliably supplied across the world

£31.7m invested in stock, to mitigate fluctuating demand levels

For our people

Remote and hybrid working appropriately supported across the globe

Launch of global LifeWorks system - offering support 24/7, 365 days a year

For our suppliers

No credit terms extended, to support sustainable supply

Enhanced communication, for improved capacity scheduling

For our shareholders

Return to interim and final dividend - 2.10p and 3.9x cover

TSR + 11.6% ten year CAGR

For our communities

£2.8m of direct taxes paid

Community projects supported in c.5 countries

Key strategic indicators

Our medium-term targets

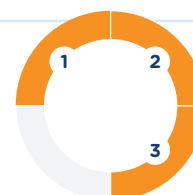
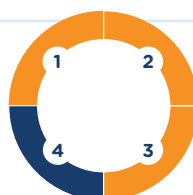
Our ambitious growth strategy is focused on achieving our medium-term aspiration to become a much bigger, more profitable company than the one we are today. Our key strategic indicators (KSIs) have been designed to allow us to effectively monitor our progress on that journey

Indicator (AER)	Revenue growth vs GDP (%) ¹	Underlying operating margin (%) ¹																
Medium-term target	In excess of GDP - FY2022 4%	10-13%																
Key metric	<table border="1"> <tr><th>Year</th><th>Value</th></tr> <tr><td>2022</td><td>13.6%</td></tr> <tr><td>2021</td><td>(6.0)%</td></tr> <tr><td>2020</td><td>(4.2)%</td></tr> </table>	Year	Value	2022	13.6%	2021	(6.0)%	2020	(4.2)%	<table border="1"> <tr><th>Year</th><th>Value</th></tr> <tr><td>2022</td><td>6.7%</td></tr> <tr><td>2021</td><td>6.4%</td></tr> <tr><td>2020</td><td>7.9%</td></tr> </table>	Year	Value	2022	6.7%	2021	6.4%	2020	7.9%
Year	Value																	
2022	13.6%																	
2021	(6.0)%																	
2020	(4.2)%																	
Year	Value																	
2022	6.7%																	
2021	6.4%																	
2020	7.9%																	
Definition	<p>Group organic revenue growth is calculated as Group sales less acquisitions in the current financial year, against the prior year at actual exchange rate</p> <p>Global GDP growth has been independently calculated based on time frame (ref: Oxford Economics)</p>	Underlying operating profit as a percentage of sales																
Why we measure it	Our ambitious growth strategy makes revenue growth in excess of prevailing macroeconomic conditions an important barometer of the Group's success	Our medium-term aspiration is to become both a bigger and more profitable company, making margin improvement a key measure of our success. Underlying operating margin enhancement is expected to come from operational leverage gains, gross margin improvements and operational efficiencies																
Our progress in FY2022	The Group delivered 13.6% organic revenue growth, 960bps higher than global GDP in FY2022, reflecting a very strong recovery from Covid-19 trading levels	We have seen recovery in underlying operating margins in FY2022 of 30bps, reflecting higher trading levels, offset by a slower recovery in gross margins due to inflationary pressures and a post-pandemic normalisation of our underlying cost base																

Link to strategy

Key to strategy

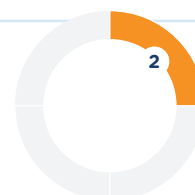
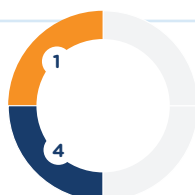
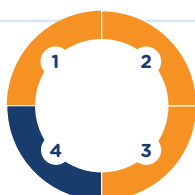
- 1 Investment for organic growth
- 2 Project Atlas
- 3 Engineering led innovation
- 4 Accelerated acquisition journey



1. Our KPIs/KSIs include a number of Alternative Performance Measures (APMs) to provide further information on the Group's financial performance and position. Where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2). For further details on the APMs, see note 32



Underlying ROCE (%) ¹	Group revenue in North America (%)	Atlas implementation (% of employees)
10-15%	>25%	100% of employees²
<p>2022 8.3%</p> <p>2021 6.8%</p> <p>2020 8.8%</p>	<p>2022 8.0%</p> <p>2021 5.1%</p> <p>2020 5.4%</p>	<p>2022 12.6%</p> <p>2021 1.6%</p> <p>2020 nil</p>
Underlying operating profit as a percentage of average capital employed (net assets + gross debt)	Revenue generated by our North American region as a percentage of Group revenue	The number of employees that we have rolled out to cumulatively, as a percentage of the number of planned Atlas employee implementations
ROCE looks beyond profit to measure how efficiently we are able to generate a return to our investors. Enhancing this metric continues to be a key focus for the Group. Our strategic priorities and capital allocation criteria have been specifically set to support this	North America is the biggest fastenings market in the world, and yet it forms less than 10% of the Group's revenue. A truly global fastenings business needs a North American region of credible scale and reach. Our medium-term target has been specifically set to redress that imbalance	Project Atlas is considered an essential part of our ongoing growth plans, both organic and acquisitive. The medium-term benefits case supporting this investment has an ROI of >25% expected at the point of full realisation. These benefits will only be fully possible once we have completed our implementation journey
Our ROCE increased by 150bps in FY2022. This reflects increased profitability, against a higher employed capital, in part due to the inventory investments the Group has made to counter supply chain challenges	Our revenue growth in North America has been extremely strong at 82.0%. Of this, 31.5% represents organic growth from our existing distribution business in Houston and 50.5% comes from the successful acquisition of TR Falcon in August 2021	FY2022 has seen two further successful implementations at our sites in Holland and Spain in June 2021 and phase one of the three-phase roll-out to our biggest trading subsidiary, TR Fastenings (UK). Phase two and phase three is now on track to complete by the end of calendar year 2022



● Organic ● Acquisitive

2. Based on original scoping

Key performance indicators

The Board, OEB and operational management teams regularly monitor a range of financial and non-financial key performance indicators (KPIs) to allow them to measure performance against expected targets

Financial KPIs

Underlying cash conversion ratio (%) ¹	Working capital as a percentage of revenue (%) ¹	Underlying diluted earnings per share (EPS) ¹																		
<table border="1"> <tr><td>2022</td><td>66.8%</td></tr> <tr><td>2021</td><td>147.9%</td></tr> <tr><td>2020</td><td>105.1%</td></tr> </table>	2022	66.8%	2021	147.9%	2020	105.1%	<table border="1"> <tr><td>2022</td><td>46.5%</td></tr> <tr><td>2021</td><td>34.1%</td></tr> <tr><td>2020</td><td>37.7%</td></tr> </table>	2022	46.5%	2021	34.1%	2020	37.7%	<table border="1"> <tr><td>2022</td><td>8.13p</td></tr> <tr><td>2021</td><td>6.24p</td></tr> <tr><td>2020</td><td>8.64p</td></tr> </table>	2022	8.13p	2021	6.24p	2020	8.64p
2022	66.8%																			
2021	147.9%																			
2020	105.1%																			
2022	46.5%																			
2021	34.1%																			
2020	37.7%																			
2022	8.13p																			
2021	6.24p																			
2020	8.64p																			
<p>Definition</p> <p>Underlying cash generated from operations as a percentage of underlying EBITDA</p>	<p>Definition</p> <p>Current assets excluding cash, less current liabilities excluding debt like items</p>	<p>Definition</p> <p>Underlying profit after tax divided by the weighted average number of diluted ordinary shares outstanding during the year</p>																		
<p>Why we measure it</p> <p>Our quality of earnings is reflected in our ability to consistently turn underlying EBITDA into cash, allowing us to maintain a sustainable return of cash back into the business to fund our ongoing growth journey</p>	<p>Why we measure it</p> <p>An efficient allocation of capital on the balance sheet drives improved quality of earnings and reduces the additional investment needed to support organic growth. Working capital efficiency remains an ongoing focus, which we expect to be further assisted by the continued roll-out of Project Atlas</p>	<p>Why we measure it</p> <p>EPS is a key metric for the Group and our wider stakeholders. Our strategy for growth is therefore focused on increasing this ratio year-on-year</p>																		
<p>Our progress in FY2022</p> <p>The current high levels of macroeconomic uncertainty and supply chain challenge necessitated a much higher than normal investment in stock, of £31.7m, in FY2022. This has led to an overall negative conversion of underlying EBITDA into cash. We consider this to be a temporary position and expect to revert to more normalised levels once the macroenvironment settles</p>	<p>Our progress in FY2022</p> <p>The current high levels of macroeconomic uncertainty and supply chain challenge necessitated a much higher than normal investment in stock, of £31.7m, in FY2022. This has increased our working capital as a percentage of revenue to 46.5% (FY2021: 34.1%). We consider this to be a temporary position and expect to revert to more normalised levels once the macroenvironment settles</p>	<p>Our progress in FY2022</p> <p>Our EPS has increased by 30.3% in FY2022 due to the increase in profits against a reasonably static number of shares in issue</p>																		
<p>Link to strategy</p>	<p>Link to strategy</p>	<p>Link to strategy</p>																		



Non-financial KPIs

Employee engagement index

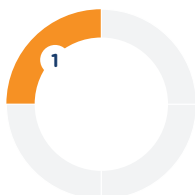


Definition
The overall rating that our employees have scored the Group (out of ten) in our latest Group-wide 'Happiness Index' survey

Why we measure it
It is important that we are aware of how our employees are feeling on a number of topics, so we can take any necessary actions to ensure we continue to appropriately support our people

Our progress in FY2022
The latest survey was run in November 2021. Results are made available to all Trifast employees and have been formally reported at Board and OEB level. Our overall score of 7.5 is considered good, however actions plans are in place to ensure we react to specific findings as appropriate

Link to strategy



EcoVadis rating



Definition
An independently generated rating intended to assess the Company's sustainability management system

Why we measure it
The Group is committed to maintaining high standards of environmental management, social practices and corporate governance in our business and supply chain. Our stakeholders need to understand the wider impact we have on the environment and socio-economically

Our progress in FY2022
The Group established its new sustainability strategy, including a clear vision, targets and objectives, in September 2021 and published its first standalone Sustainability Report in November 2021

Link to strategy



Find out more in the sustainability section on pages 42 to 51

Key to strategy

- 1 Investment for organic growth
- 2 Project Atlas
- 3 Engineering-led innovation
- 4 Accelerated acquisition journey

- Organic
- Acquisitive

1. Our KPIs/KSIs include a number of Alternative Performance Measures (APMs) to provide further information on the Group's financial performance and position. Where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2). For further details on the APMs, see note 32

Investment case

A global leader in attractive markets

TR is a key global brand in a highly fragmented market. Our established global customer relationships and access to high growth/emerging markets support strong organic and acquisitive growth for the future

34

global locations

c.75

countries supplied

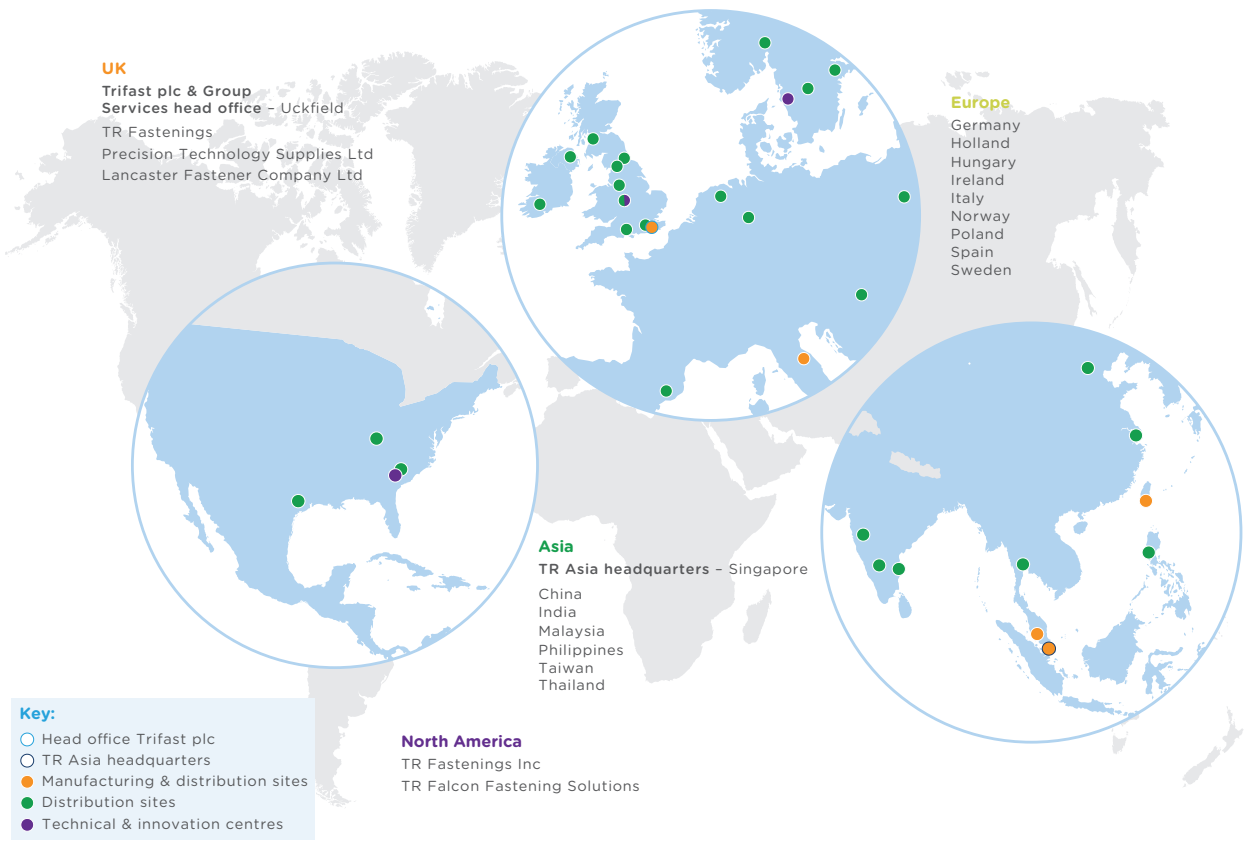
A global leader in attractive markets

Ambitious growth strategy

Robust balance sheet and focus on capital allocation

Focus on sustainability

Where we operate



Investment case

Global leader operating in attractive markets

Fast-paced markets driven by environmental and technological change create new opportunities across sectors, products and geographies

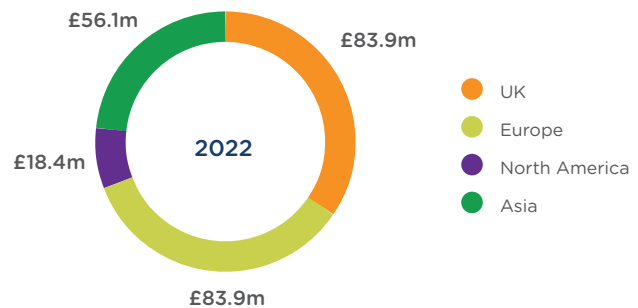
What sets Trifast apart

Trifast is one of only a handful of global fastenings suppliers, setting us apart from the many national and regional players that operate in our market. This puts us in a prime position to support our multinational and global customers as they continue to look to rationalise their supplier base.

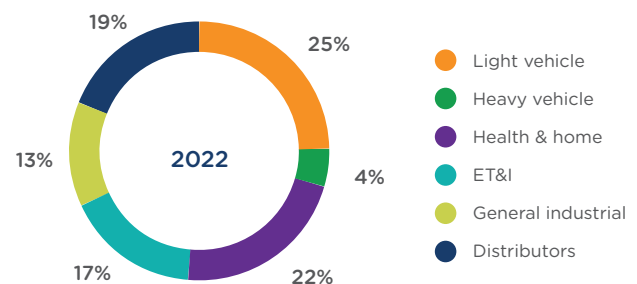
Our core focus is on the supply of more complex, engineered components complemented by the highest levels of customer-centric commitment. In this non-commoditised part of the market, competitive pressures are lower and margins higher, as customers prioritise quality, reliability and engineering support over the lowest possible price. Our combined manufacturing and distribution presence provides a USP against a competitor base that predominantly focuses on one or the other. This allows us to offer our customers enhanced engineering capabilities with a greater flexibility of supply and pricing.

A balanced sector portfolio and wide geographical spread provide appropriate protection from some of the more cyclical markets in which we operate. The long-standing relationships we hold with our global and multinational customers are a key part of our ongoing successful growth journey. Moreover, with no one customer representing more than 7.5% of the Group's turnover, our customer concentration risk remains low.

Revenue by region - FY2022¹



Revenue by sector - FY2022



c.£60bn

market size, with no one player holding >5%

>75%

of our revenues are customer-specific branded products

18 years

average tenure of our top ten customers

<7.5%

sales to any single customer

30:70

manufacturing to distribution ratio

1. Revenue by regions includes internal sales



Change brings opportunity

Perhaps this last year, more than any other, has shown us that ‘change is the only constant’. We have seen strong market demand, but also supply chains extended, legislation tightened, costs inflated and specific product dependencies come to light.

This dynamic and growing environment has revealed the strength of our teams and the resilience of our own manufacturing locations, together with our partner suppliers, allowing these communities to meet the demands of our growing customer base.

With a laser-focused customer-centric workforce, we have managed significant lead time increases in supply chains by investing in our global inventory. Where appropriate, this investment has been further complemented by our engineering expertise, using our bespoke parts database, allowing components to be replaced with alternatives that meet design and quality criteria, thereby our customers maintain production in the face of heightened product availability challenges.

Self service in a digital world has been augmented by the increased content in our newly launched website. This encompasses c.6,500 pages of product information including technical data and installation animations. The enhanced technical and engineering data within our knowledge base is designed to support engineers, specifiers and programme managers, with over 5 million page views in 2021. As working from home increases, we will continue to invest in our web and digital capabilities to build upon the momentum we have seen and serve the evolving shift in working patterns.

We began to pivot our focus over the last two years to market sectors where disruption through technology, legislation, or both, drives the opportunity to expand our product offering and value-add proposition. This was achieved by deploying team members based around the globe in an agile manner. We continue to invest in these global multi-disciplined teams to allow us to carry on creating the most value for our customers.

Compliance with newly issued legislation or preparing to be compliant with anticipated changes to legislation, has required customers and prospective customers alike to accelerate design cycles beyond what was once considered normal.

When combining this pace of design change with a declining knowledge of fastener engineering among customers and with new product needs such as electricity conduction for electric vehicles, our class-leading levels of knowledge, partnership and value creation add significant value to our customers.

Start-up disruptor businesses in particular have a need to be guided through fastener design and, like many of our customers, often the first place their engineers visit is our website. Aiding their new designs, they can seek technical data, downloading TR drawings, CAD files and product animations that prove the functionality within their applications. One positive consequence of this digital proliferation is we have started to see TR part references appear across global OEM platforms, driving enquiries from brand new sources needing to use our product.

The genesis of many of these start-up companies has been the opportunity to penetrate markets that are going through extreme change and there is no better example of this than the electrification of vehicles (EV), whether they be light vehicles or heavy vehicles, all driven by ever-increasing sustainability goals.

We see technology and legislation come together with environmental and social wellbeing concerns creating needs and opportunities, in turn opening up the competitive landscape to new entrants. In one instance we have helped develop a bill of materials for a micro-turbine business that installs small wind turbines powering remote 5G base stations, and in another instance we helped develop small screws that hold together ground-breaking mobile test kits for viruses. Both of these examples were also underpinned by a customer need for pace, agility and technical know-how.

You will see (pages 20 to 25) how the thread of ESG change intertwines across all our market sectors and often provides the platform to underline our value proposition.

With electrification generating around twice the opportunity for TR than that of a combustion engine in our light vehicle and heavy vehicle market sectors, there are possibilities abound for our engineering teams to help design-in components that support a greener planet. In a similar vein, the Right to Repair Regulations promotes the need of using fastener content to help diminish the throwaway culture that exists across many products in our health & home market sector.

Of course, alongside value creation and customer-centricity there has been the need to address inflationary costs throughout the supply chain. It is testament to the high level of customer service delivered by our colleagues around the world, that our price increase discussions have been supported by us providing an uninterrupted supply. With careful preparation and a fact-based approach, customers have been engaged to ensure that price increases are presented and processed with the same degree of professionalism as any other component of our customer relationship.

Investment case

Meeting the future

Opportunities for growth continue to come through dynamic changes across market segments and geographies. We place a specific focus on market sectors and customers that are impacted and/or involved in disruptive technologies and legislative change.

It is these customers that often place the greatest value on TR's offering as we are able to operate as first responders to customers' needs throughout the cycles of development.



Energy, tech & infrastructure

What's in the sector

Power distribution, power generation, tech equipment and 5G infrastructure systems

Key reasons we focus on this sector

Global internet traffic 7.7 exabytes per day in 2021, up from 2.4 in 2016 (ref. Cisco)

Worldwide 5G roll-out in process, with 6G in the medium term view

Global mobile data traffic estimated to grow 55% annually, 2020-2030 (ref. Researchgate)

By 2025 - 5G infrastructure expected every 200m in many major cities (ref. The road to 5G, McKinsey)

Urbanisation trends relating to deployment of supporting infrastructure

 Global weather trends tied to need of heating/cooling/quality of air

 Expected legislation disruption (CO₂ gases, energy efficiency)

Market developments

Perhaps more than any other sector we see the disruptive nature of technology shifts coming to bear in ET&I.

The Internet of Things, 5G, working from home, urbanisation and the general connected nature of society drive investment and growth in infrastructures and products that unite all of these influences.

Power distribution, electronics, data centres, antennae, sub-marine cabling for oceanic data & power transfer and much more have all played their part in a frenetic year of activity for this sector and a strong pipeline for TR in the years ahead.

Changes in society drive consumer demands, along with governments committing to post-Covid-19 infrastructure programmes leading to high-value investments.

Our customers have turned to TR to support with agility, engineering know-how and logistical nimbleness.

Our manufacturing capabilities have underpinned our value-add proposition, meeting the needs of this varied customer base regardless of geography.

Market sector matches to TR's strategic value proposition

Global market share opportunities

Engineering-led discussions

 ESG sensitive

Intercompany manufacturing capacity

New range expansion tackling new legislation or new tech

We create customer value through

Dedicated global sales and engineering structure

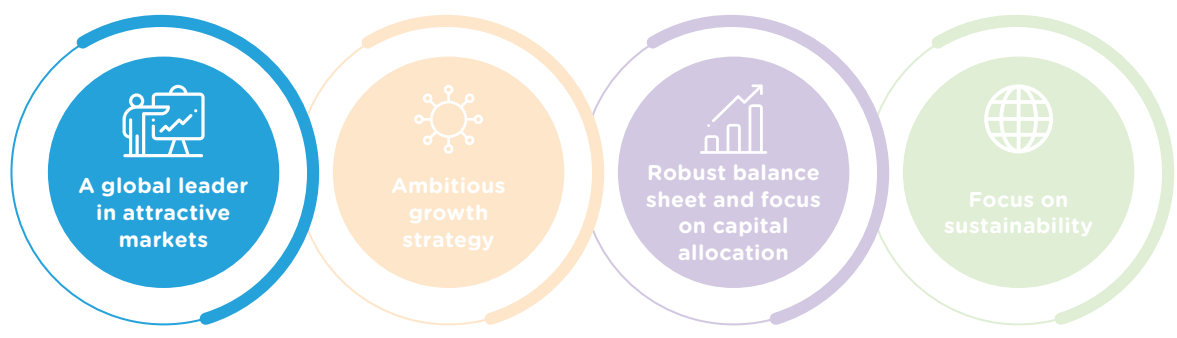
Regional full-service provider (FSP)

New product range development

Programme management through seamless phasing new parts into new programmes

Engineering solutions with in-depth training offer

 Near-shoring or onshoring opportunities



Light vehicle

What's in the sector
 Passenger vehicles, SUVs, niche builds, leisure and off-road - 2 & 4-wheelers

Key reasons we focus on this sector

- 7.4% revenue growth in FY2022 (LMC: (1.5)%)
- US government commit to invest \$5 billion to build a national EV charging network
- 5.9% five-year CAGR forecast in light vehicles sales (ref: LMC)
- Government ban on sale of ICE cars - UK (2030), EU (2035) and China (2035)

Market developments

For some peers, the story of the year might well be microchip availability; however, for TR, our resounding narrative is one of new product ranges and new customers as the EV market continues to accelerate.

As ESG rules surrounding exhaust and noise emissions tighten, so too do the time frames for deployment of new technologies. The pace, agility and creative thinking required is epitomised by our sales and engineering teams around the world.

Even as we meet customer technical demands, whether that be through our own manufacturing locations or via our supply chain partners, the pressure to onshore with supply chain transparency has increased and will continue to do so.

Start-up EV firms have become disruptive, sometimes funded or owned by big-tech firms or lesser-known philanthropists. With a less developed internal knowledge of fastener design, TR's expertise is proving invaluable to these businesses.

The addressable fastener content within new tech EV vehicles is around twice that typically available to TR on an internal combustion engine (ICE) car platform - as we introduce everything from high performance plastic components (through our specialist plastics team) to compression limiters, screws for plastic and battery fixings.

Market sector matches to TR's strategic value proposition

- Engineering-led discussions
- ESG sensitive
- Global platforms serviced locally
- Intercompany manufacturing capacity
- Sweet-spot new range expansion
- Legislative change provides new opportunities

We create customer value through

- Dedicated global sales and engineering structure
- New product range development
- Engineering solutions with in-depth training offer
- Rapid prototyping with intercompany manufacturing
- Part and supplier rationalisation
- Near-shoring or onshoring opportunities

Investment case

Meeting the future continued



Health & home

What's in the sector

Medical, health and domestic appliance industry

Key reasons we focus on this sector

Strong forecast growth in underlying markets
9.8% CAGR forecast in global household appliances market, 2022-25 (ref. Statista)
7.2% CAGR forecast in the global health and fitness club market, 2021-26 (ref. Research and Markets)

Government commitments to health and wellbeing, e.g. £12 billion p.a. health and social care investment in the UK, via The Health and Social Care Levy
\$127.0 billion domestic appliances global value add forecasted in FY2023 (ref. Oxford Economics)

Market developments

Our personal wellbeing has finally reached the top of the list for many governments, institutions and employers alike. While wellbeing is a deliberately broad term, from psychological to physiological and all that is in between, the change to society has brought into sharp focus the tools needed to promote better personal outcomes.

Our health & home market sector captures many of those tools that are of a physical construct - from rowing machines and electric bikes, to washing machines, coffee makers and hair dryers - they have all seen a recovery to or resurgence past pre-Covid-19 pandemic volumes.

The demand for these products intertwines with new technology deployment allowing connectivity (through Wi-Fi or 5G) to meet with longevity (improved battery performance, or Right to Repair Regulations).

This market sector, alongside the electronics segment inside energy, tech & infrastructure (ET&I), has the fastest cycle period between product launches. As consumer and compliance demands continue, our customers pivot fast to change design and to flex around the world, so we anticipate a growing need for the many services we offer.


Customer factories are starting to move continents in order to meet legislative needs for regional manufacturing and satisfy the consumer impatience on long delivery times.

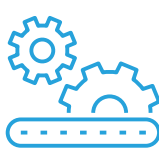
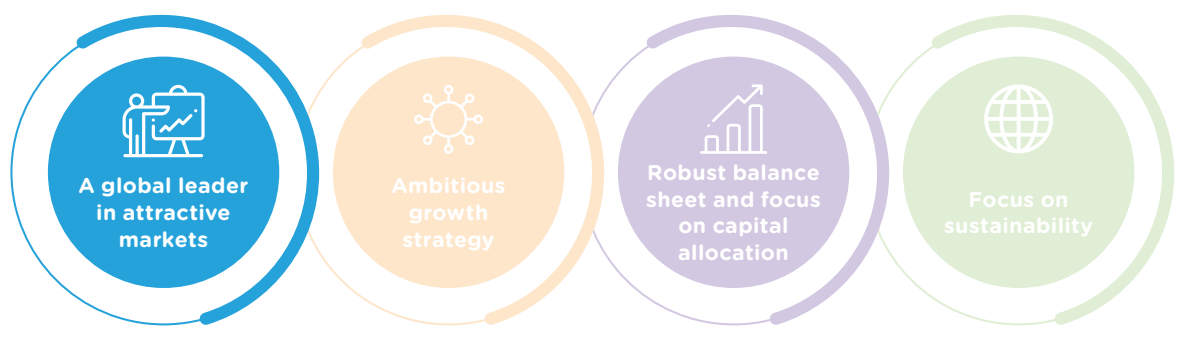
TR is well placed to support this type of change and has done so on several occasions in this past year, winning market share in the process. We anticipate that this activity will continue to increase in the coming years.

Market sector matches to TR's strategic value proposition

- Engineering-led discussions
- Global platforms serviced locally
- Sweet-spot new range expansion
- Intercompany manufacturing capacity
-  Legislative changes provide new entry points (Right to Repair Regulations)

We create customer value through

- Dedicated global sales and engineering structure
- New product range development
- Engineering solutions with in-depth training offer
- VMI & FSP options by location
- Part and supplier rationalisation
-  Near-shoring or onshoring opportunities



General industrial

What's in the sector

Generalised industries not specific to any one end-market, from sheet metal sub-contractors to machinery builders and plastic moulding companies

Key reasons we focus on this sector

3.2% CAGR growth forecast for global industrial production, FY2022-FY2027 (ref. Oxford Economics)

Legislation changes for businesses requiring transparency of supply chain favour TR over smaller competitors

Market developments

While regional needs vary from geography to geography, the fundamentals of this broad group of companies remains the same - industrial expertise, locally executed, requiring deeper inventory from its supply chain across a wider range of products.

This basket of business types has seen a strong resurgence above pre-pandemic levels.

Supply chain challenges and the risk of non-supply has been one of the core reasons for our growth in FY2022 - deploying the supply chain know-how and product knowledge of our sales and engineering teams to make parts available to this customer base when our competitors could not.

The share of wallet enhancement through market circumstances has led to permanent retention of customers and parts, as our global operational team continue to deliver outstanding service.

Market sector matches to TR's strategic value proposition

Global market share opportunities

Engineering-led discussions

Intercompany manufacturing capacity

Legislative change provides new opportunities

Nimble supply chain addressing low to medium volume components

We create customer value through

Dedicated global sales and engineering structure

Regional full-service provider (FSP)

New product range development

Supplier and part rationalisation, access to deep inventory holding for standard items

Rapid prototyping using intercompany manufacturing

ESG committee, structure and policies support customers without this in place

Investment case

Meeting the future continued



Heavy vehicle

What's in the sector

Vehicles and products associated with the bulk movement of people, goods and services

Key reasons we focus on this sector

Legislative change for emissions and sound external stats on disruption to the markets

Last mile delivery increases through spending pattern change

Consumer demand/mass urbanisation drives people and product movement

Market developments

Whether a vehicle is light or heavy, it cannot avoid the progress of change. Burdened with a reputation for environmental pollution (noise, air quality or road damage) the heavy truck and van industries are focused on 'cleaning up their act', and this change heralds rapid design changes that would have previously occurred over a decade or more.

Front and centre of this sector transformation is electrification, for both the last mile delivery and the long-haul journey. This has been accompanied with stricter controls on country of origin and a demand for products to be made in the region in which they are used.

Electrification and tech deployment does not stop at trucks and vans but continues into the yellow goods market, locomotive, material handling equipment and all these associated tiers.

Start-ups are not the preserve of the light vehicle sector either, with several high-profile companies aiming to disrupt what has been the preserve of traditional market leaders. Where they lack volume and leverage, they seek speedy support and know-how from TR to bring commonly used items across our database of parts to improve pace to market and lower total costs.

Market sector matches to TR's strategic value proposition

Global market share opportunities

Engineering-led discussions

 ESG sensitive

Sweet-spot new range expansion

We create customer value through

Dedicated global sales and engineering structure

New product range development

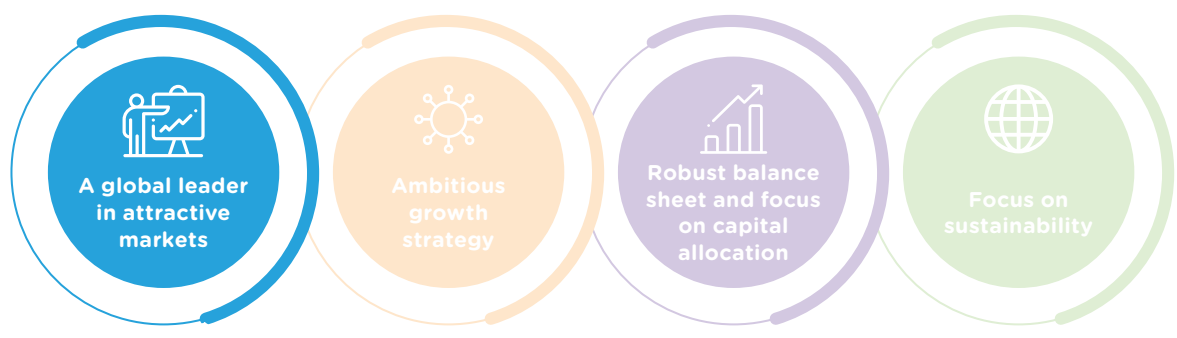
Regional full-service provider (FSP)

Engineering solutions with in-depth training offer

VMI & FSP options by location

Part and supplier rationalisation

 Near-shoring or onshoring opportunities



Distributors

What's in the sector
 Distributor customers in key geographies providing an outlet for TR branded product and associated fasteners

Key reasons we focus on this sector

- 3.0% CAGR growth forecast for global GDP, FY2022-FY2027 (ref. Oxford Economics)
- Ongoing supply chain disruption expected to sustain increased levels of unforecast/infill demand
- Geographic and range extensions provide opportunities for further market share gains
- Transfer of our EU distributor business from the UK to Germany provides additional scope to service customers

Market developments

Our distribution customers remain an invaluable cornerstone of the broad offering TR brings to the market.

This carefully selected community of companies reaches geographies or territories that we cannot, representing the TR brand with a sense of purpose and professionalism.

The agility provided through real-time discussions in local languages has meant that we have seen a significant uplift in our success in this past year.

While this sector is often considered the barometer or early indicator of general market movements, our increased product ranges and broadened distributor customer base gives us the confidence in long-term profitable growth and a continued differentiation from our peer group.

Market sector matches to TR's strategic value proposition

- Sweet-spot new range expansion
- Legislative change provides new opportunities
- Intercompany production of TR branded products

We create customer value through

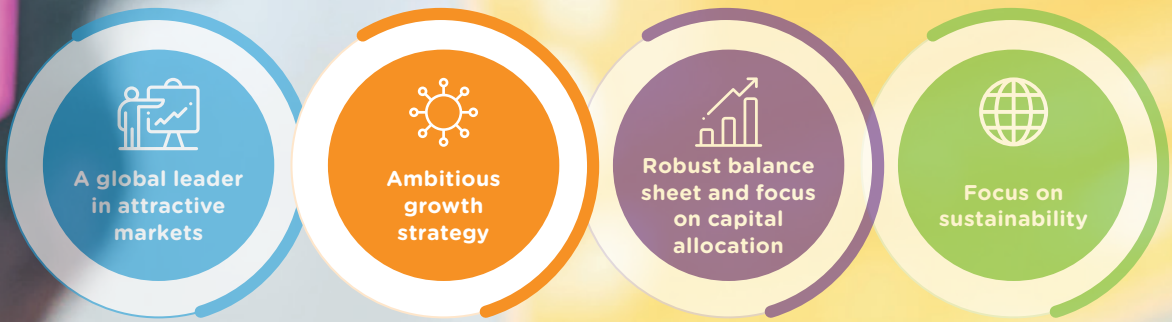
- Leveraged strength of product teams SMEs
- Online offering of design and tech support
- Sales training, marketing strength
- ESG committee, structure and policies support customers without this in place

Strategic report

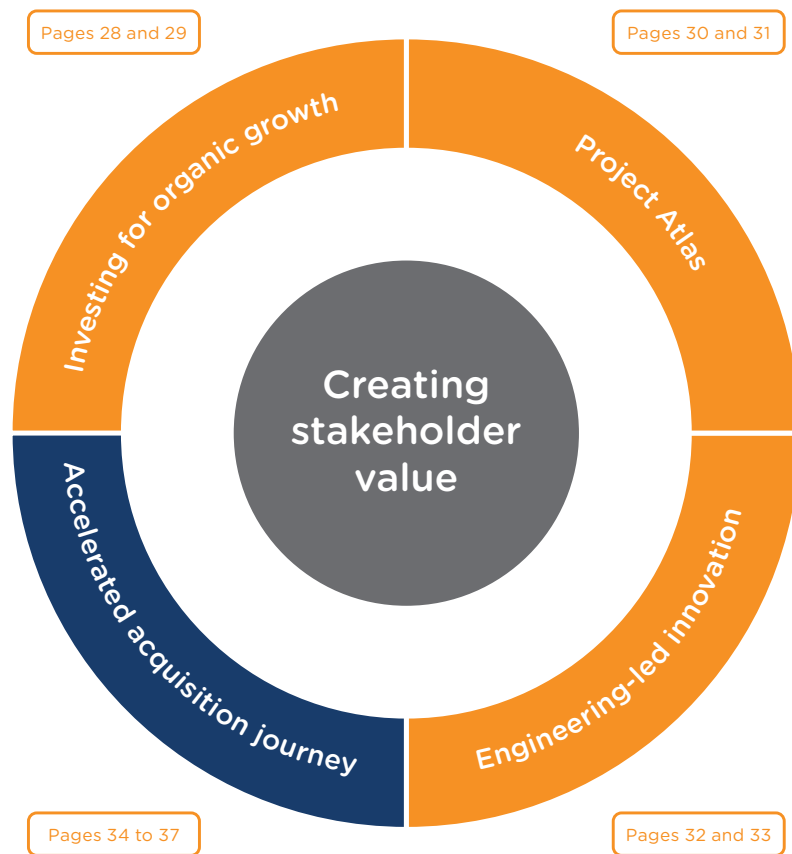
Investment case

Ambitious growth strategy

Targeted investment in organic growth opportunities facilitates ongoing market share gains and enhanced profitability. Accelerated acquisition journey focused on North America further enhances growth via improved access to the world's largest fastenings market



Our four strategic pillars



Investment case

Investing for organic growth

Background

We continue to see focused investment as a core part of our ongoing organic growth, not just via capital expenditure in our warehousing and manufacturing capabilities, but also investing in our people.

Progress in the year

Over the last year we continued to invest in our manufacturing capabilities with a specific focus on building on-shore European capacity at our Italian operations. A significant €4.0m capital expenditure plan was authorised by the Board in October 2021 and work is already well underway that will increase capacity at this Italian site by 30% (see case study on page 29).

Following on from the successful recruitment of our Global Supply Chain Director in June 2020, we have continued to invest in the wider supply chain team, with specific recruitment to support our expertise in regional sourcing for the Americas, India and Eastern Europe. A key focus of this team will be to work closely and develop our trusted supplier base, ensuring that we make the best use of our global purchasing power and enhanced forecasting capabilities, rationalising supply and driving input cost efficiencies.

Further investment into our warehousing facilities has also been approved to support two of our fast-growing distribution sites – PTS, our UK-based specialist stainless steel distributor, and TR Hungary, an energy, tech & infrastructure focused distribution site. Over the last five years, CAGR (normalised to exclude FY2021, due to Covid-19) for Hungary has been 14% and PTS three year CAGR has been 23% (acquired April 2018).

During the year we expanded our talent pool in our commercial function, recruiting over 25 people within sales, engineering and supply chain logistics to drive our ambitious growth plans. At the same time, we have also strengthened our Group governance, risk and quality teams to increase the Group's strategic resilience and provide a stronger structured framework of governance.

Future investment plans

As the business continues to grow, we plan to make ongoing, targeted investments in our people to appropriately support that profitable growth journey and create opportunities for the future.

Following on from the investment approval given in FY2022, our Hungarian operations moved into their new facilities in Q1 of FY2023 and the PTS move is planned for around the beginning of FY2024. These moves will increase their warehouse capacities by 192% and 42% respectively, to support an ongoing growth journey for years to come.

Looking ahead, we continue to see organic investment as a core part of our ongoing strategy for growth. By expanding our manufacturing capabilities and capacities around the world, we will be able to better balance our manufacturing and distribution mix and improve the Group's overall margins. In addition, we will continue to invest in our distribution businesses, focusing on those geographies that provide the greatest ongoing organic growth opportunities, including Thailand, the USA and Spain.

PTS, stainless steel specialist distributor

23%

three-year CAGR

TR Hungary, ET&I sector focused distributor

14%

five-year normalised CAGR¹

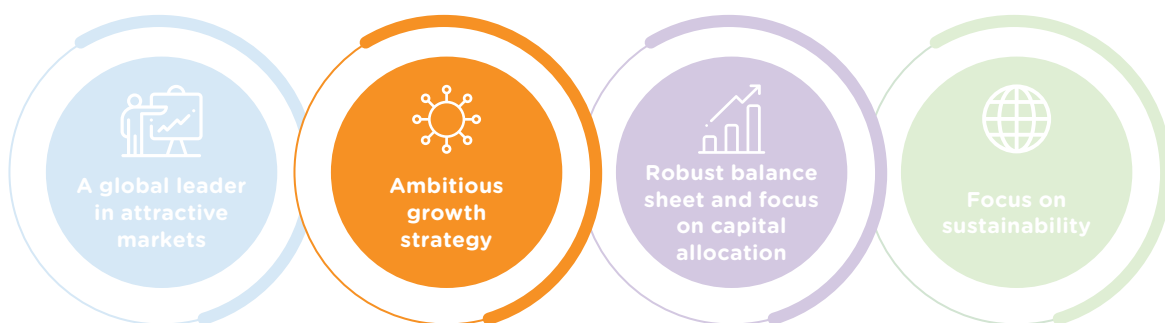
42%

additional warehouse capacity approved

192%

additional warehouse capacity approved

1. Normalised to exclude FY2021, due to Covid-19



Case study: Investing in European manufacturing

Background

TR VIC is our largest manufacturing facility outside Asia, and produces more than one billion pieces annually from its site in Italy. Their main end markets are the health & home sector. However, over the last five years, we have seen accelerated light vehicle and energy, tech & infrastructure sector growth, which together make up c.17% of their revenue.

Coming out of the Covid-19 downturn in Q1 of FY2021, we saw a rapid recovery and growth in the health & home sector in Europe, with huge upswings in consumer demand driving volumes to record levels. Since then and throughout FY2022, demand has continued, although some reductions, related to the Ukraine conflict, and downturn in consumer sentiment have been seen at the start of FY2023. Looking ahead, activity will be further supplemented by new business wins in the light vehicle and energy, tech & infrastructure sectors.

Investment case

As a result of this higher demand, production level requirements are forecast to increase by up to 30% over the next few years. On top of which, ongoing supply chain challenges, higher transport costs and ESG considerations, are increasing our customers' appetite for onshore manufacturing in Europe.

The Group therefore approved a significant capacity investment programme at our Italian site in 2021. This investment is expected to total €4.0m and take a period of 12 months to complete.

Work is already underway, with infrastructure works completed, and machinery now on order or already in place where possible.

Outcome

The investment, in conjunction with an aligned operational efficiency programme, is expected to increase capacity by c.30% by the end of FY2023, thereby providing support for ongoing and future revenue growth at this key European site.

“”

The scale of this investment changes the game for TR manufacturing in Europe

Stefano Pisoni
MD of TR VIC

€4.0m

investment in our Italian manufacturing facility

c.30%

increase in production capacity (c.350 million pieces to 1.4 billion pieces)

Investment case

Project Atlas



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

Stevie Meiklem

Project Lead

Background

Project Atlas is a multi-year transformational investment focused on the development and integration of the Group’s IT infrastructure and underlying processes, policies and procedures. This project is considered an essential part of our ongoing growth plans, both organic and acquisition.

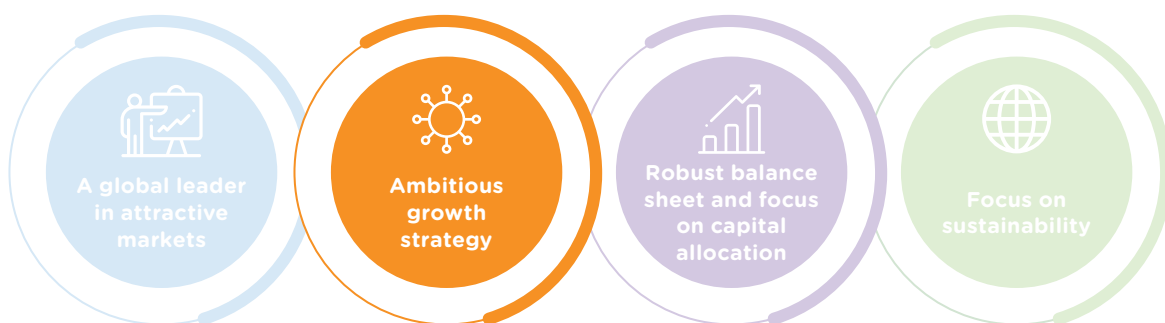
Benefits case

The medium-term benefits case supporting this investment has always been very compelling, with an ROI of >25% expected at the point of full realisation.

We expect full benefit realisation to start in the second half of FY2024 following roll-out across the Group.

Key identified benefits	Gross financial outcome ¹ ROI >25%
<p>Supporting our core strategy:</p> <ul style="list-style-type: none"> Improved global customer activity data supports accelerated penetration into our multinational OEM/Tier 1s Reduced quote times drive additional sales success Smarter and more automated VMI and logistics processes 	Incremental sales growth c.5%
<p>Operational efficiencies and integration:</p> <ul style="list-style-type: none"> Greater integration and automation at enquiry level will facilitate increased in-house manufacturing levels, more effective utilisation of available capacity and a lower external spend Specific investments into warehousing technology will drive down picking errors and manual checking procedures <p>Improving our management information and data management:</p> <ul style="list-style-type: none"> Improved access to our Group-wide product and supplier data will help us further develop and globalise our supplier networks and reduce input cost Improved customer demand planning capabilities and product data will drive more effective stock ordering and holding levels Increased Group-wide supply information will aid combined logistics planning and access to greater economies of scale 	Gross margin improvements c.200bps Reduction in gross stock weeks held by 2-5 weeks, based on normalised stock weeks
<p>Building an adaptable, scalable and stable environment:</p> <ul style="list-style-type: none"> To support successful integration of our acquisition activities 	Accelerated acquisition journey integration

1. Project Atlas is expected to increase business-as-usual costs by c.£3m due to licences, amortisation, maintenance and support costs



Progress in the year

Following the October 2020 roll-out to our pilot site, FY2022 has seen two further successful implementations at our sites in Holland and Spain in June 2021. We are pleased to report that we are already starting to see the resulting positive impact on warehouse efficiencies.

The next stage has been the phased roll-out to our highest revenue trading subsidiary, TR Fastenings (UK). We always expected that this, our most complex trading business, would be the most challenging roll-out of the project. Therefore, a phased approach was planned. As timetabled, phase one rolled out in November 2021, with phases two and three running behind our original HY1 of FY2023 scheduling, and now on track to complete by the end of calendar year 2022. In some part, this delay reflects the impact of the current operational challenges that the wider macroenvironment is placing on the business.

Looking ahead, we anticipate that the current geopolitical and macroeconomic conditions will continue to place a degree of uncertainty on our roll-out timetable. However, we do expect this to be temporary, and are working hard to ensure that we are able to keep any further delays to a minimum.

Because of the work undertaken to date on this project, we have incurred direct costs of £2.6m in FY2022 (cumulatively £14.9m), largely relating to project team, consultancy, localised testing and training costs. We have excluded £1.0m of these costs from our underlying results (see note 2), to reflect the unusual scale and one-off nature of this project.

An ongoing digital evolution

As part of the TR Fastenings implementation we will also see the first roll-out of our new customer engagement module. This additional c.£1.0m investment was separately approved as part of our wider digital roadmap, to provide enhanced customer service, enquiry management and sourcing capabilities beyond the original scope of Project Atlas.

We will continue to actively monitor relevant digital investment opportunities, both in conjunction with and beyond our ongoing roll-out of Project Atlas. Other areas of specific focus include additional demand planning improvements and enhanced forecasting capabilities.

Plans for the future

Over the course of FY2023, we intend to comprehensively review the Atlas benefits case, in the context of our growing post-implementation experience. We do not expect any changes to the overall benefits arising from this key investment, but this process will allow us to provide further detail of how we anticipate those benefits being generated. We look forward to providing more detail on this in due course.



Investment case

Engineering-led innovation

Through Trifast's extensive design and application engineering expertise we are able to offer a value-add proposition, that opens doors and builds long-term customer relationships

Case study: Agility

In the fast-paced, dynamic EV marketplace, traditional timelines have been squeezed and the pace from concept, to design, to launch has accelerated significantly. Alongside this, the plans of many OEMs to electrify part or all of their product offering creates a vast amount of engineering output, cost modelling, quoting, prototyping and project management.

Two core reasons sit at the heart of this shift – the first is driven through legislative overhauls and ambitious timelines, often through political commitments or commitments to the environment. The second reason is that disruptive entrants to the light vehicle market, and now latterly the heavy vehicle sector, move with a pace and agility not encumbered by the structures of traditional large OEMs. This competitive advantage creates a counter-reaction from those OEMs whereby their own expectations of timing are pulled forward.

To accommodate this shift in pace and surging demand for new EV products to replace ICE platforms, one specific global Tier 1 customer of TR asked for an innovative approach to solving the time frame challenges.

Our engineering, sales, marketing and supply chain teams came together to provide a solution that we will also deploy to other customers and sectors, such as has been its success.

To cut down the design and quote time frame for our customer we built a digital catalogue in order to allow them to choose with ease qualified, accredited production parts with guide pricing that could underpin budgetary quotes to their OEMs. This tool is now available online and in their intracompany resources, complemented by physical samples sets that we have put in the hands of our customer's sales and engineering teams around the world.

As a result, the customer's conversion rate of securing new business has increased through often being first in their quote cycle with approved samples available from the outset. The lead times for meeting pre-production builds also reduce with this approach, something that is highly valued in today's environment of extended lead times and supply chain bottlenecks.

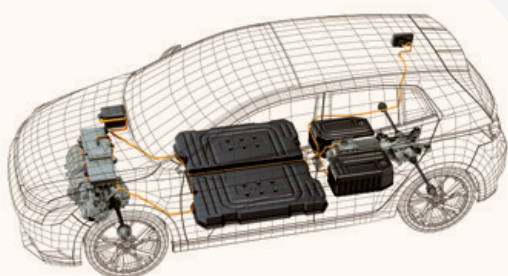
This approach by our TR teams has led to excellent customer satisfaction and recognition, with new business awards being the visible reward and the less tangible, but just as impactful, outcome being an agile, can-do, team-oriented attitude.

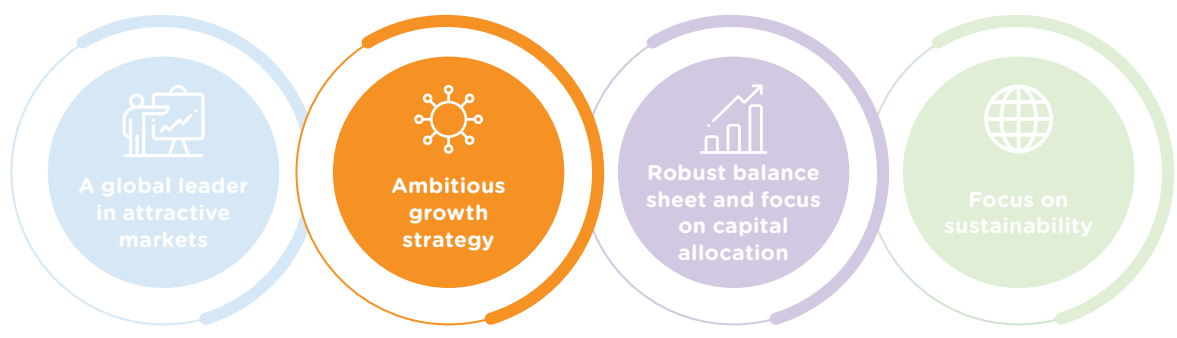
“ ”

In the fast-paced, dynamic EV marketplace, TR's innovative and agile approach puts customers ahead of the competition

Dan Jack

Global Sales and Commercial Director





Case study: Partnership

Product innovation and product range expansion sit at the heart of our offering to distributor customers. We are considered part of our customers' sales and engineering community in the regions they serve.

In this past year the customer centricity of our inside and outside sales teams has not only maintained the highest possible service levels through the realities of Brexit combined with Covid-19, but these teams have purposefully supported these customers with new opportunities to grow their business.

An example of this approach has been to install new product lines at a large distributor customer serving a specific region of Europe. Our marketing and engineering communities provide samples, data, product support, video content, training material and, through the pandemic, online 'Lunch & Learn' sessions which our customers' engineering and sales teams are able to attend virtually.

As we trained and educated this customer around these complementary but new product ranges we were able to measure success via enquiries, time spent on our website, downloads of specific content and ultimately through significant growth in new sales revenue.

Partnership is a word often overused and misunderstood but we believe that TR demonstrates all the virtues of being a like-minded, value-driven supplier partner. The customer in this example has acknowledged that their own sales forecasts and success rates have a linear relationship to our engagement with them. These sentiments give us great cause to be proud.



Working in partnership with our distributor customers provides the foundation for strong mutual growth

Dan Jack
Global Sales and Commercial Director



Investment case

Accelerated acquisition journey



North America is the biggest fastenings market in the world, and yet it forms less than 10% of the Group's revenue. Our appetite to acquire in the region has been specifically set to redress that imbalance

Paul Ranson

Head of Corporate Development

Background

A truly global fastenings business needs a North American region of credible scale and reach and we have a medium-term target to generate at least a quarter of our revenues from North America. Our customer base has an active presence across the USA, Canada and Mexico and to better access this, we need to offer the same full and flexible service in North America as we do in other parts of the world. Moreover, growing demand for onshoring supports specific investment into our local manufacturing capacity.

Our proven track record of regional organic growth (CAGR of c.20% over the last five years excluding FY2021, due to Covid-19) demonstrates that we offer a valuable and attractive proposition to this market.

An appetite beyond North America

Although North America is where our proactive search is focused, as an established global fastenings brand, we regularly engage with businesses and advisers operating in other markets. We will always review any credible targets that are presented to us as we believe that non-organic growth can provide wider opportunities to the existing Group, with the potential to allow us to:

- Accelerate our digital evolution
- Localise in-house manufacturing capacity – supporting customers' growing demands for onshoring

- Balance our manufacturing to distribution ratio – raising Group margins by increasing our proportion of higher-margin manufacturing revenues
- Retain our diversification, by offsetting the strong organic light vehicle sales momentum

Progress in the year

With dedicated internal resource, supported by specialist external advisers and a growing network of contacts across North America and beyond, the Group's position has been substantially enhanced over the course of FY2022. This led to the successful first step on our North American acquisition journey with the acquisition of TR Falcon in August 2021 (see case study on pages 36 and 37), a \$11.1m revenue distributor based in North Carolina.

This remains an interesting time for Trifast's non-organic growth journey and we look forward to reporting on our ongoing progress in due course.

20%

five-year normalised organic CAGR¹

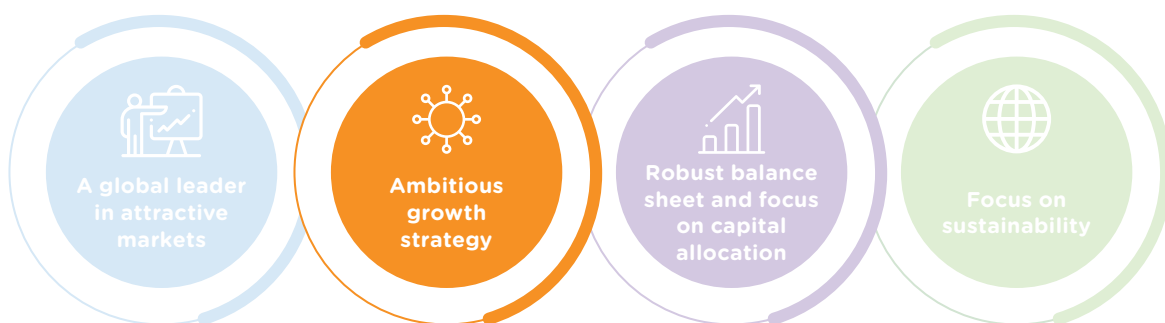
79%

of our top 100 customers actively trading in North America

8.0%

of global revenue generated in North America (medium-term KSI target: >25%)

1. Normalised to exclude FY2021, due to Covid-19



Criteria guidelines	Rationale
Business type	
Manufacturing	<ul style="list-style-type: none"> Well established 'Made in America' customer appetite Growing onshoring demand - due to supply chain challenges and ESG considerations Provides strong support for our ongoing organic growth journey
Distribution	<ul style="list-style-type: none"> Better supports existing and new customers with a strong regional presence Widens our onshore product offering
Size - 'sweet spot' (medium term)	
Revenues - >£10m to £100m EBIT margins - >10% Cash generative	<ul style="list-style-type: none"> Likely to service a number of larger contract customers Expected to have a certain level of process maturity Relatively easy to integrate/absorb into the wider Group Earnings enhancing with a positive Return on capital employed Optimised process time investment to £ benefit ratio
Profitable growth potential	
Forecast organic growth	<ul style="list-style-type: none"> Post-acquisition organic growth Operational leverage gains Dynamic working environment/mindset
Strong post-acquisition strategy	<ul style="list-style-type: none"> Higher value creation Efficient capital allocation Enhanced integration due to closer alignment Improved key staff retention
Culture and values	
Retention of existing management	<ul style="list-style-type: none"> Location-specific experience retained within the business Maintenance of customer and supplier networks Less disruptive to existing staff Maintains local entrepreneurial spirit
Cultural fit, focused on: <ul style="list-style-type: none"> Quality People Strong customer and supplier relationships Honesty Fairness 	<ul style="list-style-type: none"> Strategic alignment Streamlined integration Risk management Less disruptive to existing Trifast culture

Investment case

Accelerated acquisition journey continued

Case study: Acquisition of TR Falcon



This is a fantastic opportunity for Falcon’s employees, customers and suppliers. Becoming part of Trifast has given all of us at Falcon the opportunity to work more closely with a well-respected international business, to share knowledge and experience on both sides and to benefit from being able to access Trifast’s global sourcing, purchasing and marketing capabilities

Giovanni Cespedes
President at TR Falcon

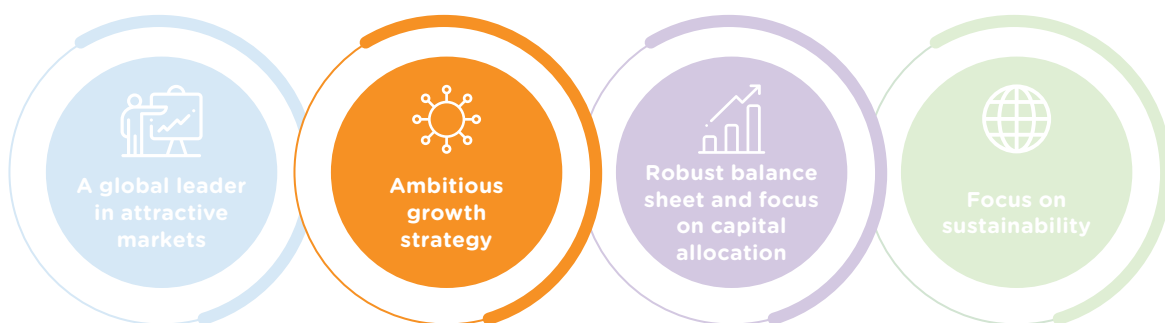
Non-organic growth in FY2022:

\$6.6m
of revenue

0.20p
earning enhancing
in FY2022

\$8.3m
consideration

\$0.5m
of EBIT



TR Falcon is an exciting first step on our accelerated North American acquisition journey

Background

Falcon was originally founded in 1979 as a family-owned distributor of industrial fastenings and Category 'C' components and now operates from two locations in North Carolina and Kentucky. The business specialises in designing customised supply chain solutions that support lean principles in manufacturing to reduce cost and improve efficiency for its clients.

Over 90% of production components supplied by Falcon are customer specials. TR Falcon's focus is on ET&I and general industrial, providing diversification away from the light vehicles sector and with minimal crossover with TR's existing North American customer base.

President and major shareholder Giovanni Cespedes, who has worked for the business since 2008, has remained with the business and continues to lead the Falcon team.

Investment case

Trifast acquired TR Falcon in August 2021 for a total debt-free, cash-free consideration of \$8.3m (£6.0m), which was funded through the Group's existing cash and financing facilities.

TR Falcon provides the Group with a much-improved presence in a key US location, North Carolina, which is home to 29 of our top 100 customers. As a result of this acquisition, we now have the opportunity to gain greater market share by offering a full and flexible TR localised service and have specifically gained access to two new key multinational OEMs operating in the region.

From the Trifast side, we can offer improved sourcing and logistics opportunities, to allow us to increase regional margins across both of our American businesses.



Investment case

Robust balance sheet and focus on capital allocation

A strong balance sheet, flexible banking facilities and a structured capital allocation framework provide the capability and confidence to invest for enhanced long-term returns

A global leader in attractive markets

Ambitious growth strategy

Robust balance sheet and focus on capital allocation

Focus on sustainability

Strategic report

Governance

Financial statements

Additional information

Investment case

Robust balance sheet and focus on capital allocation

Framework

It is the Board's aim to maximise long-term returns. As such, the generation and disciplined deployment of free cash is a core aspect of Trifast's strategy. The following framework and priorities have been established and these are refreshed as part of our annual budgeting process. To allow a consistent approach across projects of varying kinds and also between years, the Board has defined cash flow return on investment as its measure of choice and will look to allocate capital to projects which provide the best return as set against our cost of capital

Ambitious growth strategy

Organic revenue growth is an integral part of our strategy and indeed an area predisposed to higher returns. For the foreseeable future, we believe there is scope for continued increases in market share, such that we deliver average revenue growth in excess of global GDP (see our KSIs on page 12 and 13). However, it is essential that we have adequate working capital to deploy to secure this

As a result of that growth ambition, we view a 70-80% cash conversion of underlying EBITDA to be an appropriate target for the medium term (see our KPIs on page 14 and 15), allowing us to maintain a sustainable return of cash back into the business to fund our ongoing growth journey. Working capital efficiency remains an ongoing focus, which we expect to be further assisted by the continued roll-out of Project Atlas

Investing for organic growth

Sustainable long-term organic growth will always require investment. In addition to working capital requirements, there continues to be opportunities to expand capacity, capability and our product range, allowing us to protect and build our competitive advantage

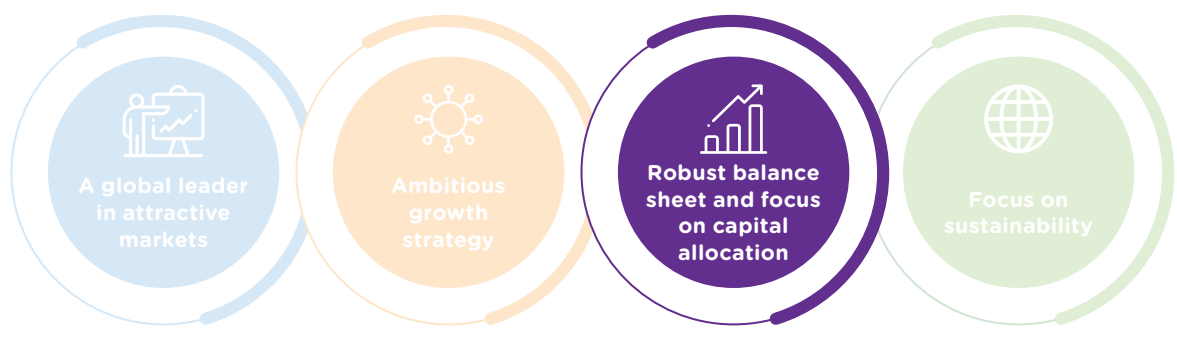
Over and above maintenance capital expenditure, the Board therefore pays particular attention to areas of spend that can become future generators of above-average returns. Building out our manufacturing and distribution footprint, increased digital capabilities and product launches would be typical of this sort of capital allocation (see our investing for organic growth strategy on pages 28 and 29)

A specific point in time

The current high levels of macro uncertainty and supply chain challenge have necessitated a much higher than normal stock holding as at 31 March 2022 (see the financial review on page 53). We consider this to be a temporary position and expect to revert to more normalised levels once the macroenvironment settles. This reversal will provide the opportunity to achieve much higher cash conversion levels than our medium-term target, thereby reducing current leverage multiples and facilitating further investment

70%-80%
of underlying EBITDA
target cash conversion

1.27x
leverage multiple¹
(31 March 2022)



Accelerated acquisition journey

Alongside investment within our existing operations, non-organic growth also forms a critical part of Trifast's strategy. As such, the Board has a well-defined and disciplined approach to acquisitions where our primary financial objective will be to target returns (as an absolute minimum) in excess of our WACC, over a reasonable time frame (see our accelerated acquisition journey strategy on pages 34 and 35)

Returns to shareholders

The Board recognises the role of dividends in forming part of our total shareholder return (TSR). As such, it is committed to a progressive dividend policy with a target dividend cover of between 3x and 4x. For the medium term, the Board believes a payout ratio at the top end of this range is appropriate. This approach will ensure the Group is also able to prioritise investments which will support the Group's strategic development and underpin capital appreciation. Special dividends and share buy-backs, having been considered, do not currently form part of our capital allocation framework

Reward

Equity ownership is a key aspect of our approach to Group-wide remuneration, aligning employees' interests with those of shareholders; schemes exist to facilitate this. Given the desire to minimise earnings dilution from any such awards, the Board plans to make ongoing use of the already established Employee Benefit Trust (EBT) as appropriate

Banking facilities and leverage/gearing

To support our ambitious growth strategy, the Group has access to an £80m revolving credit facility with an additional £40m accordion. Facility headroom (excluding accordion) is £29.3m as at 31 March 2022, providing significant flexibility to continue to invest, subject to leverage appetite levels

The Board has determined that in the current macroeconomic and shareholder environment, it is appropriate to adopt a prudent but flexible capital structure and will seek to operate in certain circumstances e.g. non-organic investment with leverage of up to 2.0x adjusted net debt (before IFRS 16): underlying EBITDA. The Board also seeks to maintain a minimum leverage of 1.0x to ensure an appropriate level of balance sheet efficiency

As at 31 March 2022, the Group's adjusted leverage ratio of 1.27x sits within target range, providing headroom against appetite to support further organic and non-organic investment

£29.3m
facility headroom
(plus £40m accordion,
31 March 2022)

3x to 4x
target dividend
cover range

1.0x-2.0x
Target leverage range¹

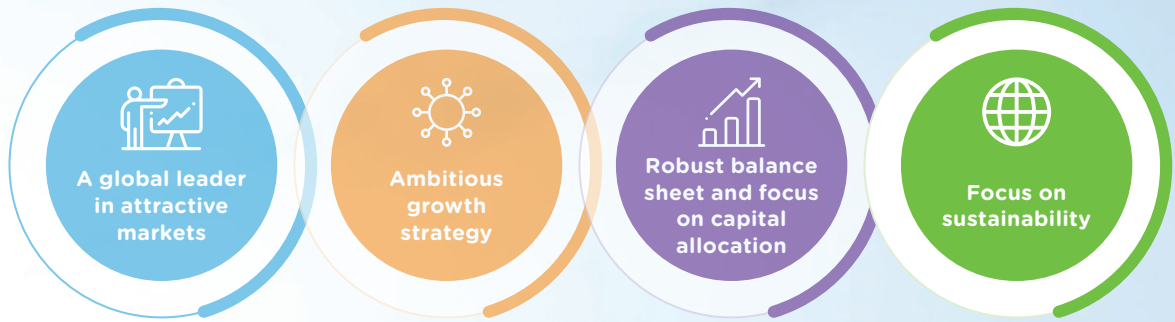
1. Calculated in line with banking agreement

Strategic report

Investment case

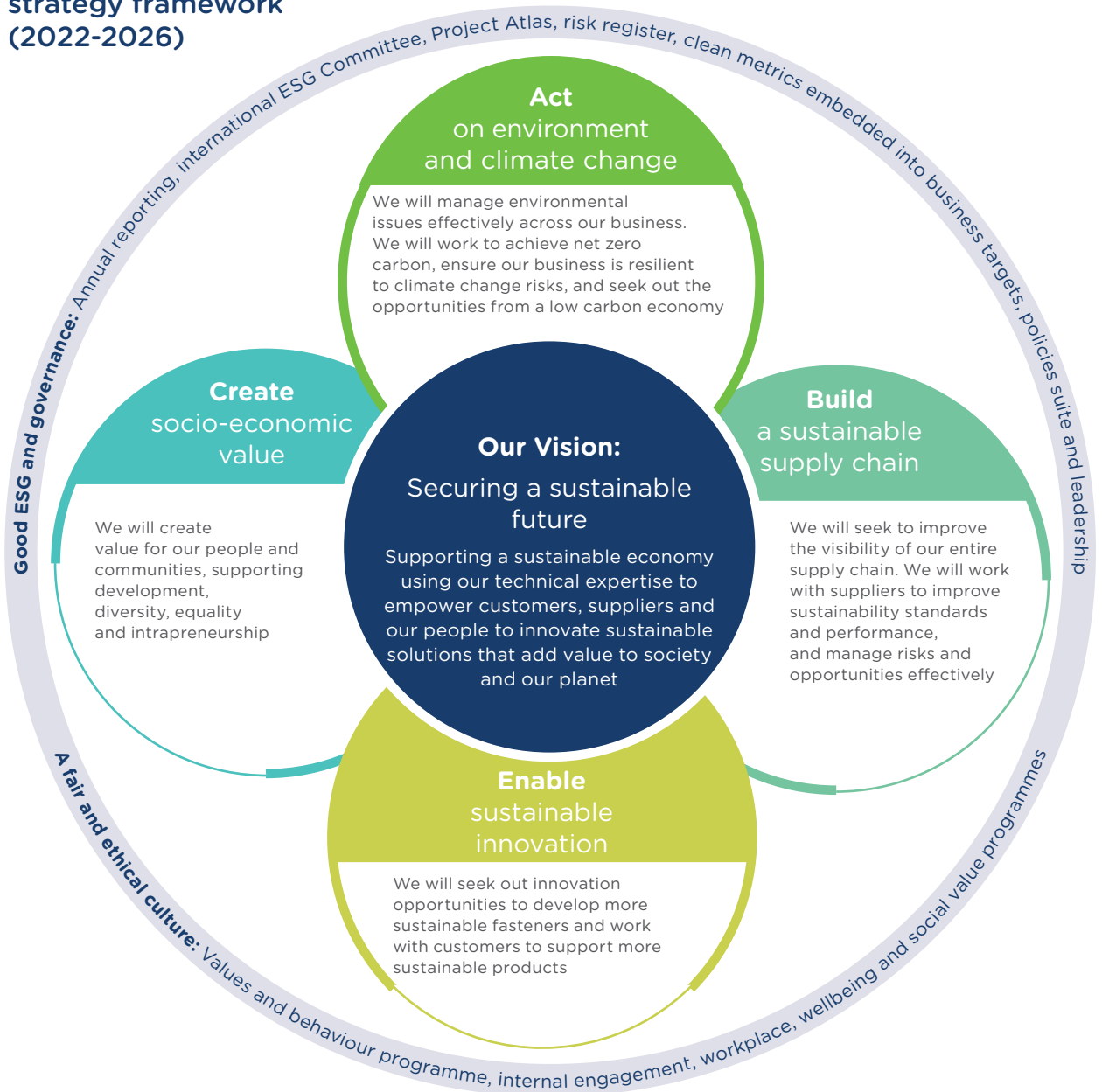
Focus on sustainability

Trifast is committed to securing a sustainable future. Our sustainability strategy will help us play our part in shaping a sustainable economy, using our technical expertise to drive innovation that adds value to society and our planet



We have developed a clear vision for sustainability for the next five years and have created a focused strategy that will improve both our sustainability and opportunities in a changing market

Our five-year sustainability strategy framework (2022-2026)



Investment case

Focus on sustainability

“““

Our strategy sets out the blueprint for an exciting future

Key sustainability stats

4.95%

reduction in our kgs Co₂e per £1k turnover during FY2022

7.5/10

Happiness index score

40/41

UK Corporate Governance Code (2018) provisions complied with

Find out more on page 91



Mark Belton

Chief Executive Officer

Ratings and achievements



During FY2022 we conducted a full review of our global KSIs and operational KPIs, which will be reported into the Trifast plc Board and our Operational Executive Board.

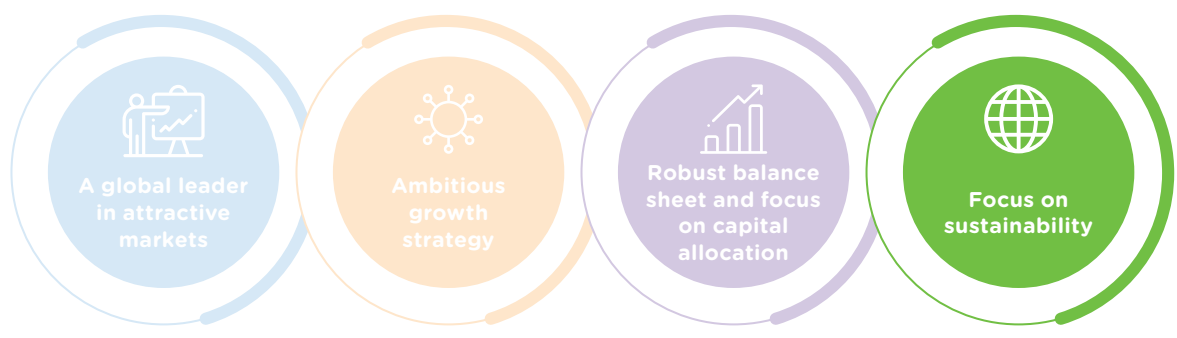
In addition, we have also included a second level of KPIs which we believe will support functional reporting of sustainability data.

These indicators have now been expanded to include a more detailed overview of our sustainability performance, supporting the ongoing commitment to our sustainability strategy.

I am pleased that our work to explore and assess climate-related risks and opportunities has gone well and this report includes disclosures in line with the Task Force on Climate-related Financial Disclosures. A summary of our approach is set out on pages 86 to 88 and there are further disclosures throughout this report.



For more information on our sustainability KSIs, KPIs and water use, please see the separate Sustainability Report 2022



Opportunities in a changing world

As part of our Sustainability Report last November, I highlighted our step change in ambition and our focus on a sustainable strategy. Our strategy sets out the blueprint for an exciting future for the business in its ambition to deliver sustainable products that add value to society, and to become a much bigger company.

The world is changing fast - not only as a result of the Covid-19 pandemic but through global technological advances, legislative changes, the way we work, shop, interact and collaborate with all our friends, family, colleagues, customers and suppliers. Our focus is to deliver innovation that supports our customers to create a sustainable future.

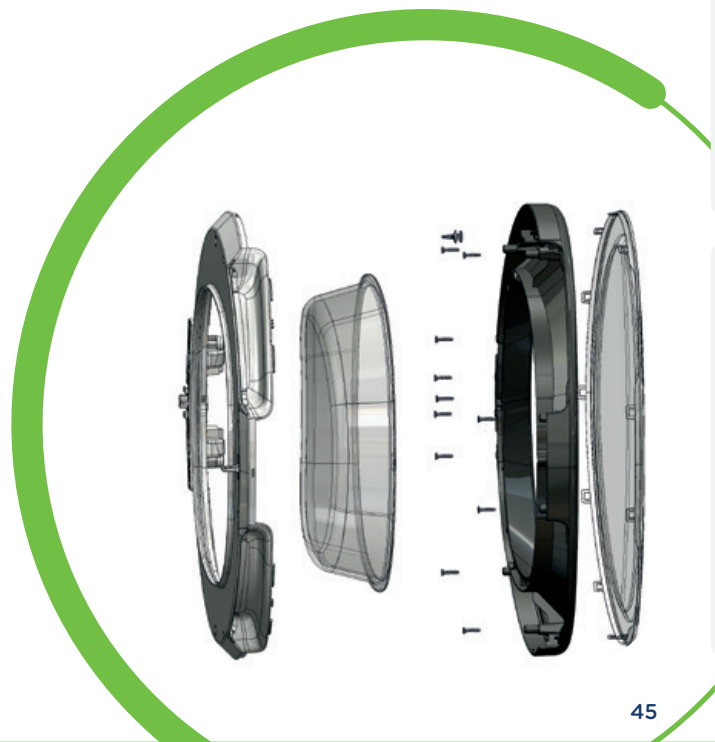
Innovation today for a better tomorrow

Change is good and creates opportunities for Trifast. Fasteners are usually down the list on the picking order when customers are designing new products or platforms, as they know they have a trusted supplier in Trifast that can help them overcome their application fastener challenges. Who would think that the humble fastener would require so much engineering expertise, but if it is not fit for purpose then the ramifications can have significant consequences on customer products and reputation.

If we look back over the years, we can see how our teams have successfully identified hotspots and emerging technologies and this, you may recall, was reflected in the way we presented the sectors in which we have a key presence, in the Annual Report and on our website last year.

The change in the mix of our business is clearly shown in the way we profile the markets in which we operate (see pages 20 to 25).

Within our key market sectors we have many exciting opportunities. In automotive, we specialise in the interior, including the dashboard, seating and lighting components used in both light and heavy vehicles. The ever-quickenning growth in the electric vehicles and hybrid models in both categories across the world has enabled us to build our presence in the manufacture and supply of fasteners for electric vehicle (EV) charging units, connection points and battery technology. Here, we are also working with leading automotive manufacturers in developing new products that are lighter, critically safe and environmentally friendly. We believe that the opportunity in EV and hybrid fastener spend is almost double that available to us in a traditional internal combustion engine (ICE) platform.



Investment case

Focus on sustainability continued

Innovation today for a better tomorrow continued

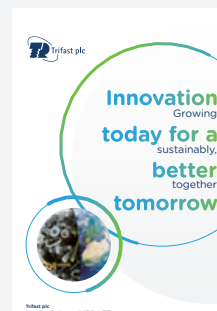
It is not just within automotive where we see growth opportunities. The energy, tech & infrastructure (ET&I) sector is responding to the need for enhanced connectivity, e.g. 5G base stations, larger data centres, the Internet of Things and more efficient robotic, automated ways of working and living, with a growing demand to be powered via renewable energy products. All of these areas are fastener rich.

Within our health & home sector, the changes in the world since 2020 have seen our working lives transform, creating what has become, for many of us, a hybrid working environment with the need for more portable equipment as well as healthier lifestyles. As a result, we have benefited from the growth in health and wellbeing products, from electric bicycles and rowing machines, to coffee makers and respirators, which is creating more opportunities in a sector where we already have a strong presence.

There is also a move away from being a 'throwaway' society to one of 'repair'. Fasteners are critical in this change, allowing products to be repaired rather than thrown into landfill. Recent legislation known as 'Right to Repair Regulations' came into place within the UK and EU, and these will benefit several of our sectors. Where once manufacturers welded plastic parts into their applications to save costs, now they are using fasteners and this trend is here to stay.

Our 'think global, work local' ethos has long been in our DNA and already makes a difference to the impact we have on the environment and this will continue as we 'on/near shore' suppliers and our own manufacturing. This provides further reassurance to our customers that we can sustainably support them globally.

Whilst there will continue to be challenges in the macroenvironment, as a team, we embrace technological and sustainability changes in our markets as this provides the opportunities for us to showcase and support customers today for their innovation tomorrow.



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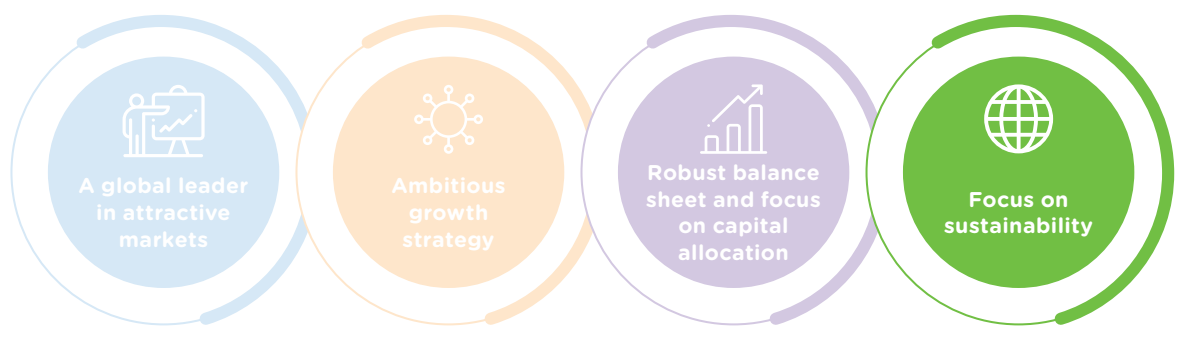
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The Ecodesign for Energy-Related Products and Energy Information Regulations 2021 (SI2021 No.745), sometimes referred to as the 'Right to Repair Regulations', were made on 18 June 2021 and most of the provisions came into force on 1 July 2021. The Regulations apply to Great Britain (GB). Northern Ireland continues to be subject to EU ecodesign and energy labelling requirements under the Northern Ireland Protocol.

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Governance

Our sustainability structure



 Find out more in our Sustainability Report 2022

Investment case

Focus on sustainability continued

Stakeholder engagement

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



Our people

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

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 management systems

[Find out more on page 68](#)

Investors

Our investors enable the Company to grow. We maintain strong relationships with shareholders, ensuring they understand our progress and strategic performance and that we strive to understand how they view our business

The Board considers that an ongoing dialogue with all shareholders is important

We operate a structured programme throughout the year where management are available to all shareholders

[Find out more on page 69](#)

Customers

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

[Find out more on page 70](#)

Suppliers

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

[Find out more on page 71](#)

Communities

We recognise that our business activities have an impact on the communities in which we operate, and we remain committed to interacting responsibly with those 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 and across our 34 locations

[Find out more on page 72](#)

Regulators/governments

We are committed to complying with applicable legislation and make necessary declarations and submissions, including market announcements and compliance disclosures for issues such as diversity, packaging, hazardous and restricted materials, and carbon emissions

[Find out more on page 73](#)

Investment case

Focus on sustainability continued

Our commitments and key projects

Create socio-economic value

Commitments:

- We will implement a 'League of Intrapreneurs' chapter in 2022
- We will publish our first socio-economic value report by 2026

Key projects:

- Further develop our employee engagement campaign and surveys
- Implement sustainability learning and development
- Expand diversity programme
- Publish community value report
- Expand STEM programme

What we have achieved this year:

- Implemented our internal ESG communication structure
- Extended our employee engagement survey frequency and reach
- STEM presentations in schools to raise awareness
- Rolled out our global Wellbeing and Employee Assistance Programme

Act on environment and climate change

Commitments:

- We will set a science-based net zero target for scope 1 and 2 emissions by 2023
- We will expand this target to include scope 3 emissions by 2026

Key projects:

- Develop a carbon management plan
- Introduce a waste and water strategy
- Publish our TCFD and Carbon disclosure project reporting (CDP)

What we have achieved this year:

- Transitioned carbon data into the Carbon Trust – footprint manager
- Collated 2021/2022 water data
- Collated scope 3 business travel data
- CDP reporting completed
- EcoVadis reporting completed



Build a sustainable supply chain

Commitments:

- We will develop a sustainable supply chain strategy by 2025

Key projects:

- Map the sustainability impacts and supply chain transparency for a product
- Implement supply chain charter
- Develop supplier sustainability risk register
- Complete a full life cycle assessment for two key products – external supply and internal manufacturing

What we have achieved this year:

- Developed our key suppliers with our Quality and Sustainability agreement
- Despite travel restrictions, completed 155 supplier audits

Enable sustainable innovation

Commitments:

- We will develop a sustainable innovation strategy by 2024
- We will launch a sustainable fastening solution with one of our clients by 2025

Key projects:

- Complete a ‘cradle-to-cradle’ feasibility study
- Complete a closed loop manufacturing study
- New clean-tech market products study: creating sustainable design framework

What we have achieved this year:

- Commenced project planning
- First example life cycle calculations
- Recruitment of life cycle engineer/analyst
- Raised awareness in preparation of culture change

Financial review



The next couple of years remain a very exciting and challenging time for the business as we build the momentum and the foundation for our medium-term aspirations



Clare Foster
Chief Financial Officer

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate (CER)). Comparisons with FY2020 are calculated at FY2020 exchange rates. Where we refer to 'underlying' this is defined as being before separately disclosed items (see note 2).

Our Group performance

Underlying measures	CER FY2022	CER change	AER FY2022	AER change	FY2021	FY2020
Revenue	£223.3m	18.7%	£218.6m	16.2%	£188.2m	£200.2m
Gross profit %	26.6%	10bps	26.7%	20bps	26.5%	27.5%
Underlying operating profit (UOP) ¹	£15.2m	27.1%	£14.7m	23.1%	£12.0m	£15.8m
Underlying operating profit % ¹	6.8%	40bps	6.7%	30bps	6.4%	7.9%
Underlying profit before tax ¹	£14.2m	29.2%	£13.8m	25.0%	£11.0m	£14.7m
Underlying diluted earnings per share ¹	8.44p	35.3%	8.13p	30.3%	6.24p	8.64p
Adjusted leverage ratio ^{1,3}			1.27x	n/a	n/a	0.80x
Adjusted net (debt)/cash ^{1,2}			£(23.8)m	£(37.1)m	£13.3m	£(15.2)m
Underlying return on capital employed (ROCE) ¹			8.3%	150bps	6.8%	8.8%
GAAP measures						
Operating profit			£11.6m	32.5%	£8.8m	£4.1m
Operating profit %			5.3%	60bps	4.7%	2.0%
Profit before tax			£10.6m	36.4%	£7.8m	£3.0m
Diluted earnings per share			6.56p	52.2%	4.31p	(0.19)p

1. Before separately disclosed items (see notes 2 and 32)

2. Adjusted net (debt)/cash is presented excluding the impact of IFRS 16 Leases as this is how the calculation is performed for the purposes of the Group's banking facilities. Including right-of-use liabilities, net debt would increase by £(13.7)m to £(37.5)m (FY2021: net cash would decrease by £(12.8)m to net cash of £0.5m)

3. Calculated in line with banking agreement (see note 32)

FY2022 was a very positive year for the Group. Robust growth in the second half followed a strong recovery in HY1, to end the year with revenues up 18.7% to £223.3m (AER 16.2% to £218.6m; FY2021: £188.2m). 15.9% of that growth was organic, with the remaining 2.8% reflecting seven months' trading from our latest acquisition, TR Falcon. Against FY2020, we grew organically by 8.9%, meaning that FY2022 represented a record-breaking trading year for the Group, with organic revenues coming in 2.3% greater (at AER) than our previous highest level of £209.0m, as recorded in FY2019.

This growth reflected persistent high demand in most of our underlying markets, and was achieved despite supply chain shortages across a number of sectors, most markedly in the light vehicle market, coupled with a significant increase in our sales to distributors, as end customers increased in-fill stock purchasing in the face of wider supply chain pressures.

Gross margins have remained in line with FY2021 at 26.6% (AER: 26.7%; FY2021: 26.5%) as the positive impact of higher revenues has been offset by the lag effect in the pass-through of inflationary cost pressures. By the end of FY2022, we had successfully concluded most of our phase one price increase programme negotiations and we are pleased to report that in March 2022 we recorded gross margins much closer to historic levels.

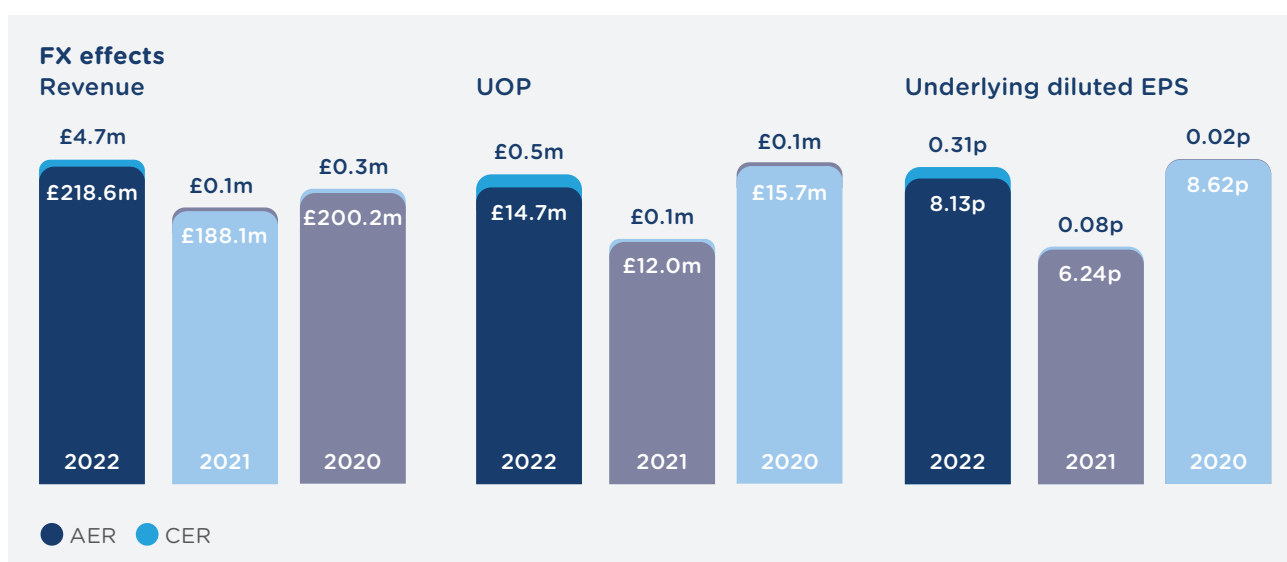
UOP increased significantly by 27.1% to £15.2m (AER: up 23.1% to £14.7m, FY2021: £12.0m), with UOP margin up 40bps to 6.8% (AER: up 30bps to 6.7%, FY2021: 6.4%). Operational gearing gains fed through into profits, although the positive impact of this was partially offset by the normalisation of overheads from a lowered FY2021 base (including the removal of government support schemes) as well as ongoing strategic investments to support our organic growth journey.

Reflecting the strong trading performance, our underlying PBT is up 29.2% at CER to £14.2m (AER: 25.0% to £13.8m; FY2021: £11.0m). This, coupled with a reduction in our underlying effective tax rate, has resulted in a marked increase in our underlying diluted earnings per share (EPS), up 30.3% to 8.13p at AER (FY2021: 6.24p).

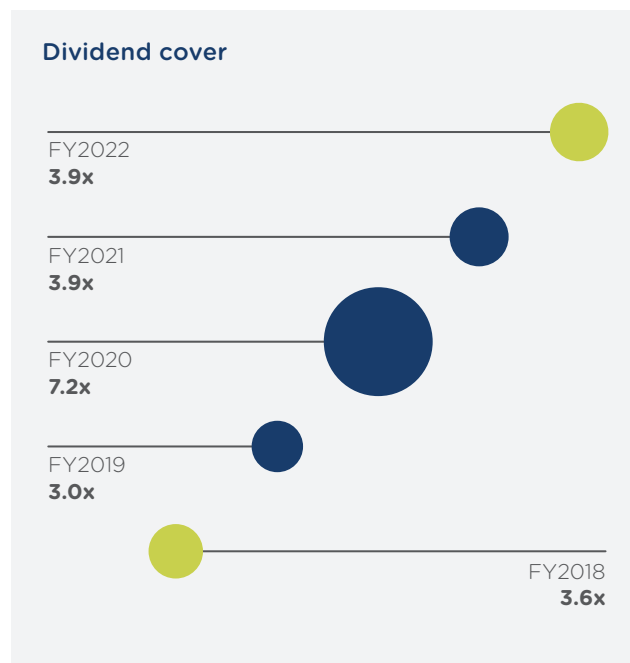
Supply chain challenges remain and although lead times are now stabilising across most of the world, these continue to stand at historically high levels. Considering this challenging backdrop and given our strong financial position, the business took the decision to invest in inventory levels in FY2022 (£31.7m) to support growth and ensure reliability of supply. This has led to a temporarily negative underlying cash conversion rate at AER of (66.8)% (FY2021: 147.9%), which, in conjunction with the acquisition of Falcon on 31 August 2021 for £5.8m (net of cash), means that we ended the year with an adjusted net debt position of £(23.8)m (FY2021: £13.3m adjusted net cash). We expect the investment in stock to reduce and drive historically high cash generation rates, as the macroeconomic environment settles.

As a result of these investments, our leverage ratio, calculated in line with the banking agreement, at 31 March 2022, was 1.27x (FY2021: n/a - adjusted net cash). Whilst this is higher than recent history, it remains within our target range of 1.0x to 2.0x and therefore continues to provide flexibility to invest in future non-organic growth. Facility headroom as at 31 March 2022 was c.£30m (FY2021: c.£62.6m), as stated before an additional £40m accordion option.

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



Financial review continued



Dividend policy

Following such a strong recovery in FY2022 and with an ambitious growth strategy in place, we remain committed to a progressive dividend policy that shares the benefit of ongoing profit growth with our shareholders.

As a result, the Directors are proposing, subject to shareholder approval, a final dividend of 1.40p per share. This, together with the interim dividend of 0.70p (paid on 14 April 2022), brings the total for the year to 2.10p per share, an increase of 31.3% on the prior year (FY2021: 1.60p). The final dividend will be paid on 14 October 2022 to shareholders on the register at the close of business on 16 September 2022. The ordinary shares will become ex-dividend on 15 September 2022.

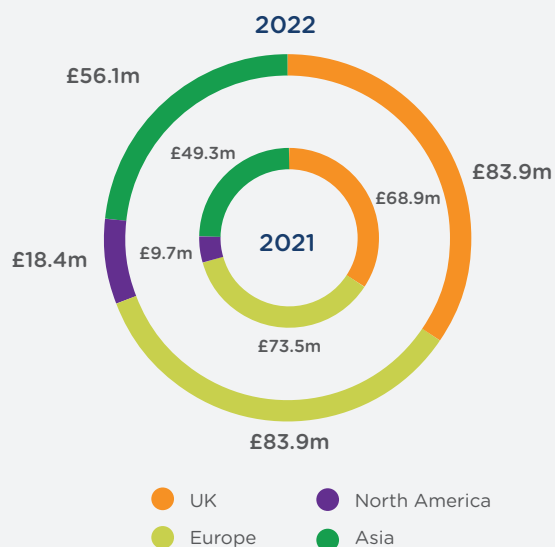
We continue to consider that an appropriate level of dividend cover is in the range of 3.0x to 4.0x. For the medium term, the Board intends to target a payout at the top end of this range to allow for the expected ongoing organic growth, strategic investments and acquisitions.

Revenue

We have seen strong growth across all our regions, with revenue increases ranging from 13.9% to 89.2% (3.5% to 78.1% against pre-Covid-19 FY2020). The majority of these increases reflect volume, rather than price increases, largely due to transitional delays in the pass-through of inflationary cost pressures outside of our distributor sector business.

Europe has seen a 14.2% increase to £83.9m (AER 9.6% to £80.6m; FY2021: £73.5m) to report record revenues that are 14.3% ahead of FY2020. We have seen the highest growth from our German business, across a mix of sectors. Strong growth in the energy, tech & infrastructure (ET&I) sector, and a new global health and home OEM, has led to a marked trading increase at our Hungarian operations. Our Italian operations drove the greatest revenue increase in the region in HY1, predominantly into the health & home sector, with revenues in the second half of the year going on to stabilise at this high level. Supply chain shortages, most particularly in the light vehicle sector, have continued to limit growth in Holland.

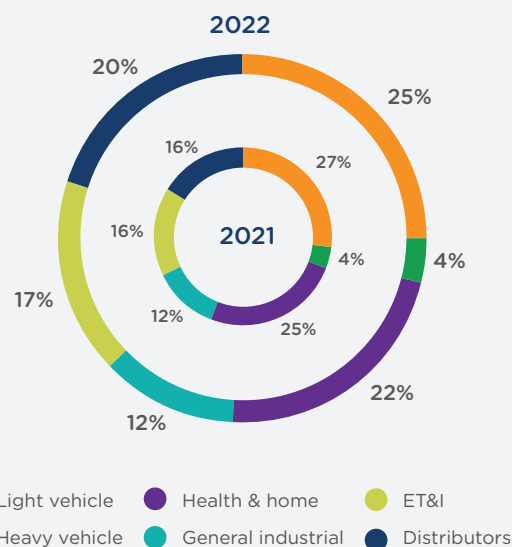
1. In FY2021, one dividend payment was made, rather than an interim and final, due to the impact of Covid-19

Revenue split by region¹ 2021/2022

However, we are pleased to report that despite a similar sector focus on the light vehicle market, solid market share gains in Spain have been able to more than offset these macro challenges, to drive >20% year-on-year growth.

In Asia, we have seen a revenue increase of 13.9% to £56.1m (AER: 12.3% to £55.4m; FY2021: £49.3m), but with trading only 3.5%² ahead of FY2020. One of the main reasons the region was slower to recover was the summer lockdowns and December floods in Malaysia that limited domestic light vehicle volumes and also health & home production levels at one of our key multinational OEMs. In contrast, we have seen exceptionally strong growth in Taiwan as distributor sales recovered and grew substantially beyond pre-Covid-19 levels in key European end markets. In Singapore, solid growth in the ET&I sector, supplemented by increased intercompany manufacturing, has more than offset temporary sub-contractor transfer issues at a key health & home customer.

External revenue split by sector 2021/2022



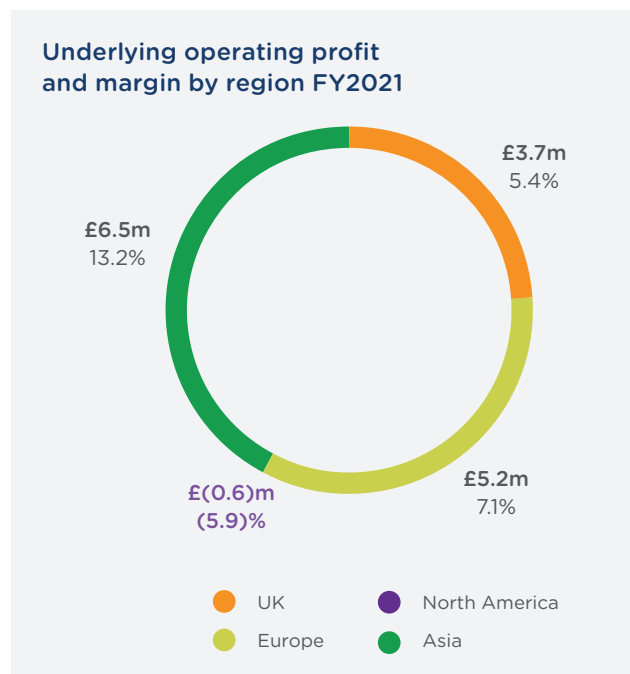
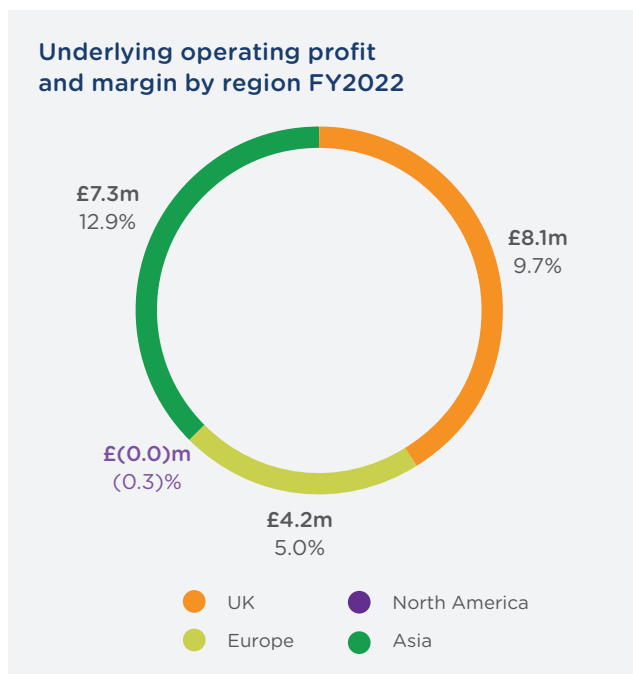
Trading levels in the UK have recovered and grown very strongly, with revenues increasing by 21.7% to £83.9m (FY2021: £68.9m), to end 11.1% ahead of FY2020. The biggest driver of this has been significantly higher sales volumes to distributors, coupled with a market pricing model that allows for the rapid pass-through of inflationary costs in this sector. Health & home and general industrial sales have continued to show strong growth across a number of key global OEM customers. However, light vehicle sales remain below pre-Covid-19 levels, predominantly due to the impact of semi-conductor shortages.

In North America revenue growth has been very high at 89.2% to £18.4m (AER: 82.0% to £17.7m; FY2021: £9.7m), leading to a 71.8% increase against the pre-Covid-19 FY2020 period. Organic growth has driven 36.6% of this as new platform builds in the light vehicle sector come online and ET&I sales gain momentum. TR Falcon has represented 52.6% of growth, with revenues running slightly ahead of expectation since acquisition on 31 August 2021.

1. Regional revenues include intercompany

2. Excluding the impact of the disposal of TR Formac (Malaysia) in November 2020, the CER revenue increase in FY2022 was 15.2% against FY2021, and 5.2% against FY2020

Financial review continued



Underlying operating profit

Underlying operating margins have increased by 40bps, to 6.8% (FY2021: 6.4%) contributing to a strong uptick in operating profit of 27.1%, to £15.2m at CER (AER: up 23.1% to £14.7m; FY2021: £12.0m).

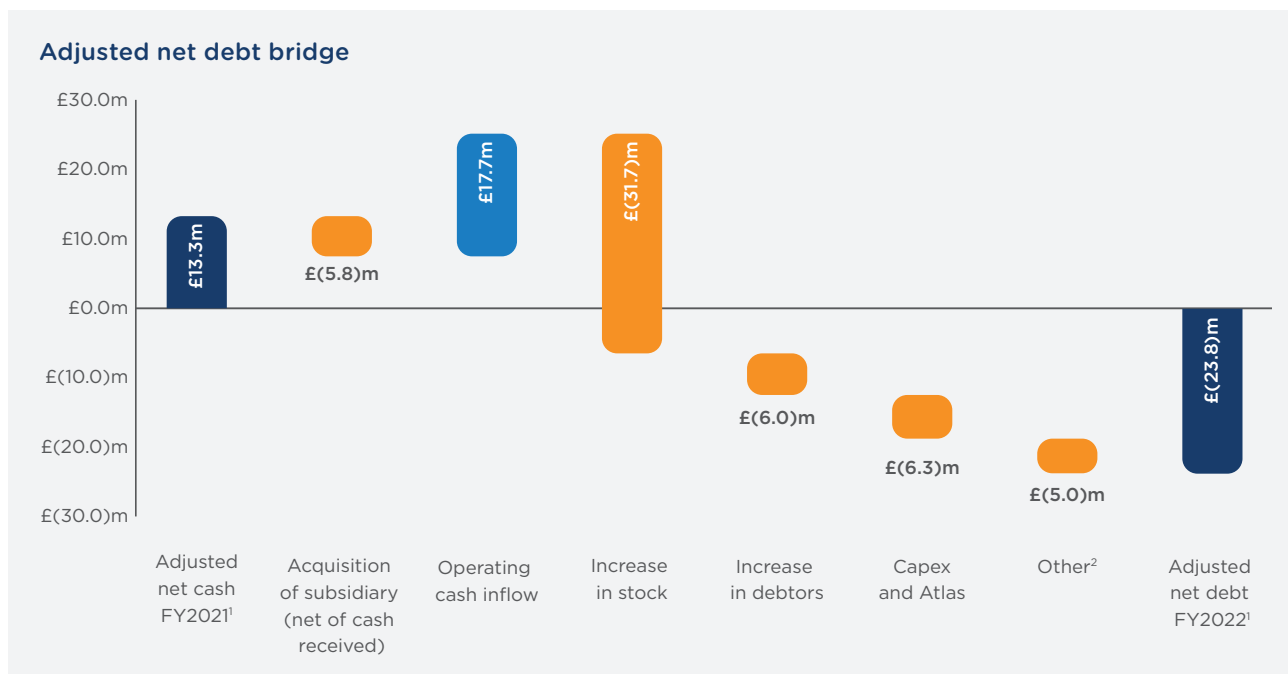
As a group we have seen the positive impact of stronger sales driving operating profit increases and margin upgrades. Further supplemented by a shift in sector mix with a greater proportion of the Group's trading being secured in the higher margin distributor sector. The normalisation of our overhead base, including the removal of government support schemes and the return of higher bonus, travel and other discretionary spend has offset this in part. In addition to which, the business has made a number of targeted strategic investments (see pages 28 to 31) to support our ongoing growth journey. This includes Project Atlas business as usual costs, now roll-out is underway, further investments into our HR, ESG and acquisition capabilities and targeted recruitment into our commercial and compliance teams.

Outside of North America all of our regions are now showing underlying operating profits, with Asia continuing to bring in the highest returns at 12.9% (FY2021: 13.2%). In North America we have seen an improvement in year-on-year margins from a negative position of (5.9)% in FY2021, as very strong sales growth has driven operational gearing gains, and following the acquisition of TR Falcon in August 2021. Our European region has seen the largest fall, recording a reduction of 210bps, as sales growth gains are more than offset by gross margin pressures due to the relatively early onset and then transitional delays in the pass-through of inflationary cost pressures. Cost increases have impacted underlying operating profits across all regions and are expected to continue to do so as ongoing cost inflation and price increase negotiations become an everyday and key part of doing business.

GAAP measures: operating profit by region (AER)¹

	FY2022		FY2021	
	Profit/(loss) (£m)	Margin	Profit/(loss) (£m)	Margin
UK	7.7	9.1%	3.1	4.5%
Europe	2.8	3.5%	4.1	5.6%
Asia	7.1	12.8%	6.5	13.2%
USA	(0.3)	(1.6)%	(0.6)	(5.9)%
Central costs	(5.7)	N/A	(4.3)	N/A
Total	11.6	5.3%	8.8	4.7%

1. After allocating separately disclosed items



Net financing costs (at AER)

Interest costs have remained level at £1.0m (FY2021: £1.0m) as average gross debt (including IFRS 16) remained broadly in line at £44.4m (FY2021: £47.6m), net marginal interest rates (net of commitment fees) remain low and the Group's main banking facilities remain unchanged.

Taxation (at AER)

The underlying effective tax rate (ETR) is lower at 19.1% (FY2021: underlying effective tax rate: 23.9%). The main reason for the difference is the year-on-year movement in adjustments in respect of prior years.

Subject to future tax changes and excluding prior year adjustments, our normalised underlying ETR is expected to remain in the range of c.20-25% going forward.

The main reason for the difference between our FY2022 ETR of 15.4% and the FY2021 ETR of 25.6% is due to a patent box claim in Italy in addition to the adjustments in respect of prior years mentioned above.

Net debt (AER)

The Group's adjusted net debt has increased by £37.1m to £(23.8)m (FY2021: adjusted net cash of £13.3m), predominantly reflecting £34.7m of net working capital investments to support growth and ensure reliability of supply.

Outside of working capital, £(5.8)m (net of cash acquired) was used to fund the acquisition of Falcon (USA) on 31 August 2021 and supporting the Board's ongoing investments for organic growth, capital expenditure in the period amounted to £5.2m (FY2021: £3.1m), including £1.5m in relation to Project Atlas. Further details of these strategic investments are provided on pages 34 to 37 and pages 30 and 31 respectively.

Including the impact of IFRS 16 Leases, the Group's net debt position was £(37.5)m (FY2021: net cash of £0.5m).

- Adjusted net debt is stated excluding the impact of IFRS 16 Leases. Including right-of-use lease liabilities, net debt increases by £13.7m to £37.5m and operating cash inflow before changes in working capital increases by £3.0m (FY2021: net cash decreases by £12.8m to £0.5m)
- Including purchase of own shares, dividends paid, other working capital movements, tax, interest and FX

Financial review continued

Return on capital employed (at AER)

As at 31 March 2022, the Group's shareholders' equity increased to £139.1m (FY2021: £131.8m). The £7.3m uplift reflects retained earnings of £6.8m (FY2021: £4.3m), an investment in own shares of £(3.0)m, other share movements of £0.7m and a foreign exchange reserve gain of £2.8m.

Over this increased asset base and given the strong growth in profits, our ROCE has increased 150bps from 31 March 2021 to 8.3% (FY2021: 6.8%).

At 31 March 2022, the number of ordinary shares held by the Employee Benefit Trust (EBT) to honour future equity award commitments had increased to 2,194,470 shares (FY2021: 329,087 shares).

Project Atlas

Full details of our progress and plans for Project Atlas are provided on pages 30 and 31.

The financial impact of the work undertaken to date on this project is as follows. We have incurred direct costs of £2.6m in FY2022 (cumulatively £14.9m), largely relating to project team, consultancy and training costs. We have excluded £1.0m of these costs from our underlying results (see note 2), to reflect the unusual scale and one-off nature of this project. In line with accounting standards, we have also recognised the remaining £1.6m (cumulatively £7.2m) as fixed assets on the balance sheet at 31 March 2022.

Outlook

In FY2022, the Group saw a year of both strong recovery and robust growth. Trading has increased across all of our regions and sectors, despite ongoing supply chain shortages, most noticeably in the light vehicle sector and even as set against record health & home sector trading in FY2021. There can be no doubt that this has also been a very challenging year, with macro level supply chain issues, inflationary cost pressures and historically high lead times. To allow us to continue to meet customers' needs, significant investments have been made in inventory in FY2022, a position that we expect to start to reverse as the macroeconomic environment settles.

Phase one of our price increase programme negotiations is complete, returning gross margins in March 2022 much closer to historic levels. However, to protect margins as inflationary cost increases continue, we do expect price increase negotiations to form an important ongoing part of doing business in the current macroenvironment. The pass-through of these additional costs is a better understood process as we head into FY2023, than it was a year ago, but the successful outcomes of those conversations will remain key. Consistent with many businesses, in the first quarter of FY2023, we have seen a further uplift in certain key input costs, including energy. As a result of this, in the short term we expect to see a period of cost recovery deferral across our non-transactional business and therefore a greater degree of the Group's FY2023 profitability weighted towards the second half the year.

Our cost base in FY2022 has normalised after the temporary savings that we were able to make in FY2021 and we have made further investments in a number of key areas, including sourcing, sales and Group services. We expect to continue to make targeted investments into FY2023, to support our ongoing growth journey and develop the foundations for the future. FY2023 and FY2024 are also key roll-out years for Project Atlas (see pages 30 and 31).

Looking ahead, there can be no doubt that the macroeconomic and geopolitical environment will continue to present challenges. However, notwithstanding this, over the last two years Trifast has proved itself more than able to deal with macro-level issues, while continuing to invest for growth for the medium term. As a result, the Board remains confident in the Group's strategic journey and medium-term profitable growth aspirations.

Clare Foster
Chief Financial Officer



In a changing world, the combination of our Trusted Reliability, our established customer relationships, our expertise in engineering and innovation, and our strategies for ambitious growth put us in a great position to make the most of the organic and acquisition opportunities in front of us



Risks

Trifast's risk management framework is designed to effectively identify and manage risk, improving the likelihood of achieving our strategic objectives and protecting our assets and the interests of our stakeholders

Risk management

How the business manages risk to achieve our strategic objectives

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.

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.

Activities in the year

Annual risk review process

On an annual basis, the Board, Operational Executive Board and operational management teams are involved in a 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 & Risk Committee and the Board for consideration and approval

Compliance with laws and regulations

Twice a 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 Board where appropriate

Internal audit

Relevant subject matter experts carry out internal audits for each quality accreditation standard (ISO 9001, IATF 16949, ISO 14001, ISO 27001, EN 9120) and results of these audits are reported through top management review

Group Finance carry out health checks for both operational and financial controls. Results of the health checks are reported to the Audit & Risk Committee for consideration and reported to the Board and OEB 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 outcomes of these reviews are reported to the Board, OEB and Audit & Risk Committee for consideration as appropriate

Risk management framework



Risks continued

Principal risks

Macroeconomic environment

A more protracted global economic downturn (following the global pandemic and/or ongoing hostilities in Ukraine) could impact negatively on our ability to continue to grow and invest as a business. In addition, increased trading levels and uncertain market conditions can lead to higher debtor balances, raising our exposure to customer failure and bad debt write downs

Current mitigation

As a business, we operate in a very broad range of sectors and geographies. 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 less certain times

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. 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

We maintain strong credit control procedures from new customer set up, through to regular monitoring as trade develops. We are working 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

We also maintain an evolving list of cash and profit conservation initiatives that, in a downturn, we can draw on to safeguard the short and long-term future of the business

Risk update

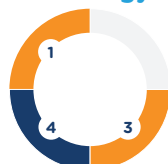
We are seeing evidence of demand and a return to growth across all sectors and regions post-pandemic. However, the speed and consistency of this is different, particularly across the various regions that we operate in. In addition to heightened global macro recessionary concerns, the ongoing hostilities in Ukraine are already starting to impact negatively on global trade, especially in Europe. Expectations vary, but we consider it likely that the unsettled macroenvironment will slow GDP growth, at least in the shorter 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/Tier 1s remains very low

Trend



Link to strategy



Supply chain challenges

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

Customer manufacturing volumes are dependent on the uninterrupted supply of other component parts, e.g. semi-conductors, creating high demand volatility. Supply shortages fuel inflationary cost pressures, which can reduce profitability if we are not able to appropriately pass these through to customers

Current mitigation

We have robust demand planning and forecasting processes in place globally to manage supply chain risk, which Project Atlas will further enhance (see page 30). We have also been working closely with our suppliers and freight carriers during these unprecedented times to ensure that we can successfully keep all supply routes open for our customers

The significant investment we have made into inventory over FY2022 (see financial review on page 53) is focused on ensuring we can maintain reliability of supply. In addition, as a supplier of relatively small products, we are able to make use of air freight options, where required, to ensure we can always meet customers' demands, albeit at a heightened cost

The majority of our price increase programme's first phase negotiations, which were designed to pass on the significant cost increases that we saw in FY2022, have now been successfully completed

Risk update

Supply chain challenges remain and although raw material and freight costs, as well as lead times, are now stabilising across most of the world, these continue to stand at historically high levels

We do expect ongoing shortages and supply challenges to remain a part of doing business, especially given the ongoing hostilities in Ukraine and the impact that this is having on the global supply chain, including via rapidly increasing energy costs

As a result of this, managing our supply chain will continue to be extremely challenging for the business in the short term and successful price negotiations will form an important ongoing part of doing business as inflationary pressures persist

Our strategic report (on pages 29 and 35) provides additional detail about how we intend to help mitigate the above, via an increased focus on onshoring in the medium term. We also note the impact that these challenges have had to the roll-out of Project Atlas in FY2022, as detailed on page 31

Trend



Link to strategy





Climate-related risks have been reviewed as part of our TCFD disclosures on pages 86 to 88

Key to strategy

- 1 Investment for organic growth
- 2 Project Atlas
- 3 Engineering-led innovation
- 4 Accelerated acquisition journey

- Organic
- Acquisitive

Cyber risk

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

Current mitigation

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. Comprehensive IT risk reviews and penetration tests are routinely carried out across all our sites and we hold ISO/IEC 27001:2013 accreditation in our Group IT function. We also maintain global cyber insurance which is underwritten with first class security in the London insurance market

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

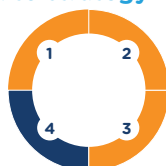
Risk update

To date, the Group has not experienced any significant cyber security threats or data breaches, although we note on a macro level that this risk is increasing. We intend to continue investing in our cyber security (including via Project Atlas) in response to this and will perform a further detailed review in FY2023

Trend



Link to strategy



Personnel and resources

Without adequate resource, appropriate investment in our people, succession planning and change management 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

Current mitigation

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 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. Rewards are reviewed annually to ensure they remain at levels that are competitive within the marketplace

We recognise that the ongoing supply chain challenges have led to operational disruption and additional workload across all of our global businesses and capacity management programmes are in progress to help manage this. In addition, as we look to further integrate and globalise the business (see pages 74 and 75), change management and training are being prioritised to ensure that we are able to appropriately support our people through this process

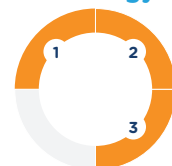
Risk update

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 11 years. We will continue to focus on investing in and looking after our people, especially in such a period of change and macro-uncertainty

Trend



Link to strategy



Risks continued

Principal risks continued

Inventory obsolescence

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, which can increase our exposure to obsolete inventory

Current mitigation

We work closely with all our businesses, customers and suppliers to continue to manage working capital levels effectively. Enhanced demand planning and forecasting and wider stock management processes remain a key part of the Group's internal controls

Risk update

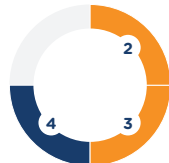
Volatile ordering levels and the push out of lead times have necessitated a significant increase in the amount of stock held to allow us to maintain reliability of supply. Our supply chain and purchasing teams have been working hard to manage this increase as far as possible in FY2022. However, we are exiting the year with 34 gross stock weeks, against a long-term average of 23-25 weeks

Given the nature of this increase, and the fact that the stock held largely relates to ongoing platform builds, we do not consider that this position significantly increases our obsolescence risk. However, we will be looking to normalise our stock holding as soon as the macroenvironment settles

Trend



Link to strategy



Key to strategy

- 1 Investment for organic growth
 - 2 Project Atlas
 - 3 Engineering-led innovation
 - 4 Accelerated acquisition journey
- Organic
 - Acquisitive

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 Group's business activities and strategy are central to assessing its future prospects. These, together with factors likely to affect its future development, performance and position, are set out in the strategic report on pages 02 to 89. The financial position of the Group, its cash flows and liquidity are highlighted in the financial review on pages 52 to 59, the Group's assessment on Going Concern is detailed on page 99 and the Group's principal risks are detailed on pages 60 to 65.

The assessment period

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. These financial projections are based on a bottom-up budgeting exercise for FY2023 and FY2024 which has been approved by the Board and a more top-down view aligned to the Group's strategic objectives for FY2025.

Banking facilities

In assessing the prospects of the Group over the three-year period, the Directors have also considered the Group's current financial position, as well as its financial projections in the context of the Group's cash and debt facilities and associated covenants. The Group manages its financing by maintaining adequate facilities with appropriate maturities and sufficient levels of standby liquidity to support its ongoing viability and growth (see capital allocation on pages 40 and 41).

The Group's main £80m revolving credit facilities will mature during the three-year period, in April 2024. Discussions are already underway with the Group's three syndicated banks to put in place increased facilities with a longer maturity date during FY2023. The primary reason for doing this is to continue to support the Group's accelerated acquisition journey, however it will also act to provide additional viability headroom. The Group's base projections indicate that the current cash and debt facilities and expected future facility headroom remain more than adequate to support the Group over the next three years.

Principal risks and uncertainties

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. Macroeconomic environment**, including a more protracted global economic downturn (following the global pandemic and/or ongoing hostilities in Ukraine), could impact negatively on our ability to continue to grow and invest as a business. In addition, increased trading levels and uncertain market conditions can lead to higher debtor balances, raising our exposure to customer failure and bad debt write downs
- 2. Supply chain challenges**. 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. Our customers' manufacturing volumes are also dependent on the uninterrupted supply of other component parts, e.g. semi-conductors, meaning that trading levels can be impacted by factors outside of our control. Ongoing supply shortages are also creating inflationary pressures, which risk reducing the Group's profitability if we are not able to appropriately pass these through to customers
- 3. Cyber risk**. 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

Specific scenario modelling undertaken

Impact	Related principal risk
1. Reduced volume/loss of a key customer (up to 33% reduction of specific revenue stream)	Macroeconomic environment
2. Impact of extended component shortages (e.g. semi-conductor chips) (reduced specific sector recoveries of up to 33%)	Supply chain challenges
3. Slower pass-through of cost inflation into sales prices (pass-through restricted to 50%)	Macroeconomic environment/supply chain challenges
4. Increased irrecoverable air freight costs (100% year-on-year increase)	Supply chain challenges
5. Likely impact of a cyberattack/data security breach	Cyber risk

The scenarios above 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. None of these actions are assumed in our current scenario modelling.

Conclusion

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.

Sustainability

Stakeholders

The Board acknowledges that there is a legal requirement for the Company to report on how the Board and its Committees have considered the requirements of Section 172 of the Companies Act 2006 in their decision-making

Section 172(1) Companies Act 2006 'Duty to promote the success of the company'

- 1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - a) the likely consequences of any decision in the long term;
 - b) the interests of the company's employees;
 - c) the need to foster the company's business relationships with suppliers, customers and others;
 - d) the impact of the company's operations on the community and the environment;
 - e) the desirability of the company maintaining a reputation for high standards of business conduct; and
 - f) the need to act fairly as between members of the company

Section 172 statement

Businesses do not operate in isolation. Without a good understanding of who the key stakeholders are and how they impact upon and are impacted by their organisation, a business will fail to deliver sustainable value to shareholders and other stakeholders.

The Board considers its key stakeholders to be its people, investors, customers, suppliers, the communities in which we operate, as well as regulators and governments. We actively engage with our key stakeholders to understand their views and build effective relationships, and our engagement approach for each stakeholder group is set out on the following pages.

In addition to having regard to stakeholder considerations, the Board acknowledges its responsibility to consider long-term impacts and the Company's impact both upon and from wider society and the environment.

The Board delegates day-to-day management, risk and decision-making to its Operational Executive Board (OEB), but it maintains oversight of the Company's performance, and reserves to itself specific matters for approval, including the strategic direction of the Group, acquisitions and disposals, and entering into material contracts and purchase of fixed assets above set limits.

The Board monitors performance against strategy, and that decision-making is appropriate, by receiving regular updates, both in Board and Committee meetings and through monthly Board reports from the CEO, CFO, OEB members and other senior managers, all of which enable it to make well-informed decisions for the long-term success of the Company and its various stakeholders.

To aid effective decision-making, the Directors and the Senior Management team take into account the Group's policies, including the Group Code of Conduct and supporting corporate policies set out on page 89.

Principal decisions

We define principal decisions as both those that are material to the Group, but also those that are significant to any of our key stakeholder groups.

In making the following principal decisions, the Board considered the outcome from its stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company:

Capital allocation to deliver strategy

During the year, the Board, OEB and other senior managers met to discuss the Group's medium-term strategic roadmap approved during FY2021. As set out on page 02, the Group's core strategy includes delivering both organic and acquisitional growth. A key consideration for the long-term success of the business was the appropriate allocation of capital to deliver the strategy.

Further to the approval of the annual budgets, the Board discussed and updated the Group's acquisition criteria to ensure they are still relevant and approve next steps when key stage gates have been achieved.

The Board was pleased to announce the acquisition of North American specialist fastenings distributor, Falcon Fastening Solutions Inc on 31 August 2021, as the first step on the Group's acquisition-led North America expansion strategy. The acquisition will extend Trifast's global OEM customer base and presence in non-automotive focus sectors as well as opening up growth opportunities with its global customers in key target states. All employees, including Falcon's President, Giovanni Cespedes, remained with the business. More details can be found on pages 36 and 37.

During FY2022 the Board approved investment in new larger premises to facilitate future growth for two of our fast-growing sites. We are pleased to report that the first of these sites, TR Hungary, has now opened its new purpose built sustainable building, and plans for the second site are progressing well. Employees have been engaged throughout the process with the impact on individuals being considered by the Board, with both new premises only being a short distance from the existing sites it was felt that any negative impact would be low, and the better facilities would be welcomed.

Covid-19 response

The pandemic has had a dramatic impact over the last couple of years and has remained a consideration for the Board. The safety and wellbeing of the workforce and the continuation of the Group's operations and supply chain have been the main concerns.

The Board enacted the business continuity plan and introduced new working practices to limit the risk to our teams. This entailed the transition to home working and the implementation of Covid-19 secure workplace practices for all sites.

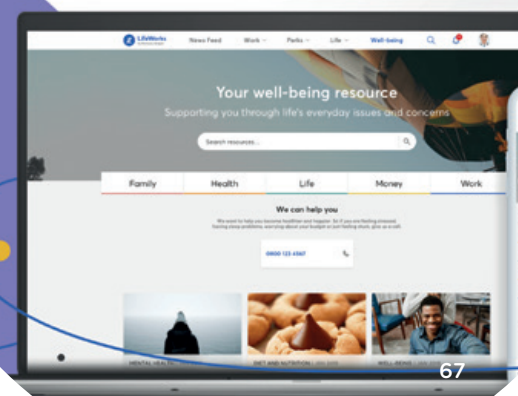
Employee wellbeing

Employee mental health has been a particular area of focus over the last couple of years. During FY2022 we implemented our Employee Assistance Programme – LifeWorks. This platform is now available to all global employees, offering 24/7 mental health and wellbeing support. Full details can be found in our sustainability report.

Russia/Ukraine

As a Group, we operate with a limited number of customers in Russia and Ukraine (less than 1% of Group revenue) and therefore the direct impact of the conflict has been minimal. Our Group sanctions policy has been designed to ensure that we remain compliant with any requirements and we have taken independent legal advice as appropriate.

"Because We Care"
TR Global Employee Assistance Program
Launching 1st February



Sustainability continued

Stakeholders continued

People	
<p>Key metrics</p> <ul style="list-style-type: none"> Employee voluntary turnover rate Employee engagement survey score Total employee pay and benefits inflation against industry benchmark 	<p>Why it's important to engage</p> <p>The Company's long-term success depends on a skilled and motivated workforce, an innovative and entrepreneurial approach, and a safe and inclusive working environment</p>
<p>Key topics</p> <ul style="list-style-type: none"> Feeling valued and engaged in the business A safe and healthy working environment Training and professional development Desire to have a positive impact Fair pay, benefits and treatment Diversity and inclusion 	<p>How we engage</p> <p>We engage with our workforce to co-create a supportive working environment that fosters professional development and employee wellbeing, and that also aligns our staff with our strategic goals and culture, driving innovation and productivity</p> <p>The Board has decided that one aspect of our approach to engage with our staff is through a designated Non-Executive Director for staff engagement, our Chair Jonathan Shearman. He is supported by Claire Balmforth (NED and Remuneration Committee Chair) and Global HR and Sustainability Director Helen Toole</p> <p>We conduct employee culture surveys twice a year as part of a programme. We also operate an ongoing employee voice 24/7 survey. The Board discussed the findings and incorporated staff feedback into our refresh of Company values and culture this year</p> <p>We have typically rotated the location of Board meetings so that staff have a chance to meet with Board members. Although the pandemic has prevented site visits from happening over the last two years, since the relaxation of rules, Board and Committee meetings have once again been held at our Head Office and the plan is to return to holding meetings at other locations. In addition to Board visits, Jonathan Shearman, Chair, has instigated a regular employee engagement programme aimed at interacting with staff across our locations</p> <p>We hold regular events including staff inductions, leadership briefings and regular communications. We also communicate with staff through our intranet and staff newsletters and provide regular, structured performance reviews for staff. Where staff are members of unions, engagement is conducted at the site level</p>
<p>Engagement in FY2022</p> <p>As part of the employee engagement programme, and following the lifting of many Covid-19 restrictions in the UK, Jonathan Shearman (designated NED) completed three on-site sessions where employees were encouraged to speak openly with him</p> <p>In addition, Jonathan was joined by our Senior Independent Non-Executive Director Clive Watson for the visits to our site in the North East of England, with additional visits planned for FY2023</p> <p>Full culture surveys were carried out in both April and November 2021</p> <p>The LifeWorks Employee Assistance Programme was rolled out in February 2022 to all sites globally, providing health and wellbeing support</p> <p>The Board and Nomination Committee have continued to receive updates on talent and succession plans; further details can be found on pages 101 to 103</p>	

Investors

Key metrics

- Earnings per share
- Cash conversion
- Total shareholder return
- ESG ratings

Why it's important to engage

Continued access to capital is important to the long-term success of our business. We ensure that we provide fair, balanced and understandable information to investors and analysts to ensure they have a clear understanding of our strategy, performance, culture and ambition. In addition, understanding the views of our shareholders helps us underpin the direction we take

Key topics

- Share price performance
- Year-on-year results improvements and medium-term aspirations
- No prosecutions or negative press
- Sustainable business model for the future

How we engage

We operate a structured programme through the year to engage with equity investors and analysts. We seek to obtain support for our strategic objectives and our approach to executing them

The key mechanisms of engagement include:

- Annual General Meetings
- Investor presentations and roadshows
- One-on-one meetings with relevant information being distributed to all investors through:
 - Regulatory news releases
 - Corporate website
 - Annual reports
- Investors ESG questionnaires
- Private clients via the Investor Meet Company platform

Feedback from formal investor engagement is reported to the Board and used to inform the approach for future events and consultations

Engagement in FY2022

Over the last financial year, we have operated a structured programme, albeit virtually, in the form of presentations with conference dial-in facilities, which were open to all of the investment community. In addition, we introduced the Investor Meet Company offering which allowed private investors to listen to, and enter dialogue with, management. These recordings are also available on our website www.trifast.com.

Annual results

Our annual results were presented by our CEO and CFO on a virtual third-party hosted platform. This enabled analysts, shareholders, banks and other stakeholders to raise any questions. Subsequent individual investor meetings were held in the following weeks by our CEO and CFO

Annual General Meeting

The AGM presents an opportunity for shareholders to question the Directors about our activities and prospects. The 2021 AGM was held in July as a hybrid meeting for the first time. Shareholders were able to choose to attend in person or via a virtual third-party hosted platform which also enabled shareholders to vote and ask questions. All resolutions were passed

Half-year results

The interim results were announced on 23 November 2021

As with the year-end results, our CEO and CFO presented the interim results roadshow via a virtual third-party hosted platform. This enabled analysts, shareholders, banks and other stakeholders to raise any questions. Subsequent individual investor meetings were held in the following weeks by our CEO and CFO

Investor feedback

All formal feedback received from the investor perception audit undertaken in the year and both the interim and preliminary investor roadshows was shared with the Board and discussed

Sustainability continued

Stakeholders continued

Customers	
<p>Key metrics</p> <ul style="list-style-type: none"> • Orders • Pipeline value • Sales conversion rate • Business reviews and feedback • Sustainability scores – fulfilling customers’ objectives • Number of customers by region • Number of traded parts 	<p>Why it’s important to engage</p> <p>Understanding our customers’ needs and behaviours allows us to deliver relevant products and services, retain customers and attract new ones. It also identifies opportunities for growth and market differentiation. Customers have increasing sustainability expectations and obligations; engaging with them helps us to demonstrate how we deliver on these</p> <p>We engage with our customers to build strong, trusting relationships that generate mutual value. We are seeing increased demand to advise on our status on this subject</p>
<p>Key topics</p> <ul style="list-style-type: none"> • Product performance and efficiency • Innovation and collaboration in problem solving • Safety, quality and reliability • Competitiveness • Our environmental and social practices • Our availability and responsiveness • Building relationships with deeper involvement • Compliance • Being a flexible supplier • Our range of products • Agility of supply chain solutions 	<p>How we engage</p> <p>Trifast prides itself on its long-standing partnerships with all its customers. We work closely with our customers to provide technical and logistics input, often developing innovative solutions that meet the needs for emerging technologies and legislation</p> <p>We engage with our customers through a wide range of online platforms including digital marketing, social media and through our websites www.trifast.com/www.trfastenings.com</p> <p>We have developed virtual training support to help customers understand our range of products and to select the right fastener for each application. This includes a video library for specific products and industries. Since the launch of our product installation animations on the TR Fastenings website in November 2019, there have been over 33,000 views</p> <p>We also complete customers’ questionnaires on environmental and social practices and performance, including the exacting requirements of SAQ.4 (automotive), JOSCAR (aerospace and defence) and the enhanced requirements of EcoVadis and CDP supply chain questionnaires</p> <p>The Board has delegated responsibility for managing customer relationships to the OEB and receives updates on key issues throughout the year</p>
<p>Engagement in FY2022</p> <ul style="list-style-type: none"> • Presentations • Virtual sales and logistics presentations • Virtual and in-person quarterly business reviews (QBRs) with major accounts • Completion of online sustainability questionnaires within portals • Maintaining customers’ key data requirements including financials • Engineering workshops (virtual and in-person), ‘lunch and learn’ events and technical reviews • Timeline discussions on changing legislation and new business introduction • Product availability and offering alternative solutions 	

Suppliers

Key metrics

- Robust vendor selection process
- Meeting commercial terms
- Supplier scorecards
- Quality and sustainability agreement acceptance
- Spend as a % of total spend for preferred supplier grouping (AVL)
- Total number of suppliers
- Regional spend vs. imported spend

Why it's important to engage

Engaging with our suppliers builds strong relationships, ensuring appropriate cost and quality levels of goods and services, quality, security of supply and speed to market. We rely on the high standards of our suppliers to ensure compliance, drive innovation and deliver improvements in our overall sustainability performance

Key topics

- Fair treatment and on-time payments
- Quality and sustainability management
- Total cost of acquisition
- Compliance with local legal requirements, including modern slavery
- Building long-term relationships
- Responsible procurement, trust and ethics
- Shared technological advances and innovation

How we engage

The Board has established a Supplier Code of Conduct which covers quality, sustainability and compliance criteria. We expect all approved suppliers to sign up to this Code

We conduct in-person and virtual supplier meetings and conferences on specific issues, including compliance, quality and efficiency. This includes the Modern Slavery Act, GDPR and ESG as a broad subject

We conduct audits and regular performance reviews of our key suppliers utilising our SQE (Supplier Quality Engineers) globally

Engagement in FY2022

Constant contact and reviews with suppliers

Managing the supply situation was critical as lead times increased, freight routes became congested, legislation drove EU anti-dumping duties for specific products and Covid-19 continued to impact the world

We conducted supplier audits both physically and remotely, taking into account local Covid-19 regulations

During the year, we have continued to engage with suppliers on recent and new legislation, while building a near-shoring supply chain capacity and competence in the Americas and Eastern Europe through face-to-face reviews, audits and the awarding of new business



Sustainability continued

Stakeholders continued

Community

<p>Key metrics</p> <ul style="list-style-type: none">• Charitable donations• Number of activities	<p>Why it's important to engage</p> <p>Trifast has the capacity to create significant positive benefits within the communities we operate in, but recognises our operations can also have a negative impact. We are committed to engaging with our communities to ensure we interact responsibly and maximise potential benefits</p>
<p>Key topics</p> <ul style="list-style-type: none">• Fair treatment• Good environmental management, especially minimising noise and nuisance• Support for community organisations and initiatives• Jobs and economic benefits	<p>How we engage</p> <p>We have good relationships with our neighbours and conduct regular reviews at each site to ensure we avoid causing nuisance from noise, dust, light and waste control issues</p> <p>Community communication and complaints are managed by our ISO 14001 environmental management system</p> <p>Our supply chain includes a large number of small and specialist suppliers. We are keen to support small businesses in our industry and the local economies in which we operate, and so we engage with smaller suppliers where needed to build skills and knowledge, especially in relation to compliance, efficiency and quality</p> <p>We encourage staff to undertake fundraising to support local good causes and will be introducing an employee volunteering policy in the coming year</p>

Engagement in FY2022

Trifast is committed to supporting and sponsoring various events and activities within the communities local to each of our locations

For more information on stories that have happened in FY2022, refer to our community on pages 80 and 81



Regulators/governments

Key metrics

- Compliance performance

Why it's important to engage

Policies and regulatory changes, including changes to the global political landscape and laws and regulations affecting terms of trade, may provide opportunities and pose risk to our operations

Key topics

- Ongoing regulatory compliance
- Third-party audit scores
- Brexit

How we engage

We primarily engage with regulators through public disclosures (including the Annual Report and AGM) and specific submissions (such as those relating to packaging and controlled materials within our products)

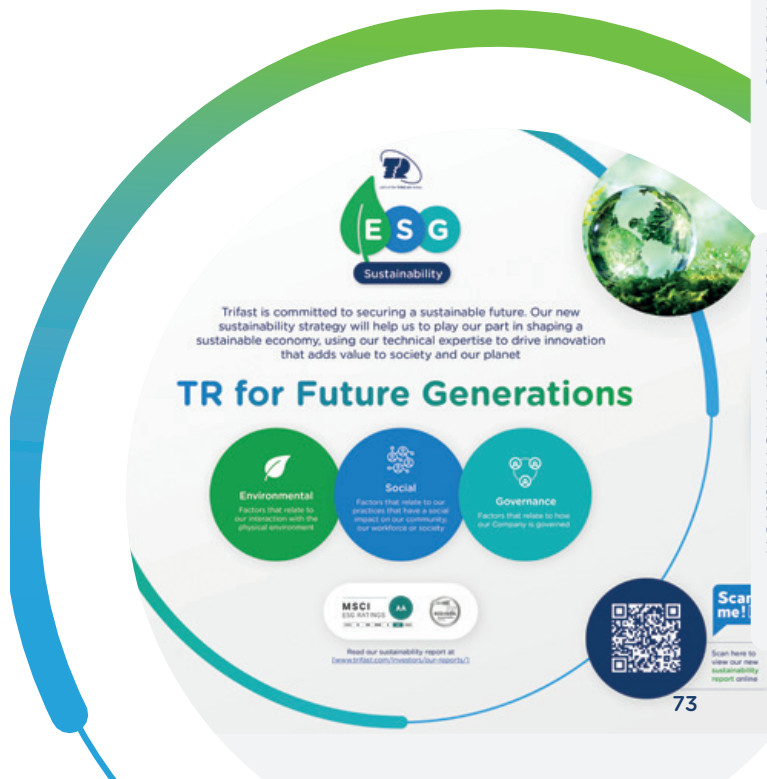
Where necessary, we actively engage with government departments, such as the Department of Trade and Industry in relation to Brexit

Engagement in FY2022

During the course of the year we continued to make all necessary compliance declarations and submissions. This includes market announcements as well as compliance disclosures related to packaging materials, greenhouse gas emissions, and controlled materials within our products (including SCIP, RoHS and REACH)

This year saw the introduction of the requirement for the Company to report on Task Force on Climate-related Financial Disclosures (TCFD) - for full details, please see pages 86 to 88

Sanction reviews in relation to Russia/Ukraine



Sustainability continued

Our people

Introduction

At Trifast, we pride ourselves on being a people-centred business and we are focused on being a responsible and responsive employer. We promote an environment that is safe and fair, which motivates, develops and maximises the contribution and potential of all employees, wherever they work for us.

It remains really important for us to attract and retain the best people. This has become increasingly important in the current macroenvironment and the challenges it poses. We have continued to roll out our HR system (D365 Human Resources) globally and all sites are now live and using the system as of July 2022. This has allowed much more efficient and effective reporting and an increased ability to be able to resolve any emerging themes more quickly and easily. The new system allows employees to engage in a comprehensive performance review process incorporating a skills analysis which in turn feeds into our ongoing training needs analysis process.

We are committed to looking after our people. We have excellent health, safety and employee wellbeing practices in place, all of which have been enhanced this year through the successful roll-out of new systems. We have a new environment, health and safety management system and in February 2022 we launched a new Employee Assistance Programme (EAP) globally. The EAP system allows access to a wide range of wellbeing support tools to all our employees in the language that is most appropriate for them. We continue to offer our employees competitive benefits, and engage with our workforce on an ongoing basis.

Policies

Our sustainability practices are governed by our comprehensive Corporate Code of Conduct which sets out our vision, mission and core values, alongside the policies that ensure ethical business practices. The Code of Conduct is supported by a suite of corporate policies and guidance:

- 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
- Charitable and Political Donations Policy
- Fair Competition and Anti-Trust Policy
- Freedom of Association and Collective Bargaining Policy
- Working Conditions and Human Rights Policy
- Sanctions Policy

We expect all our employees to understand and comply with these policies and the Code of Conduct also helps our customers, suppliers and distributors around the world understand our requirement for them to observe all relevant laws and regulations.

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

Our approach

Global HR strategy

The HR strategy is on track, with many of our strategic projects either completed or nearing completion. Now that all of our people information is in one system, we are able to monitor our global HR KPIs more easily and react appropriately in a timely manner.

The culture of our business is important to us and we continue to work on ways to further embed our values within our workplaces, both in how we interact with each other and with our wider stakeholder groups.



Employee engagement

We have continued our cultural survey programme with two full cultural surveys – one in November 2021 and the other in April 2022. The results have remained encouragingly stable and each location and department head has received the breakdown of the results for their team, with suggested actions to improve any low scores. Our ‘Employee Voice’ anonymous survey programme continues to provide all employees with the opportunity to contact us 24/7 365 days per year to tell us how they feel and why they feel that way. The Employee Voice system is regularly monitored so that we can act swiftly and appropriately.

Our ongoing programme of surveys will see regular engagement with our employees on a number of thematic topics to ensure that we are focusing our activity in the areas that will make a real difference to the working lives of our employees. This, in turn, will aid the retention of our people. This includes keeping under review our performance based component to our pay structures and our non-compensation benefits including pension and retirement, which will be relevant to the country of employment.

The Designated NED for staff engagement, who is also our Chair, undertakes regular visits to our sites to engage with our employees. This gives our employees the opportunity to have an open dialogue about things that might be affecting them at work. On a number of visits, the Chair is accompanied by other Non-Executive Directors. This is seen as a very positive step and during location visits has been very well received by our employees. Anonymised feedback is then given to the Group HR team so that the appropriate actions can be put in place. This process will continue during FY2023.

Succession planning

We are continuing to develop our succession planning process. This allows us to identify senior and business-critical roles and ensure that we have plans in place to mitigate any risks associated with these roles. We have been able to identify whether these positions have an immediate internal successor, whether an individual within the business would be able to take the role with further development, or whether an external recruitment process would need to take place. The training and development needs identified during this process are being used to build out our global training strategy.

Training and development

Talent management is a key driver of our success, and our learning and development programme is crucial to upskilling our people, retaining top talent and attracting new candidates in an increasingly competitive marketplace. We are totally committed to the development of all our employees across the globe, offering them formal and informal learning, as well as the opportunity to gain industry-recognised qualifications.

Our online training system has provided us with the chance to roll out relevant training to all our employees in their own chosen language. Within the last year we have recruited a new Global Training and Development Manager, Karin Manning (as pictured bottom left) who has been instrumental in developing our new Learning Management System. This system offers an individualised learning plan that is tailored to an employee’s role. The system uses artificial intelligence (AI) to aggregate personalised content, allowing employees to identify which skills they might need to develop to enhance their career. Within this system there is also a social learning platform which fosters an informal approach; encouraging a collaborative workspace where subject matter experts can answer questions, share best practice and exchange ideas across our global network.

We have also implemented a new induction programme, allowing the business to interact more easily with new recruits before they start their role. This system includes introductory videos and messages as well as checklists for managers to ensure that all new employees have the best possible start.

Within the UK we are making great use of our Apprenticeship Levy funds, with eight employees currently undertaking apprenticeships that will provide them with professional qualifications – a further example of our desire to provide our employees with meaningful development opportunities.

Sustainability continued

Our people continued

Our approach continued

STEM careers

We are committed to playing our part in widening engagement in STEM subjects through our partnerships with schools and universities. These partnerships provide us with the opportunity to educate young people through talks and interactive presentations about what it is like to be part of a global engineering and manufacturing business. The links with the universities afford us access to students on placements who can join us to assist with specific projects but also provide access to graduates who would be interested in working within our industry.

We are committed to increasing our STEM activity and are increasing our connection with schools and universities in this regard.

Early career support, student opportunities and apprenticeships

We remain dedicated to providing opportunities for young people to understand how a global organisation operates. We hope to have university placement students again in the coming year.

Both Helen Toole, Global HR and Sustainability Director, and Warren Dipper, Group HR Manager, continue as Enterprise Advisers, providing a connection between schools and the local business community.

We are proud that we continue to provide apprenticeships throughout our locations.

Health, safety and wellbeing

The wellbeing of employees is paramount. This includes not only their physical health but also their mental health. We operate an effective health and safety management system across all our operations, with a focus on risk management and prevention. We manage health and safety issues alongside environmental issues within an integrated environment, health and safety (EHS) system.

Health and safety

Our CEO has overall responsibility for health and safety and is supported by the new EHS business partners. This Business Partner network has been set up to allow best practice to be shared across the Group.

Our key areas of risk are:

- Musculoskeletal injury related to both moving and handling, and sedentary roles within our workforce
- Inherent risks associated with working with heavy duty machinery

Through our Health and Safety Policy, Trifast commits to:

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

We are working towards gaining formal recognition of our health and safety management approach by achieving certification to ISO 45001. To aid us with the accreditation, the EHS system will assist us in the effective management of incidents, risk assessments, non-conformity management and strengthening our auditing methods.

Mental health

A number of managers have been trained in mental health awareness and we have introduced our first mental health first aiders.

Human and labour rights

Trifast recognises human rights as set out in the Universal Declaration of Human Rights and enshrined in EU and UK law through the European Convention on Human Rights and the Human Rights Act 1998. Our workplace practices are governed by our Corporate Code of Conduct, our HR policies, and our Business Ethics and Responsible Behaviour Policy, which commits Trifast to the highest standards in human and labour rights, employee conduct and compliance with all applicable legislation. It also sets out our commitment to ensuring employees have the freedom to associate or collectively bargain without fear of discrimination against the exercise of such freedoms.

Modern slavery

We comply with the requirements of the UK Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010.

Our suppliers are expected to meet the same standard on labour and human rights with no forced or inappropriate child labour, safe working conditions, reasonable working hours, freedom of association, and wages that comply with minimum wage legislation in the appropriate jurisdiction. We require slavery and human trafficking to be eradicated from our direct supply chain for the products we sell. Trifast's full statement on modern slavery and human trafficking can be found on the Company's website at www.trifast.com.

We monitor suppliers by performing regular assessments to assure ourselves of each supplier's commitment in this area. Given our supply chain includes a wide range of manufacturing activities across a number of emerging economies, the business ethics of suppliers are assessed as part of the procurement process and through site audits.

Training on modern slavery is provided to all members of staff who work in our supply chain function.

Bribery and corruption

We have a zero-tolerance approach to all forms of bribery and corruption. Trifast plc is bound by the laws of the UK, including the Bribery Act 2010, in respect of its conduct both at home and abroad. In addition, we will uphold all laws relevant to countering bribery and corruption in all jurisdictions in which we operate, including the US Foreign Corrupt Practices Act.

Anti-bribery training will be included in our new online training provision and we will determine the employees who will be required to receive it.

Whistleblowing

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 anonymously report any activity or behaviour that they do not feel is appropriate. Every effort is made to protect the confidentiality of those who raise concerns and employees may come forward without fear for their position. During the year being reported and up to the date of this publication, no reports have been submitted to the hotline.

Diversity and inclusion

We are, as a global business, committed to treating everyone fairly and we recognise the strengths that a diverse workforce can bring. As an organisation we make every effort to eliminate discrimination, create equal opportunities and develop good working relationships between our teams. Our people represent a mix of cultures spanning 34 locations in 18 countries and this provides us with many opportunities to understand and value those cultures.

We are working on an updated diversity and inclusion strategy that will positively help to increase employee satisfaction and engagement, overall creativity and a sense of belonging. We will be taking targeted action, across our locations in all countries, to ensure that all legislative requirements are met and that as a business we go beyond our legal obligations to further build an environment that is totally inclusive.

The engineering sector faces a considerable challenge on diversity, especially in relation to attracting women into technical roles. According to the Women's Engineering Society, only around 14.5% of engineers in the UK are women and only a quarter of girls aged 16-18 would consider a career in engineering, compared to more than half of boys.

Through our work on STEM initiatives with schools and programmes to support young people to get experience in engineering, we are making concerted efforts to address these challenges.

As part of our sustainability strategy review in FY2023, we will review our performance and practices on diversity and inclusion, further develop our diversity and inclusion strategy and identify opportunities to make further improvements.

Sustainability continued

Our people continued

Diversity and inclusion continued

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 largest 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 2021.

Pay and bonuses

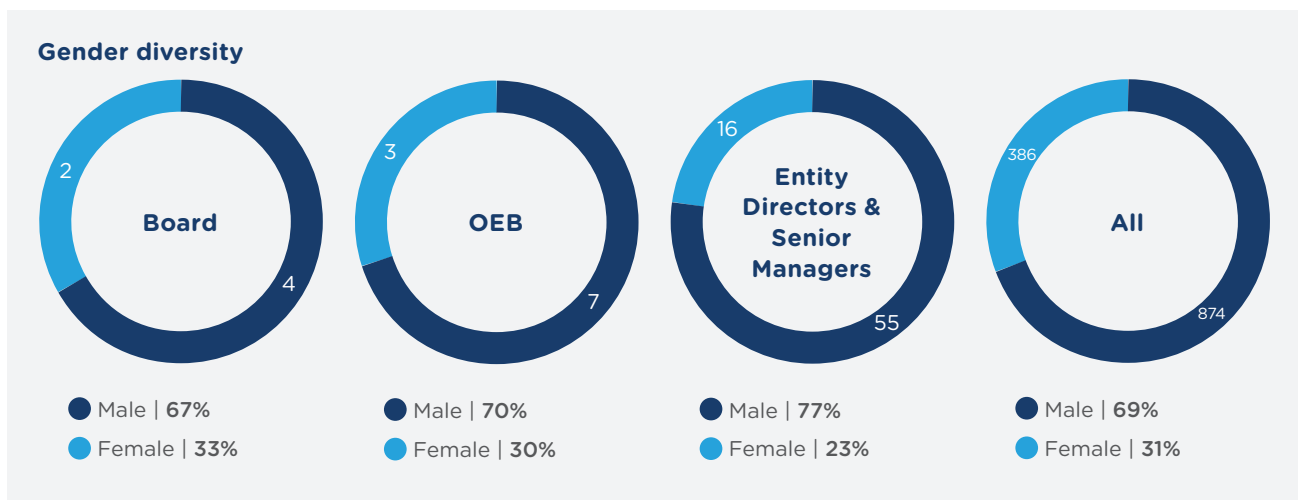
(female compared to male)

	Median	Mean
Hourly pay	+7.0%	-3.0%
Bonus pay	0.0%	+6.0%

The table 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 3.0% higher paid than our female employees. This result represents a change in the mean average from -3.9% in FY2020 and the median average is now +7.0% compared to +3.9% in favour of female employees from FY2020.

These results compare very favourably when compared with the national average of male employees being paid 15.4% more than female employees. Note that interpreting average earnings data is difficult currently, due to how Covid-19 has impacted the average weekly earnings data, including furlough, etc, which explains the complexities of interpreting earnings data in the current climate. This means that comparisons with 2020 need to be treated with caution, and the focus needs to be on longer-term trends rather than year-on-year changes.

The bonus difference mean figure in the table highlights a 6% difference in favour of female employees; this was -10.5% in FY2020.



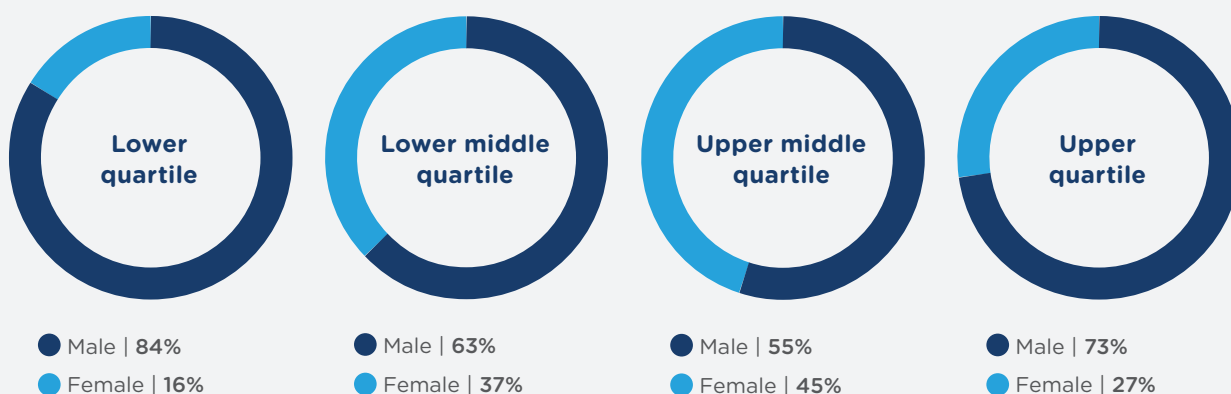
Proportion of colleagues awarded a bonus in FY2021



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

Quartiles

The following charts illustrate the construction of each quartile.



This is our fifth year of reporting and we continue to see improved results, and parity across the UK business. 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.

TR Fastenings, as with all of the entities within the Trifast Group, demonstrates its absolute commitment to all aspects of equality and fairness in the workplace.

Diversity on our Board

Two women serve on our Board of six (33% female representation).

Read more about diversity on our Board in the Sustainability Report

Sustainability continued


Our community



As a responsible employer, we are very proud of the interactions that we have with the communities in which we operate across the world. Our teams are always keen to help where possible, either through sponsorship, providing time and support, or carrying out fundraising activities

Helen Toole

Global HR and Sustainability Director



Staff at TR's West Midlands location show their continued support and donate to multiple charities at Christmas

The team raised an impressive total of £430; £210 was donated to The Salvation Army and £220 to the local Black Country Foodbank, who issue food vouchers to local organisations that encounter people in hardship



TR Scotland support East Kilbride Football Club

The semi-professional team currently playing in the Scottish Lowland Football League (SLFL), in their short history, has won the SLFL title twice and reached the last 16 in the 2016 Scottish Cup before losing narrowly to the mighty Celtic FC



TR North East sponsor Whickham Fellside YFC Girls Under 13 & 14s football teams for the 2021/22 season

The club has 33 teams playing in distinctive yellow and green colours, from Under 7s to Under 23s. They also have a development group for boys aged 5-7 and a wildcats group for girls aged 6 and upwards



'Tee-rific' support from TR Fastenings Ireland!

Dara Horgan, Entity Director, and Chuck Crowley, Business Development Manager, from TR's Cork location attended the annual Ballygarvan Camogie Club Golf Classic at Raffeen Creek Golf Club, for the fourth year running



TR's head office donates to local hospices

TR Uckfield donated money in March 2021 to the St Peter and St James Hospice and St Wilfrid's Hospice. This was to assist them with much-needed funding during difficult times



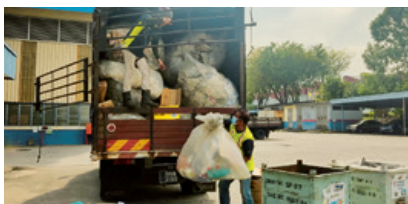
TR Fastenings Inc. donate to Toys for Tots at Christmas

The TR team in the USA once again had a toy drive for the winter holidays, and employees participated by donating a range of toys. Established in 1947, Toys for Tots collects new toys to be distributed to the less fortunate at Christmas. The charity has distributed an incredible 627 million toys to date, supporting 281 million children



TR Scotland provide ongoing support to the Kilbryde Hospice

Kilbryde Hospice is a voluntary independent hospice which exists to provide compassionate, specialist palliative care to people with life-limiting progressive illnesses and to their relatives and carers. TR Scotland includes an advert in the annual Light up a Life order of service, a remembrance service where anyone who has lost a loved one can come together



TR PSEP continues support of environment campaign collection in Malaysia

In December 2021 and January 2022, TR PSEP in Malaysia collected a range of recyclable materials including glass and plastic bottles, tins and cans, used books, paper and cardboard to be donated to the campaign. All material is given to XPM Welfare Society Malaysia which sells the items to raise money for people in need



Continued support for local team, Uckfield Grasshoppers JFC

TR is proud to continue its sponsorship of Uckfield Grasshoppers JFC. The club was set up in 1981 by a group of local parents, since when it has grown into a club with over 250 registered members offering boys and girls football from five years old all the way to under 18s

Sustainability continued

Act on environment and climate change

Trifast is committed to good environmental management across our operations and supply chain, and in the way we design products

We actively manage environmental issues through our ISO14001 certified environmental management system.

Our approach seeks to reduce the direct impacts from our own operations as well as across the life cycle of our products.

We work closely with our customers to deliver innovation that reduces environmental impact and accelerates electric vehicles and renewable energy. We are pleased to report that there have been no environmental incidents during FY2022.

ESOS

The Company is required to comply with the Energy Savings Opportunities Scheme (ESOS); we have had assessments completed by competent third parties on our business premises, to meet our ESOS requirements.

We are now assessing the recommendations from those reports to best align them with our upcoming sustainability roadmap.

Carbon emissions

Trifast is committed to acting to combat climate change and reporting on its approach and performance. For FY2022 we have utilised the Carbon Trust “Footprint Manager” software for the first time, to streamline our reporting process. Our total carbon emissions have increased from FY2021, however in comparison with our turnover they have reduced from 33.34 kg CO₂e per £1,000 turnover to 31.69 kg CO₂e per £1,000.

Our main area of energy use is within our manufacturing facilities, followed by fuel use for distribution. Last year we began to look at our scope 3 data and are pleased to be able to report our scope 3 business travel data for FY2022.

In line with our Sustainability strategy we will be setting our net-zero strategy and emissions targets in FY2023.

We have continued to see increased requests from customers on our carbon emissions and management approach over this year. We have completed CDP (supplier and investor) and EcoVadis submissions during FY2022 and will continue to do so annually.

	FY2022	FY2021
Total scope 1 emissions	1,958.49	1,761.44
Purchased fuels	1,322.17	1,269.90
Company vehicle use	636.32	491.54
Fugitive emissions	0.00	1.11
Total scope 2 emissions	4,722.32	4,498.65
Purchased electricity	4,722.32	4,498.65
Total scope 3 business travel	227.73	3.13
Air	202.92	3.13
Road	24.81	0.00
Total emissions	6,908.54	6,263.22

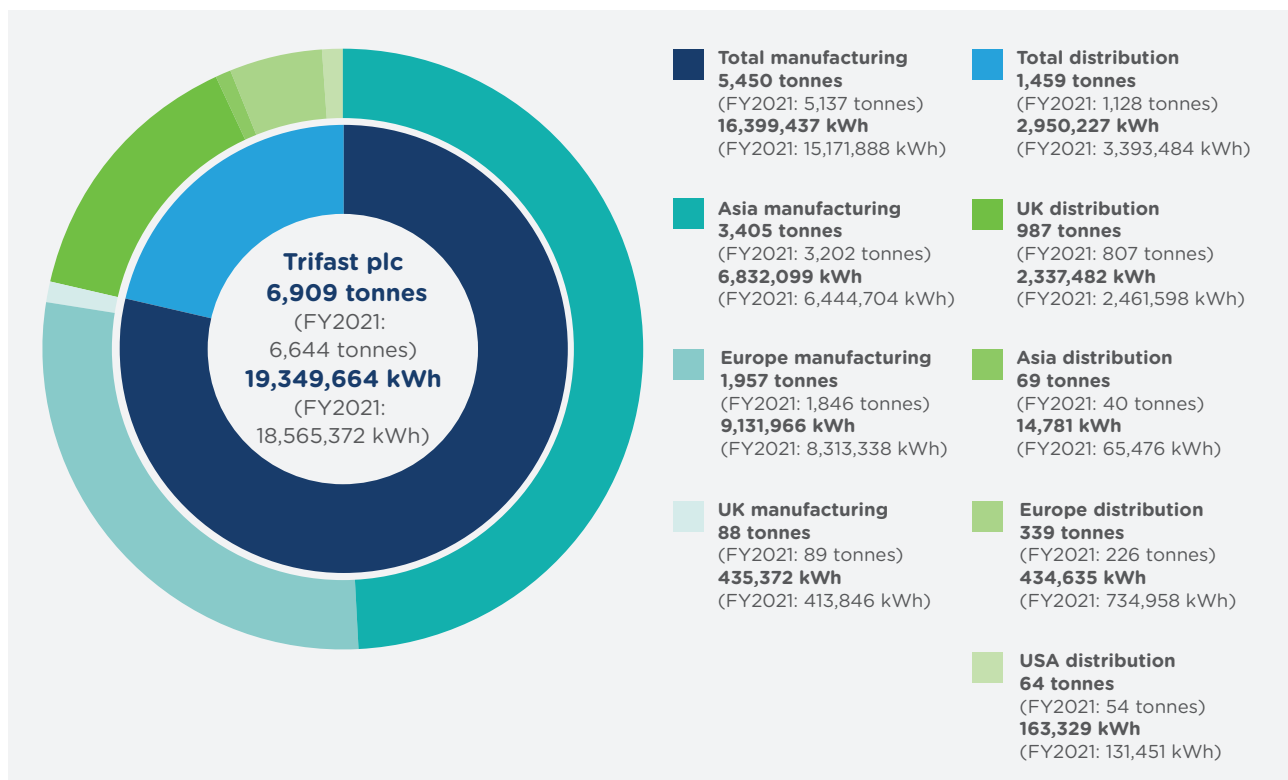
Fugitive emissions discounted from scope 1 footprint

Some numbers have been rounded up from decimals, actual total tonnes CO₂e for Trifast Plc is 6,908.54



For more information on our sustainability KSIs, KPIs and water use, please see the separate Sustainability Report 2022





	kgs CO ₂ e per £1k turnover		
	FY2022	FY2021	% Change
Trifast plc	+31.69	+33.34	-4.95
Asia	+77.30	+77.12	+0.23
USA	+3.66	+5.68	-35.56
Europe	+29.25	+28.71	+1.88
UK	+13.96	+13.97	-0.07

Note: 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.

Figures are reported in tonnes of CO₂e (carbon dioxide equivalent). Reports are calculated in the following ways:

- Tonnes of CO₂e
- Tonnes of CO₂e per FTE (full-time equivalent)
- Tonnes of CO₂e per SQM (square metres of floor space occupied by the Company)

Our main source of emission factors is BEIS (2021), with other data selected to fill gaps or because it is deemed to be more accurate. IEA (2021) data is used for calculating emissions of non-UK, location-based electricity. For market-based electricity, a mix of AIB (2021), BEIS (2021) and EPA (2021) are used to calculate emissions for the residual mix. Where there is no residual mix factors available, the location-based factors from IEA are used.

Sustainability continued

Build a sustainable supply chain

Sustainable supply chain

We actively manage and audit our key suppliers to ensure high standards in environmental management, social practices and corporate governance. This gives us confidence around compliance with legislation and our quality and sustainability agreement, and builds close working relationships that support good practice and innovation.

Our supply chain

Our goal is to help develop our key suppliers and improve the current programme and processes; 85% of spend is with 300 of our key suppliers.

The objective of our sustainable supply chain approach is to ensure our products and suppliers comply with high standards of environmental management, social practices, corporate governance and business ethics set out in legislation and our supplier quality and sustainability agreement. We also aim to build close working relationships with suppliers to reduce the overall environmental impact of our products, share good practice and drive innovation.

Sustainable supply chain approach

Our sustainable supply chain approach comprises three key themes. Our supplier quality and sustainability agreement sets out our expectations for suppliers. We review the practices and policies of prospective key suppliers before we work with them and conduct performance reviews and audits on an ongoing basis to monitor compliance and foster a strong relationship that drives improvement and innovation.

Standards	Pre-contract review	Ongoing management
1. Quality and sustainability agreement	2. Supplier assessment and approval	3. Supplier reviews and audits
Set clear expectations on how suppliers should manage quality, environmental, social and corporate governance issues	Review potential key suppliers' ESG practices to ensure they meet our standards	Conduct performance reviews and site audits to ensure suppliers continue to meet our expected standards and to build strong, collaborative relationships

1. Supplier quality and sustainability agreement

In 2008 we created an internal standard for suppliers called the 'quality and sustainability agreement'. We require all our Approved Vendor List (AVL) suppliers to implement this agreement and provide us with declarations of compliance as part of the assessment process.

2. Supplier assessment and approval

Our supplier quality team carry out initial desktop reviews and on-site audits on any potential new AVL supplier. These assessments include quality and sustainability practices. Only suppliers who can demonstrate they meet our requirements will be approved. Once approved, AVL suppliers are re-audited every two years.

3. Supplier reviews and audits

We conduct regular proactive audits of suppliers to an annual audit schedule and initiate supplier improvement development plans. In FY2022 we completed 57 site audits and 98 follow-up audits and new supplier desktop audits. This represents 90 key suppliers on the AVL and covers 47% of key supplier spend. Travel restrictions hampered the number of audits possible.



Enable sustainable innovation

Materials and circular economy

Controlled materials

Due to the nature of the materials we use in some of our products and how they are used by our customers, Trifast is subject to a range of legislation related to controlled or hazardous materials. Trifast has a dedicated material compliance team to ensure we manage our obligations effectively and can provide our customers with the necessary documentation.

Fasteners enable a more circular economy as they allow products to be opened up and repaired rather than thrown away. In developing our new sustainability strategy, we will explore the impacts, risks and opportunities related to material use and the circular economy across our entire value chain.

Early engagement of Trifast engineers within the design curve allows to fully integrate fastener solutions with the lowest environmental impact. To achieve this, the engineering team works closely with both the customer and the supply chain to find an optimum balance between performance, commercial and environmental cost.

Disrupting technologies requiring novel solutions to problems previously not encountered are a key growth area for the Group. These areas require both the manufacturer and customer to align requirements and wishes with the actual capability and potential of the available manufacturing methods. Product simplification and requirement review allows improved manufacturability while maintaining fit for function and reducing environmental impact. Examples are components specific to the ongoing electrification.

Similarly, this process can be applied during running programmes through VA/VE (Value Analysis and Value Engineering), whereby applications are reviewed retrospectively.

Design for recyclability

Fasteners generally account for less than 2% of the complete product weight. Recycling value streams are therefore formulated around the materials with the highest content, are the most valuable or are easiest to recover. Fasteners can play a major role in the efficiency of recovery of materials by either aiding removability or the potential of separation, for example:

- Products manufactured of homogeneous plastics can be ground to provide raw material for the remanufacture of plastic components. The use of steel fasteners will allow these to be magnetically separated from the ground material, allowing both plastic and steel to be recycled

- Using fasteners of similar materials as the main structure allows these to become part of the recycle. Where appropriate, for example on aluminium or steel fasteners, selecting a coating, which is thermally removed during the melting process or can become part of the newly cast alloy, increases the overall recyclability of the design and product

Design for manufacture

Within our seven manufacturing locations, TR has a wealth of engineering experience which customers can utilise. Our engineers work on refining tool design, production processes and efficiencies. This ensures the part is manufactured to the correct specification at the lowest possible cost. Feasibility engineers make sure we comply with customers' drawings and requirements to help identify any areas of concern or risk. Drawing on our expertise in developing products for high-volume production, we can provide advice on design and specification suited for most economical manufacture.

Design for assembly

Our fastener engineers can provide support and guidance when taking a design from prototype into serial production. Selecting a common drive system provides tool flexibility within the assembly line, but also enables remote maintenance or disassembly units to use universal tools.

Alternative drive systems or drive sizes can be applied to fulfil Poke-Yoke requirements during assembly or repair and maintenance. Similar product line optimisation and automation often requires modifications on existing fasteners. Our widespread experience in multiple applications and markets allows us to support customers making the right design decisions.

End-to-end design

Our engineering team forms an integral part within the Trifast structure, working closely with all other teams to ensure a smooth transition from ideation and concept creation to prototyping and serial production. Sustainable design development criteria also refer to the inherent and consistent process and product quality and its documentation, such as PPAP or other approvals.



Find out more in our Sustainability Report 2022

Sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD)

Climate change poses significant risks to people, ecosystems and economies across the world and decisive action is needed to address the climate emergency. The impacts of climate change are already being felt and will increase if unchecked, creating new risks and opportunities for companies.

We are committed to taking action to reduce emissions and limit climate change to less than 1.5°C and are formalising our science-based net zero emissions targets. We also recognise the scale of transformation required globally to avoid catastrophic climate change and the role we can play in increasing resilience.

For Trifast, this means fully embedding climate change considerations into the way we operate and manage risks. We will need to collaborate closely with suppliers and customers, and explore new materials, processes and ideas to prosper whilst delivering a sustainable future.

Trifast operates globally and our manufacturing operations and those of our suppliers and customers are in regions that will be affected by climate-related extreme weather. Our business and raw materials will be impacted by carbon taxes and legislation, and the markets we serve will likely evolve. Our global reach, collaborative approach, and effective governance structures position us well to seize opportunities and grow.

In accordance with the requirements of Listing Rule 9.8.6R, Trifast has provided disclosures against 10 of the 11 disclosure recommendations that span four key areas of governance, strategy and climate change scenario analysis, risk management, and metrics and targets. We are currently working on setting targets to manage climate-related risks and opportunities which we plan to issue in 2023.

Governance and risk management

During 2021 we completed a detailed review the potential impact of climate change impact on the business. The Board considers sustainability issues (including climate change) throughout the year and oversees the consideration of climate-related risks and opportunities under the TCFD disclosure requirements.

Having established climate scenarios, we ran a climate change risk workshop with senior managers from across the business in January to consider the most significant climate risks and opportunities. The findings have been considered as part of our business risk and financial planning processes and are being reviewed on an on-going basis by the Audit Committee and its Risk Sub-Committee.

Climate change is a standard discussion point at all Board Sustainability Committee and Executive Sustainability Committee meetings. The Executive Sustainability Committee provide support to the relevant business owners by enabling conversations that help them identify and monitor risks, which they are then responsible for actioning.

Strategy

We recognise the scale of the impact that climate change will have worldwide, and we have carefully considered the risk and opportunities it may have for our business over a variety of climate scenarios and time horizons.

Our review included physical risks, such as more frequent extreme weather events, and transition risks, such as changes in legislation or market conditions. We also explored opportunities associated with a changed climate or adaptation.

For the purpose of evaluating climate change-related impacts, the Group has defined the following time horizons:

Short term	0-2 years
Medium term	2-10 years
Long term	10+ years

Two risks were identified as having the greatest impact on the business in the short to medium term:

- Disruption across our value chain due to extreme weather
- Additional costs from carbon taxes, expanded legislation and transition to new materials

The key risks Trifast has identified are as follows:

Physical risks

Acute

Climate change is likely to bring increased intensity and frequency of storms, concentrated rainfall events, and wildfires. Extreme weather events are likely to cause disruption to our operations and those of our suppliers and customers.

In the medium to long term, risks include damage to our buildings and infrastructure, lost time and productivity, and any associated increased cost of insurance.

Additionally, a major supplier disruption event is a possible key risk, causing an outage for a period of time which may cause possible delays to customer shipments, the timing of revenue recognition and the potential for penalty for late delivery to customers. Similarly, disruption to our customers' operations or supply chain may cause delays in manufacturing, leading to reduced or deferred revenue.

We have mitigation plans for each of these risks identified, which have been developed as part of longstanding business continuity and disaster recovery plans.

Our manufacturing centres are situated in various different locations allowing a level of flexibility and agility should one site become affected. We endeavour to dual source key components wherever possible. Additionally, the Group has appropriate business interruption insurance in place

Chronic

Climate change will likely lead to higher temperatures in the areas we operate in. Higher peak and average temperatures are likely to result in increased energy demand and cooling capacity required for manufacturing site and offices, and have the potential to impact on the product lifecycle of temperature sensitive components. This could lead to increased capital expenditure to expand or upgrade cooling equipment across multiple sites. In addition, increased heatwaves and droughts could have an impact on the health of more vulnerable employees and their families possibly resulting in higher staff absence levels. Some areas we operate may be affected by sea level rise, and maybe to subject to costs to support more resilient civic infrastructure or suffer flooding incidents more frequently.

Transitional risks

Action by policy makers to avoid climate disaster will likely create a large and radical change in global markets, with a drive to shift quickly towards renewables and zero emissions vehicles, and away from fossil fuels.

We expect the introduction of carbon taxes and greater carbon-related regulation across all regions in the short and medium term. We anticipate an increase in the cost of energy, raw materials (steel in particular), and manufactured products. Expanded legislation which will likely impose additional compliance costs for us and suppliers. The shift towards a low-carbon economy will also require investment in new materials and technologies, and some market segments decline (including those related to the internal combustion engine).

To ensure greater resilience to climate risks, it may be a requirement to hold greater inventory as a failure to deliver on our promise to our customers may damage our reputation and incur financial penalties.

Opportunities

A focus on carbon reductions and on-site generation will deliver cost savings and greater resilience. Our ability to manage the increased regulatory burden may provide competitive advantage and growth opportunities, especially where regional or less-well managed competitors cease to operate.

We expect to see the growth of new segments, especially in renewable energy and low carbon vehicles. Our ability to innovate and partner with customers ensures we are well positioned. We also anticipate an opportunity to provide premium services to help customers hedge against climate risks and develop innovative, low-carbon products.

Sustainability continued

Task Force on Climate-related Financial Disclosures (TCFD) continued

Strategy continued

Scenario analysis

The impact of each of the risks identified above has been assessed, quantified and considered in two climate change related scenarios:

- Aggressive mitigation – emissions halved by 2050, average temperature increase of 1.5°C; and
- Strong mitigation – emissions stabilised at half of today's emissions by 2080, average temperature increase of 2.4°C

In terms of modelling horizon, we have considered the impacts over the short, medium and long term, and with regard to the occurrence of the risks identified and also in comparing with the horizons adopted by peers, the most appropriate time horizon to model is 3 years in line with our viability statement. The most recent strategic three-year plans have been extrapolated to form the base case long-term plans from which to sensitise, using growth rates and assumptions consistent with other forward-looking financial statement and assumptions items.

Given the modelling horizon, there is not likely to be a significant difference between the two scenarios in relation to our exposure to physical risks – a change of 1.5°C is expected by 2030 under all scenarios, with the same likelihood and distribution of extreme weather events and chronic changes in weather patterns and temperatures. The major differences appear between 2040 and 2080 which falls outside of the scope of our long-term plans and provides sufficient time for the business to adapt if required. In terms of transitional risk, we do expect a difference between the two scenarios, most notably in the size of increases to energy costs and the size of anticipated carbon tariffs across all regions.

Based on the modelling we have performed and given the significant financial headroom Trifast has, the growth in the long-range plans, the relative magnitude of the impact the risks present, the mitigation plans, and the insurance cover in place, it is not anticipated that the climate-related risks identified will have a significant impact on the organisation's strategy. Therefore, Trifast is considered resilient to climate change-related scenarios

Metrics and targets

We monitor carbon emissions sources that fall within Scopes 1 and 2, and are increasing our ability to report on Scope 3 emissions. We report our carbon emissions annually within the Annual Report and Sustainability Report, see page 82.

We have committed to setting a science-based net zero target for Scope 1 and 2 emissions by 2023, and extending this to include Scope 3 emissions by 2026.

We have considered whether the existing metrics and targets support the ongoing assessment of climate-related risks and opportunities and have determined that no additional metrics or targets are required at this time. We will continue to evaluate whether additional metrics and targets are required as part of our existing business strategy and risk management processes.

Non-financial reporting compliance statement

We aim to comply with the non-financial reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006. The table below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters. This builds on existing reporting that we already do under the Guidance on the Strategic Report (UK Financial Reporting Council).

Non-financial reporting matter	Policy/code	Reference
Environmental issues	<ul style="list-style-type: none"> Environmental Policy 	Sustainability pages 82 and 83
Employees	<ul style="list-style-type: none"> Code of Business Conduct Business Ethics Policy Whistleblowing Policy Health and Safety Policy GDPR privacy notice Freedom of association 	Sustainability pages 74 to 79
Human rights	<ul style="list-style-type: none"> Modern Slavery Statement Supplier Code of Conduct Working Conditions and Human Rights Policy 	Sustainability pages 76 and 77
Social matters	<ul style="list-style-type: none"> Supporting charities Charitable and Political Donations Policy 	Sustainability pages 80 and 81
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> Anti-Bribery Policy Fair Competition and Anti-Trust Policy Whistleblowing Policy 	Sustainability page 77
Policy embedding, due diligence and outcomes		Page 74
Description of principal risks and impact of business activities		Pages 62 to 64
Description of business model		Pages 10 and 11
Non-financial key performance indicators		Page 15

The Strategic Report was approved by the Board of Directors on 25 July and signed on its behalf by:

Jonathan Shearman

Non-Executive Chair

Trifast House, Bellbrook Park,
Uckfield, East Sussex
TN22 1QW

Company registration number: 01919797

Chair's introduction to governance



At Trifast, we consider that good governance forms the bedrock to the success of our global business



Jonathan Shearman
Chair

Introduction

On behalf of the Board I am delighted to present the Company's corporate governance report for the year ended 31 March 2022. As Chair, one of the key aspects of my role is to ensure that the Group's governance is appropriately robust, and that there is a clear division of responsibilities between the Chair, Executive Directors, Non-Executive Directors and Operational Executive Board members.

As a Board, we know that effective governance is not purely a matter of regulatory compliance and another 12 months of pandemic has further highlighted the critical importance of a company's purpose and its alignment with the strategy and company culture. We have continued to establish a structure which aligns with these, and the principles of the Code, to support long-term value creation for our stakeholders.

Progress during the year

When writing last year, I highlighted two areas of future focus. The first, being consideration of the BEIS report, alongside updated guidance from the FRC, this has been hampered in that (at the time of writing) the necessary papers are only now being published. Having made our representations during the consultation period, we will continue to study the proposals as sufficient details are released in a form that will allow meaningful decisions to be made. Secondly, work on the KPI dashboard continued and indeed expanded. It is this work that stands behind our medium-term aspirations as outlined on pages 12 to 15.

During the year, the Board discussed learnings from the pandemic as well as taking the opportunity to protect and accelerate certain aspects of our strategy. In addition, we engaged with our workforce to consider new ways of working and with our shareholders by way of an externally moderated perception study.

To further underpin the Group's ambition, and based on our 2021 Board evaluations, the Board took the decision to add to the Secretariat department and it is my pleasure to welcome Christopher Morgan to the team from 4 April 2022. Christopher brings a wealth of governance experience, including as Company Secretary for a FTSE 250 business.

Board succession and evaluation

We assess the effectiveness of our Board, its members and Committees each year and, in respect of FY2022, the review was undertaken by a series of surveys and one-to-one meetings. This evaluation process was enhanced based on our continued learnings and has again enabled the Board to identify opportunities to further improve our effectiveness. More details on the areas of agreed focus are set out on page 103.

Scott Mac Meekin will have served as an independent Non-Executive Director for nine years as of April 2022. His industry expertise is invaluable, and we have asked Scott to serve for the remainder of FY2023, with his retirement set for 31 March 2023. Further detail on this decision and our recruitment process can be found in the Nomination Committee report (page 102).

I am confident that the corporate governance framework in place will continue to support the Group in delivering value for all stakeholders.

Our AGM will be held on 7 September 2022 and we are delighted that, this year, it seems likely we will be allowed to meet in person. I hope that as shareholders in Trifast, you will be able to attend to meet with Board members and staff to discuss any matters you feel are important to the continued future success of the Group.

Jonathan Shearman

Chair

25 July 2022

The UK Corporate Governance Code 2018

The Board is committed to the highest standards of governance and supports the principles and provisions set out in the UK Corporate Governance Code 2018 (the 'Code'), a copy of which is available at www.frc.org.uk. The sections within this report, as indicated below, explain where you can read about how the five sections of the Code have been applied.

Compliance with the Code

Throughout the year ended 31 March 2022, with the exception of Provision 38 which states that the pension contribution rates for executive directors, or payments in lieu, should be aligned with those available to the workforce, the Company has been fully compliant with all of the relevant principles and provisions set out in the Code.

The Directors' remuneration report contains further information concerning the Company's approach to pension contribution rates for Executive Directors. The Committee, in agreement with the Executive Directors, approved the reduction of the Executive Directors' pension contribution rates to that available to the majority of the workforce with effect from 1 April 2022. Read more on page 109.

The Company's auditor, BDO, is required to review whether this statement reflects the Company's compliance with those provisions of the Code specified for their review by the Financial Conduct Authority's Listing Rules and to report if it does not reflect such compliance. No such report has been made.

Corporate Governance Code 2018

1	Board leadership and Company purpose	Read more on pages 90 to 95
2	Division of responsibilities	Read more on pages 96 to 100
3	Composition, succession and evaluation	Read more on pages 101 to 103
4	Audit, risk and internal control	Read more on pages 104 to 108
5	Remuneration	Read more on pages 109 to 129

The Board



Jonathan Shearman
Independent Non-Executive Chair

Length of service
13 years; appointed to the 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, with a successful career in smaller companies fund management, stockbroking and investment banking. Jonathan understands and fits within the culture of Trifast at Board and operational level, as well as within the global business teams

Other directorships

Character Group (appointed 1 June 2022)



Mark Belton
Chief Executive Officer

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

Appointed Chair of the OEB on 1 April 2020

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

Prior to becoming CEO, Mark was Group Finance Director for six years, playing a pivotal role in all aspects of strategic, acquisitive and financial planning, as well as stakeholder relations

Mark has added to his responsibilities, having taken on the mantle as Chair of the ESG Committee to develop our best-practice sustainability strategy that is aligned with the Group's growth aspirations



Clare Foster
Chief Financial Officer

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

Appointed to the OEB on 1 April 2020

Key areas of expertise

Clare was first introduced to Trifast in 1999 (as part of KPMG), since which time she has developed an in-depth understanding of the business, its values and the key drivers for success

During her career, she has gained experience in financial and treasury management, accounting governance, tax compliance and statutory reporting. Her skills base and strategic thinking support the wider business in terms of strategic planning, organic investment decisions and the Group's acquisition activities



Clive Watson
Senior Independent Non-Executive Director

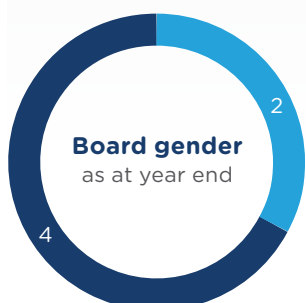
Length of service
2 years; appointed to the Board on 30 July 2020

Key areas of expertise

Chartered accountant with extensive financial experience gained over his career in 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 ten years

Other directorships

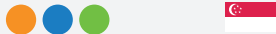
Senior Independent Non-Executive Director at Breedon Group plc (Audit & Risk Chair), Non-Executive Director at discoverIE Group plc (Audit & Risk Chair) and Kier Group plc (Audit & Risk Chair)



● Female | 33%
● Male | 67%



● 0-3 years | 33%
● 3-6 years | 0%
● 6-9 years | 33%
● 9+ years | 34%

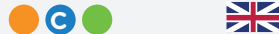


Scott Mac Meekin
Independent Non-Executive Director

Length of service
9 years; appointed to the Board on 25 April 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 and National University Singapore Alumni Association



Claire Balmforth
Independent Non-Executive Director

Length of service
2 years; appointed to the Board on 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 FTSE 250 companies within the retail, B2B and financial services sectors

Other directorships
British Heart Foundation (member of the RemCo and Retail Committees), FRP Advisory Group plc (RemCo Chair)



Lyndsey Case
Company Secretary

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

Key areas of expertise
Lyndsey began her TR career within the UK finance team in 2000 before moving to Group Finance in 2006. She took up the role of Company Secretary in 2016 and has extended her knowledge and expertise within the Secretariat function. In 2020 Lyndsey joined the ESG Committee, which is responsible for developing the sustainability strategy. She is an FCCA accountant and experienced in financial accounting, legal & regulatory reporting, regulatory compliance and corporate governance

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

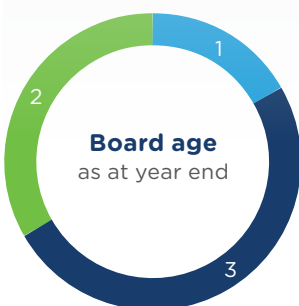
Trifast believes the structure of the Board and its Committees brings balance, wise counsel and deep understanding of the business at both Board and operational levels

Committee memberships

- Nomination Committee
- Audit & Risk Committee
- Remuneration Committee
- Committee Chair



Christopher Morgan
Christopher Morgan was appointed as Company Secretary on 4 April 2022



Operational Executive Board



Helen Toole
Global HR and Sustainability Director

Length of service
12 years; appointed to the OEB on 1 April 2020

Key areas of expertise

Helen has 30 years' experience in the management and strategic development of human resources functions. She has worked in the public, private and voluntary sectors as well as running her own HR consultancy business for a number of years

Helen has a great deal of experience in the development and execution of HR strategy, dispute resolution, training, development and legal compliance



Colin Coddington
Global IT Director

Length of service
26 years; appointed to the OEB on 1 April 2020

Key areas of expertise

35 years' experience as an IT professional. Over the last 26 years Colin has developed an in-depth understanding of the business, its values and key drivers for success. Colin takes pride in leading a strong IT function that has excelled during these challenging times with the fast-changing technology landscape that is remote working



Dan Jack
Global Sales and Commercial Director

Length of service
2 years; appointed to the OEB on 8 June 2020

Key areas of expertise

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



Stevie Meiklem
Project Atlas Lead

Length of service
30 years; appointed to the OEB on 1 April 2020

Key areas of expertise

Stevie has over 20 years' strong procurement and supply knowledge (Level 4 CIPS qualification), as well as having a good commercial background. Stevie was UK Operations Director and Managing Director of Hungary for ten years and became Project Atlas Lead due to his understanding of our end-to-end business processes and knowledge of our global locations and executive strategies



Mark Belton
Chief Executive Officer




Clare Foster
Chief Financial Officer

The Operational Executive Board has responsibility for the development and implementation of the Group's corporate strategy, working together to drive the successful conclusion of our strategic goals

Key terms of reference are to:

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

 Mark Belton (as Chair) and Clare Foster sit on the OEB. To read their biographies see page 92



Glenda Roberts
Global Projects and Marketing Director

Length of service
32 years; appointed to the OEB on 1 April 2020

Key areas of expertise
40 years' experience within the industrial fastenings sector, highly skilled in global sales & marketing, global logistics and supply chain sourcing. Glenda currently has a dual role as Director of TR Fastenings Inc. and Global Projects & Marketing Director. Previously, as Global Sales Director, she developed the Global Account Team strategy, recruiting GADs and SAMs to oversee major multinational accounts and masterminded the diversification into Tier 1 supply in the automotive sector. Glenda served on the Trifast plc Board between 2010 and 2020



Dave Fisk
UK & Ireland MD

Length of service
29 years; appointed to the OEB on 1 April 2020

Key areas of expertise
Dave has over 32 years' experience in industry and his expertise covers strategic planning, leadership development, purchasing and supply chain, continuous improvement and digital transformation. He has previously implemented several growth initiatives and led parallel restructuring programmes post-merger and recession



Andy Nuttall
Europe MD

Length of service
3 years; appointed to the OEB on 1 April 2020

Key areas of expertise
With 38 years' experience in the fastenings industry, Andy has held senior roles in multinational manufacturing and distribution businesses. Joining TR in 2019, he has a wealth of experience in manufacturing, key account management, logistics and end-to-end supply chain. He has implemented and managed multi-million-pound VMI logistics systems in both the UK and Europe, along with major capex expansions, plant restructuring and consolidations. He holds the Six Sigma qualification



Endy Chin
Asia MD

Length of service
27 years; appointed to the OEB on 1 April 2020

Key areas of expertise
Endy qualified as a Bachelor of Mechanical Engineering 34 years ago in New Zealand. He started his career in aerospace before joining TR Formac Singapore manufacturing 27 years ago. Becoming General Manager in 2007, Endy has since been instrumental in the set-up of our sites in India and Thailand. More recently, Endy was the Asia COO before being promoted to Asia MD on 1 April 2021. Endy has a deep knowledge of fastener production and managing large global accounts



● Female | 3
● Male | 7



● 40-49 | 2
● 50-59 | 7
● 60+ | 1



Scott McDaniel

Scott McDaniel joined the OEB on the 25 March 2022 as North America MD



Corporate governance report

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

Board composition

During FY2022, the Board consisted of two 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.

Re-election

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

Access to advice

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.

The key areas reserved for the Board are:

- Establishing and appraising the overall strategic direction and management responsibility
- Approval of major corporate transactions including acquisitions
- Reviewing and recommending overall capital allocation
- Approval of the Group's reports and financial statements
- Approval of the dividend policy
- Approval of new bank facilities, or significant changes to existing facilities

- Maintaining sound internal control and risk management systems
- Assessment and approval of the principal risks for the business and how they are being managed
- Approval of the viability statement
- Succession planning and appointments at senior level
- Approval of the delegation of authority between Executives and the terms of reference of all Committees of the Board
- Review of the Group's overall corporate governance and evaluating the performance of the Board and its Committees annually

Committee responsibilities

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 Nomination Committee, Audit & Risk Committee and Directors' remuneration reports and in the viability statement on pages 64 and 65).

In addition, the governance structure also includes an Operational Executive Board (OEB), a Sustainability Committee and, more recently, an Acquisition MAR Committee. The purpose of the Acquisition MAR Committee is to develop and oversee procedures and controls for the Company's compliance with regulatory requirements in respect of disclosure and control of inside information directly concerning the Company to the extent that it relates to the Company's M&A activities. Further details can be found by following the page references in the governance structure on the opposite page.

Details of the terms of reference for the Board Committees are available to view on the investor website at www.trifast.com/investors/governance.

Board

How the Board is structured and works

Board Committees

In order to allow the Board to focus on decision-making areas that require an independent opinion, separate Board Committees also exist, which comprise the Non-Executive Chair and Non-Executive Directors

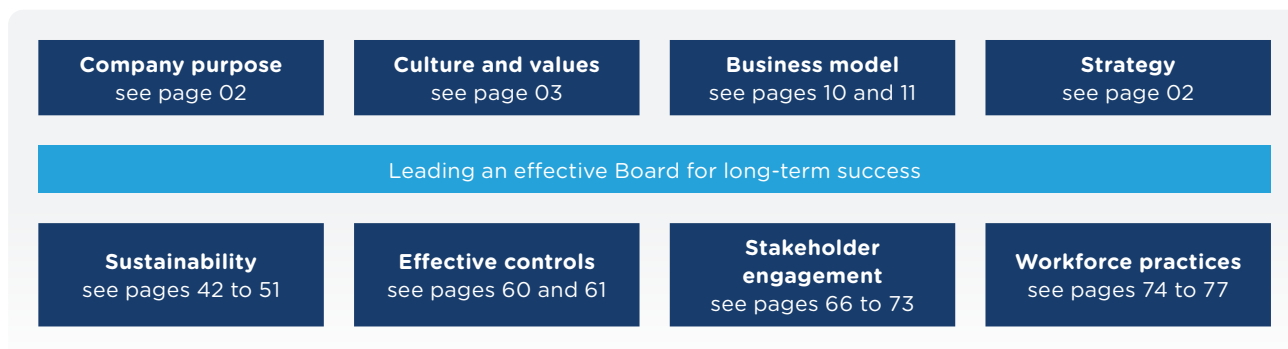
Nomination Committee	Audit & Risk Committee	Remuneration Committee	Plc Sustainability Committee
<p>Members</p> <p>Jonathan Shearman (Chair) Scott Mac Meekin Claire Balmforth Clive Watson</p> <p>Role</p> <p>Regularly evaluates the composition of the Board and the Committees so that each is made up of the appropriate people with the requisite skills, knowledge, experience, and independence. The Committee looks closely at succession planning for Executive and Non-Executive Directors and Senior Management</p> <p>Find out more on pages 101 to 103</p>	<p>Members</p> <p>Clive Watson (Chair) Scott Mac Meekin Claire Balmforth</p> <p>Role</p> <p>Provides effective governance around Trifast's financial reporting, risk management and internal controls framework and ensures the integrity of its financial statements. Reviews accounting policies, monitors internal controls, risk management processes and the performance of the external auditor</p> <p>Find out more on pages 104 to 108</p>	<p>Members</p> <p>Claire Balmforth (Chair) Scott Mac Meekin Clive Watson</p> <p>Role</p> <p>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</p> <p>Find out more on pages 109 to 129</p>	<p>Members</p> <p>Mark Belton (Chair) Clare Foster Jonathan Shearman Scott Mac Meekin Claire Balmforth Clive Watson</p> <p>Role</p> <p>Oversees our sustainability strategy and monitors and reports performance against objectives and targets. Our sustainability structure also includes operational-level committees made up of senior managers and subject matter experts from across the business</p>

Executive Committees

For the day-to-day operations, Executive Committees have been established, comprising Executive Directors and Senior Managers

Operational Executive Board	Acquisition MAR Committee
<p>Members</p> <p>Mark Belton (Chair) Clare Foster Helen Toole Colin Coddington Dan Jack Stevie Meiklem Glenda Roberts Dave Fisk Andy Nuttall Endy Chin Scott McDaniel</p> <p>Role</p> <p>The Board has delegated the responsibility for the development and implementation of its corporate strategy to the OEB. This highly experienced team is drawn from across the Group and collectively bring a wide range of specialist skills to the mix</p> <p>Find out more on pages 94 and 95</p>	<p>Members</p> <p>Mark Belton (Chair) Clare Foster Lyndsey Case Paul Ranson</p> <p>Role</p> <p>To maintain and develop procedures and controls in order to comply with regulatory obligations in relation to our M&A activities</p>

Corporate governance report continued



Board appointments

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

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.

Each Director’s availability and time commitment to the Company is essential in performing their role effectively. Prior to any new appointment, the Board would review other demands on a Director’s time to ensure they have sufficient capacity to commit to the role. A Director must seek Board approval prior to undertaking any additional external appointments.

Appropriate and relevant training is provided to the Executive Directors as and when required. Non-Executive Directors are responsible for their own relevant learning and development activity and inform the Nomination Committee Chair and Company Secretary of any training undertaken.

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

The Chair (Jonathan Shearman) and Senior Independent Non-Executive Director (Clive Watson) confirm that, following formal performance evaluation, the individuals seeking re-election continue to be effective in contributing to the long-term success of the Group and demonstrate commitment to the role.

Trifast considers that the composition of its Board and Committees is fully compliant with the Code. The Company acknowledge that Jonathan Shearman has been on the Board since 2009, initially as a Non-Executive Director, and since April 2020, as Non-Executive Chair.

The Board continue to review this situation and determine that Jonathan remains independent and performs his duties effectively and with integrity, as well as possessing a deep understanding of the business.

To read more about the Board, see pages 92 and 93.

Details of substantial shareholdings of the Company can be found on page 131.

Board meetings

The Board meets at least five times a year formally, with additional meetings to cover specific topics including strategy, budgets and risk, 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 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 attendance

Jonathan Shearman	■	■	■	■	■	■
Mark Belton	■	■	■	■	■	■
Clare Foster	■	■	■	■	■	■
Clive Watson	■	■	■	■	■	■
Scott Mac Meekin	■	■	■	■	■	■
Claire Balmforth	■	■	■	■	■	■
	May 21	Jul 21	Oct 21	Dec 21	Jan 22	Mar 22

Internal audit and risk management

The Board, via the Audit & Risk Committee, formally considers the requirement for internal audit on an annual basis as part of its terms of reference. A formalised internal business review process known as a 'health-check' has been in operation for some years.

These reviews are carried out at each entity using a scoping and frequency schedule with different cycle times based on size and risk profile. Whilst the Board recognises that this process does not constitute a fully independent internal audit, it believes that given the size of the Group, this provides appropriate comfort as to the operational and financial controls in place. In due course, we expect the formation of a more formal internal audit function to form an integral part of the ongoing development of the Group's risk management and internal control framework

Following a transition period in FY2022, on 1 April 2022, a Global Head of Risk was formally appointed. An in-depth review of the Group's risk management and internal controls framework was completed in the second half of FY2022. One of the key elements of this was a comprehensive review of the principal risks and uncertainties facing the Group, including those that would threaten the business model, future performance, solvency or liquidity.

More details can be found in the Audit & Risk Committee report on page 108.

Going concern and viability

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 on the basis of preparation, note 1, and the viability statement on pages 64 and 65. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

Board meetings and operational visits

During the Covid-19 pandemic, with social guidelines and travel restrictions in place, certain Board meetings were held virtually via Microsoft Teams. Since the relaxation of rules, Board and Committee meetings have once again been held in person.

Going forward, in addition to holding Board meetings at Head Office, the Board plans to return to holding at least two meetings per year at another of our global locations. This gives the Directors the chance to see facilities, give ongoing support to the business, and provide local teams the opportunity to brief the Board on progress and needs.

The Board places great importance on the interaction with its colleagues at operational locations. This initiative ensures that the Directors are available to talk and understand the needs of each business unit and its staff at all levels as they are key to Trifast's ongoing development and future.

Employee engagement

The Board recognises that the Group's greatest asset is its employees. The Directors communicate regularly with TR teams throughout the global business via SharePoint and a variety of other virtual platforms. In line with Provision 5 of the Code's requirement for Board engagement at all levels, Jonathan Shearman, Chair, is the designated Non-Executive Director for staff engagement. Claire Balmforth, Chair of the Remuneration Committee, works alongside the Global HR and Sustainability Director, Helen Toole, in supporting Jonathan in this role.

In addition to Board visits, Jonathan Shearman, Chair, and his Non-Executive Director colleagues have instigated a regular employee engagement programme aimed at interacting with staff across our locations and where open discussions are welcomed.

Shareholder engagement

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

All Independent Non-Executive Directors have the authority to meet with shareholders without first seeking approval from the Chief Executive or the Chair.

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 companysecretariat@trifast.com

Over the last financial year, we have operated a structured investor programme, albeit virtually, in the form of presentations with conference dial-in facilities, which were open to all of the investment community. In addition, we introduced the Investor Meet Company offering which allowed private investors to listen to, and enter dialogue with, management. These recordings are also available on our website www.trifast.com

Corporate governance report continued

Shareholder engagement continued Programme of investor and employee events

June 2021	Full-year virtual results roadshow and investor engagement including Investor Meet Company platform
July 2021	Hybrid AGM
November 2021	Half-year virtual results roadshow and investor engagement including Investor Meet Company Platform
December 2021	Chairman Uckfield site tour and employee engagement
January 2022	Liberum industrials conference
February 2022	NEDs (Jonathan Shearman & Clive Watson) North East site tour and employee engagement Analyst engagement (quarterly update)
March 2022	NED (Clive Watson) Uckfield site tour and employee engagement

Plans for FY2023

May 2022	Analyst engagement (pre-close period)
July 2022	Full-year results roadshow and investor engagement via in-person, hybrid and Investor Meet Company platform
September 2022	AGM
October 2022¹	Analyst engagement (pre-close period)
November 2022¹	Half-year virtual results roadshow and investor engagement including Investor Meet Company Platform

Over the course of FY2023, we intend to run a mix of meetings in person, on location or virtually, with some location visits involving other senior staff in a support role.

For more information on employee engagement and how the Board has considered the requirements of Section 172 and all stakeholders, see pages 66 to 73 in the strategic report.

AGM

The AGM has historically offered all shareholders the opportunity to hear from the Board about the Group's progress, as well as dealing with the legal matters of the meeting. With Covid-19 having disrupted our AGM and investor activities for the last two years, we are planning to hold an in-person 2022 AGM. Further details, including proxy voting guidelines, will be contained within the Notice of Meeting.

By order of the Board

Christopher Morgan

Company secretary

25 July 2022

1. Provisional date, to be finalised in due course

Nomination Committee report

“”

Appointing the right people to the Board and OEB with the appropriate skills, experience, knowledge and diversity is fundamental to the ongoing success of the Company



Jonathan Shearman
Chair of the Nomination Committee

Committee composition and attendance

Nomination Committee attendance

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

Dec 21

Role

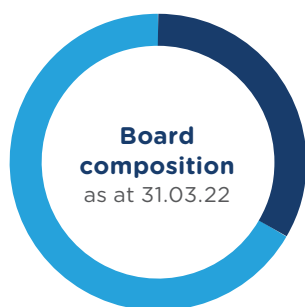
The Nomination Committee's key reference points are

1. Reviewing the composition of the Board, its Committees and the Operational Executive Board (OEB) in order that they retain and reflect the appropriate balance of skills, experience, knowledge and diversity
2. Evaluating succession planning, training and development opportunities for the Executive Directors and the OEB members

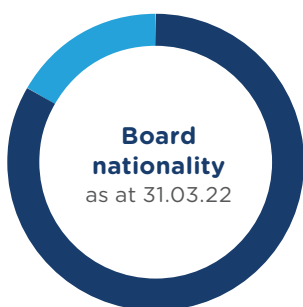
Overview

Working closely with the Board, the Committee has focused on the following matters throughout the year:

1. Culture and values – the Committee remains focused on ensuring there is sufficient emphasis on the role of culture and corporate values and ensuring that these are aligned with our strategy in driving Company performance. The Committee engages with the CEO and Global HR and Sustainability Director formally and ‘offline’ as necessary. During the year, this included the Company’s approach to working from home and adopting hybrid working arrangements
2. Succession planning – building on the work that was undertaken in FY2021, the Committee, along with the CEO and GHRSD, has continued to evaluate and review succession planning across the senior roles in the Company
3. Diversity and inclusion (D&I)



● Executive | 2
● Non-Executive | 4



● British | 5
● Other | 1

Nomination Committee report continued

Overview continued

We have written elsewhere (see page 77) about our Group-wide approach to D&I; this obviously emanates from the Board and impacts the approach of the Nomination Committee.

The FRC's guidance on board effectiveness recognises a breadth of diversity that goes beyond just gender and race, and includes personal attributes including intellect, judgement, courage, honesty and tact; and the ability to listen and forge relationships and develop trust.

This ensures that a board is not closely comprised of like-minded individuals. The Committee agrees that diversity is vital when reviewing the composition of our Boards and possible new appointees.

At Trifast we promote diversity of gender, social and ethnic background, cognitive and personal strengths. Appointing the right people to the Board and OEB with the appropriate balance of skills, knowledge, experience and culture is fundamental to the ongoing success of the Company. Using this approach, the Committee will continue to recommend the appointment of the best people with the right skills and potential. We will also make sure that all employees have an equal chance of being not only included but also developing their careers. Read more about our Board on pages 92 and 93.

The Committee will continue to regularly monitor and review our position in this area and during the coming year will continue to develop our diversity and inclusion strategy and policies that will take into account the suggestions put forward in a number of papers including the Parker and McGregor-Smith reviews alongside the BEIS Select Committee's report.

Coming year initiatives

The Committee intends spending time in FY2023:

1. Further engaging with the workforce directly and via surveys – this will include work with the younger generation of employees to recognise and maximise their contribution to the Group
2. Developing our Board evaluation process – including consideration of when to engage an independent, external evaluator
3. Undertaking a recruitment process to replace Scott Mac Meekin

Board composition and process of recruitment

There were no changes to the Board or Committee compositions during the year ended 31 March 2022. The gender balance for the Board was 33% female/67% male.

As already referenced, Scott Mac Meekin will be retiring from the Board at the end of FY2023. There will be a future opportunity for me to put on record how much of a support Scott has been to me personally, to the Board and the OEB. For now, let me echo my comment that his industry expertise has been invaluable. This expertise is what lies behind the Board's decision to ask him to stay on for a further 12 months. His support will assist the Company with the ongoing development of our commercial offering and consideration of further acquisitions.

I can report that the Committee has already commenced the recruitment process to replace Scott. Part of this process has included a review of the Board skills matrix to ensure it remains fit for future purpose. This will inform us better in identifying the optimal skills sought from potential candidates. The Committee will seek to use the support of a specialist recruitment firm, to ensure as wide a range of candidates are considered. Dependent on the speed with which we are successful, a new Non-Executive Director may be in place during FY2023.

Committee structure and membership

Throughout FY2022, the Committee complied with the UK Corporate Governance Code 2018 in that a majority of the members were independent Non-Executive Directors. To complement and support the Committee, the CEO and Global HR and Sustainability Director are invited to the Nomination Committee meetings as and when appropriate.

From 1 April 2021 the Nomination Committee was made up of:

- Jonathan Shearman, Chair (Chair of Committee)
- Clive Watson, SID
- Claire Balmforth, NED
- Scott Mac Meekin, NED

Board evaluations

The Board undertakes annual evaluations of its own performance, that of its Committees, the Chair, individual Directors, and external audit. 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.

Areas that have been highlighted for further development from this year's evaluation process include a greater Board focus on risk management and risk strategy at all board meetings, with time also being dedicated on these issues during the Strategy meetings. Secondly, the Company Secretary will enhance the Non-Executive Director induction programme in advance of any appointments, and undertake a wider review of Board papers and agendas ensuring as efficient and effective a Board dynamic as possible going forward.

Board evaluation process

The use of external evaluation remained under review during the year. The Committee does not yet consider such an approach to be appropriate, but expects this to form part of future plans. As such, the process of the evaluation was as follows:

Surveys and meetings

The appropriate surveys are distributed either electronically to the Board or, in the case of individual Director and Chair evaluations, conducted via face-to-face meetings:

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

Review

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

Board effectiveness

During the year, we reviewed and adjusted the evaluation process to allow us to capture, more succinctly, aspects where the Board felt our approach was at least 'adequate'; this then allowed us to capture a small number of areas where we felt there was room for further improvement.

The results were discussed during the June 2022 Board and Nomination Committee meetings and a plan for the coming 12 months agreed.

The evaluations for FY2022 indicated that the Board and Committees operated effectively overall.

Jonathan Shearman

Chair of the Nomination Committee

25 July 2022

Audit & Risk Committee report



The Committee oversaw the performance of an in-depth review of the Group’s risk management and internal control framework during the second half of the year, led by our new Global Head of Risk who transitioned into the role in FY2022, with formal appointment from 1 April 2022



Clive Watson
Chair of the Audit & Risk Committee

Committee composition and attendance

Audit & Risk Committee attendance

	Jun 21	Nov 21	Jan 22
Clive Watson	■	■	■
Scott Mac Meekin	■	■	■
Claire Balmforth	■	■	■

The Committee consists of three Independent Non-Executive Directors. The external auditor, the Chair, the Chief Executive, the Chief Financial Officer, the Group Financial Controller and the Company Secretary are also invited to attend meetings. The Committee met three times during FY2022 and on two of these occasions, as a safeguard, the Committee members also had discussions with the external auditor without the Executive Directors or Senior Management team being present.

All Committee meetings are held to coincide with key dates within the financial reporting and audit cycle. As Chair of the Audit & Risk Committee, I also meet with the Chief Financial Officer regularly and wider 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.

Committee competence and governance

The Committee operates within its terms of reference, which are reviewed by the Board on an annual basis. The terms of reference set out the membership and experience requirements of the Committee. These documents are available to view on the Company’s website or on request by contacting the Company Secretariat (details of which are shown on page 203).

The Board and Committee have focused on the governance requirements regarding the Annual Report and Financial Statements/Accounts. We consider that, taken as a whole, the FY2022 Annual Report and Accounts 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 the Annual Report.

The Board is also satisfied that the members of the Audit & Risk 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 92 and 93 of this report.

Role and responsibilities

The role of the Committee is to assist the Board in fulfilling its responsibilities by monitoring and reviewing:

- The integrity and compliance of the financial and narrative information provided to shareholders, including the strategic report, financial results, announcements, viability statement, Task Force for Climate-related Financial Disclosures (TCFD) reporting and financial statements
- The appropriateness of accounting policies and the supporting key judgements and estimates
- Whether the Annual Report and Accounts, 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 effectiveness of the Group's internal financial controls and system of internal control and risk management, including the identification of principal and emerging risks and their mitigation and the requirement for a formal internal audit function
- The effectiveness of the external audit process and external auditors, making recommendations to the Board about the appointment, re-appointment 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 (details of which are shown on page 77)

Key matters considered and activities during the year

The Committee received reports from the external auditors for the financial year and reviewed the major findings of their work.

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' on page 108 below).

In addition, 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.

In light of the government's white paper 'Restoring trust in audit and corporate governance' and the continued roll-out of Project Atlas, the Committee has overseen an in-depth review of the Group's risk management and internal control framework. This process has further developed the Group's risk management framework and resources, with an initial focus on enhanced identification, documentation and mitigation of the Group's principal risks and uncertainties.

The Committee regularly reports to the Board on how it has discharged its responsibilities.

The prime areas of focus were:

- 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 to highlight the underlying performance for the periods presented in the financial statements
- The appropriateness of transactions presented in Alternative Performance Measures (APMs) to compare relevant results for the periods presented in the financial statements
- The key assumptions, judgements and estimates as detailed in note 30 to the financial statements

Audit & Risk Committee report continued

External auditor

The Annual Report and Accounts have been audited by BDO, who were appointed as auditor in November 2019 and Anna Draper has been the Group Audit Partner since appointment. This appointment is subject to ongoing monitoring and will run for a maximum of ten years before being required to be put out to tender.

One of the primary responsibilities of the Committee is to assess the effectiveness of the external auditor and to make recommendations to the Board in relation to the appointment, re-appointment, or removal of the external auditor. The Committee 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 (more details of this process are given in the section 'Annual evaluation of the Audit & Risk Committee and the external auditor' on page 107 below).

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 significant risks for the purposes of the audit and the scope of their work. For FY2022 these risks continued to be the recoverability of customer-specific inventory, goodwill impairment, going concern, revenue recognition and management override. In addition, the TR Falcon acquisition accounting will be reviewed as the transaction occurred during FY2022. More detail is set out in BDO's report on pages 134 to 141.

Viability statement, going concern and principal risks

Our viability statement, set out on pages 64 and 65, details how we have assessed the prospects of the Group over a three-year 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.

The assessment of going concern involves a number of subjective estimates including forecast revenues and profitability, changes in working capital and the impact of inflationary pressures and supply chain challenges. The Committee has been actively involved in the regular review and approval of these forecasts and, because of that work, is satisfied that the going concern basis of preparation remains appropriate for the Group and the Company.

TCFD, which consider the risks and opportunities the business faces as a result of climate change, have also been reported for the first time in this Annual Report.

More information concerning the viability and going concern statements, and the TCFD reporting, can be found on pages 64 and 99 and 86 respectively and within the principal and emerging risks and uncertainties on pages 62 to 64.

The Committee concluded that there was a continuing need to focus on two of the principal risks arising from the financial statements which would require further 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 test and ongoing reviews to identify indicators of impairment. 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 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 13 of the financial statements.

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. 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.

The Group retains the services of another professional services firm to advise on tax compliance and advisory services.

Annual evaluation of the Audit & Risk Committee and the external auditor

As part of its annual Board effectiveness, an evaluation of both the Audit & Risk Committee and external auditor was conducted during FY2022. For the external auditor, the review process was conducted primarily by way of an online questionnaire and was completed by the Committee members and other Senior Management who are engaged in the audit process. As a result of this process, the Committee and the Board have concluded that BDO provides an effective audit and have recommended their re-appointment at the 2022 AGM (more details can be seen in the section 'External auditor' on page 106 above).

The evaluation of the Audit & Risk Committee was also conducted by way of an online questionnaire, completed by all Board members. The review indicated that the Committee is operating effectively and that the Board is satisfied that, as Chair of the Committee, I hold the relevant financial experience and that the Committee as a whole has competence relevant to the sector in which the Group operates.

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 FRC's 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, undertakes 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 the ongoing process for identifying, evaluating and managing significant risks is appropriate.

As highlighted in last year's Audit & Risk Committee report, one of the Committee's key areas of focus for FY2022 was to instigate an in-depth review of the Group's risk management and internal control framework.

During the year, and following the transition into role of a new Global Head of Risk, an in-depth review of the Group's risk management and internal controls framework was completed. This review focused primarily on the following areas:

- Review of existing risk management and internal control activities
- Enhancements to risk management structure and reporting
- Comprehensive review of principal risks and uncertainties
- Increased interaction/ownership of risk at OEB and business function level
- Identification of key activities for ongoing framework development

The Committee looks forward to the continued development of this important area of the business.

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 review of the business risks undertaken as part of the ongoing day-to-day procedures 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 documented and well understood
- That detailed annual budgets and rolling forecasts 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.

Audit & Risk Committee report continued

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. During FY2023, this process will continue to be developed in line with the roll-out and post-implementation stage of Project Atlas.

The reviews, covering both operational and financial controls, are performed by senior Group finance and other 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 & Risk Committee and remedial actions agreed. Whilst the Board recognises that 'health checks' do 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 at this point in time. In due course, we expect the formation of a more formal internal audit function to form an integral part of the ongoing development of the Group's risk management and internal control framework. As a first stage of this process, the Group has recruited additional resource in the first half of FY2023.

Fair, balanced and understandable

One of the key governance requirements of the Committee is for the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable. The Group has established a formal process for ensuring that this is the case, with clearly defined and delineated areas of responsibility for the various sections in the Annual Report recognising the distinctive roles of the preparers and the reviewers. The Directors acknowledge their responsibility for preparing the FY2022 Annual Report and Accounts and confirm that they consider this document, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Committee focus for FY2023

Following the in-depth review of the risk management and internal control framework performed during FY2022, referred to earlier, specific focus in the year ahead will be given to enhancing the identification, documentation and mitigation of the Group's wider strategic, operational and financial risks. This activity will be supported by additional investments in resource and software and the development of an internal communications strategy specifically designed to further embed risk management into the business. The Committee looks forward to reporting on the outcome of this in due course.

Clive Watson

Chair of the Audit & Risk Committee

25 July 2022

Directors' remuneration report



The Committee was very pleased to see that the Directors' remuneration report was passed with 94.9% support from shareholders



Claire Balmforth
Chair of the Remuneration Committee

Committee composition and attendance Remuneration Committee attendance

Claire Balmforth	■	■	■
Scott Mac Meekin	■	■	■
Clive Watson	■	■	■
	Jun 21	Nov 21	Mar 22

Introduction

On behalf of the Remuneration Committee (the 'Committee'), I am delighted to present the Directors' remuneration report for the year ended 31 March 2022. At our 2021 AGM, the Committee was very pleased to see that the Directors' remuneration report was passed with 94.9% support from shareholders. We also noted the feedback received from shareholder representative bodies regarding the potential rebalance of Executive Director remuneration and the alignment of pension contribution rates - both these topics are addressed this year. The Committee would like to thank shareholders for their support at the AGM.

This report has been prepared by the Committee in accordance with the relevant legal and accounting regulations and has been approved by the Board.

Role and activities of the Committee

The primary role of the Committee is unchanged, which is to provide our Executive Directors with remuneration that motivates and 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:

- Continue to monitor the Company's response to Covid-19 and the impact on its remuneration arrangements
- Determination of the final remuneration outcomes for the year to 31 March 2022
- Discuss and approve changes to the Executive Director remuneration packages for FY2023, including consideration of the alignment of pension contribution rates with the wider workforce
- Calibrating the appropriate incentive targets for the FY2023 annual bonus, including ESG-based targets and LTIP awards
- Oversight of the remuneration aspects of Senior Management and wider workforce pay and policies
- Consideration of our gender pay reporting summary
- Review and minor amendment of the Remuneration Committee's terms of reference

There were no changes to the Committee's membership during the year.

Directors' remuneration report continued

Company performance in the context of Covid-19

In FY2022, the Group's priority was to look after our people and thereafter customers, suppliers and other communities. To meet our current and future challenges, the Board has focused our proven management team on the delivery of strong organic and overall performance, including maximising the ROI from Project Atlas.

After experiencing difficult market conditions in recent years, we were delighted to see further signs of recovery. FY2022 has been a story of strong recovery and solid growth, with revenues ending 16.2% up on FY2021 and ahead of the FY2020 pre-Covid-19 comparative period. We have seen high demand across all our key sectors, for example light vehicle sector growth outpacing global light vehicle production to record 7.4% growth at CER despite the well-publicised semi-conductor shortages.

Reflecting the strong recovery, our underlying PBT is up 29.2% at CER to £14.2m. This, coupled with a reduction in our underlying effective tax rate, has resulted in an increase in our underlying diluted earnings per share (EPS) at AER, up 30.3% to 8.13p.

As well as an improved financial performance, the Group has also achieved several strategic milestones during the year, including:

- Successful go-live of a further two sites under Project Atlas, and demonstrable benefits starting to come through
- A first step on our ambitious North America acquisition journey through the purchase of Falcon
- Developed a clear ESG strategy for the next five years. More details can be found in the 2021 Sustainability Report published alongside the 30 September 2021 interim report

The improvement in performance allowed the Board to propose an increased dividend of 2.10p in respect of FY2022. The Group also paid a full-year dividend of 1.60p per share for FY2021.

As the Group overcame the impact of the pandemic, UK government support received in FY2022 was only in relation to a very small number of employees who remained on furlough for part of the year. This resulted in a non-material amount of £8,498 being accessed under the UK government's Coronavirus Job Retention Scheme, equivalent to <0.1% of underlying operating profit. There were also no redundancies made during the year as a result of Covid-19 and the Company continues to increase base salaries for all employees.

FY2022 remuneration outcomes

Annual bonus

The Remuneration Committee is aware of the sensitive balance between retaining and motivating the management team and corporate governance best practice when determining annual bonus outcomes.

Therefore, when assessing whether to pay a bonus this year, it considered:

- That no bonus payments had been made for three years
- Overall corporate performance
- Trifast received a small amount of government support as a result of Covid-19, and investor sentiment around bonus payments in such scenarios

Taking all this into account and considering that the UK Covid-19-related payments received had been adjusted for and reduced the payout of the profit-based element, the Committee felt that it was appropriate to pay a bonus of 23.7% of maximum to the Executive Directors in respect of FY2022.

Targets for the FY2022 bonus were based 70% on underlying organic operating profit, 20% on cash conversion rate and 10% on strategic/operational targets, with a maximum opportunity of 150% of salary. The Committee confirms that no performance target has been adjusted in the year because of the pandemic or any other reason.

Notwithstanding the challenging targets and continued difficult trading environment, the underlying organic pre-IFRS 2 operating profit measure was achieved at just ahead of threshold, as the outcome of £15.1m (reduced for UK government support received) just exceeded the threshold target of £15.0m, resulting in 26.7% of maximum payout for this element. However, the cash conversion threshold level of performance was not achieved so there was no payout under this element.

As the threshold underlying operating profit target was achieved, the Committee was able to assess performance against the strategic/operational measures. It determined that the payout would be 50% of maximum reflecting the strong strategic progress, in relation to the ESG sustainability report publication, made during FY2022 (full details of these assessments are set out on pages 124).

In total, the overall bonus payout was 23.7% of maximum and 35.5% of salary for both Executive Directors, versus a maximum opportunity of 150% of base salary.

In determining the payouts under the annual bonus for the Executive Directors, the Committee has been mindful not only of the formulaic outcome against the targets set, but also of the underlying performance of the business. Specifically, the Committee took account of the following factors:

- The Company achieved an improved set of financial results with year-on-year growth in sales and underlying operating profit
- The Company paid its final dividend for FY2021 to shareholders, with the proposed full-year dividend for the year ended 31 March 2022 increasing by 31.3% to 2.10p
- The Group-wide bonus pool has increased by 83.8%, reflecting the superb work of all our colleagues
- Development of a five-year sustainability strategy

On this basis, the Committee felt comfortable that the formulaic bonus outcome reflected the individual Executive Director and Company performance and, as a result, determined that no overriding discretion will be applied to the bonus outcome. Given that the bonus payout is relatively modest, it is the first such payment for four years and in line with policy it will be paid in cash.

Long-Term Incentive Plan (LTIP)

Vesting

The three-year performance period of LTIP awards granted to the Executive Directors during FY2020 ended on 31 March 2022. Performance was below the threshold level against the EPS (70% weighting) and relative TSR (30% weighting) targets, resulting in nil vesting. The Committee acknowledged that the targets were demanding given they were based off Trifast's exceptional FY2019 performance. Full details of Trifast's performance against the LTIP targets is provided on pages 125 and 126.

Grant

The Committee made a grant of LTIP awards under the Directors' Remuneration Policy on 3 August 2021. In line with policy, the awards had a face value of 175% of base salary, a three-year vesting period and are subject to a two-year post-vesting holding period. The performance conditions attached to the awards were underlying diluted EPS growth (70% weighting) and relative TSR (30% weighting). The Committee will have overriding discretion to change the formulaic outcome (both downwards and upwards) if it is out of line with the underlying performance of the Company and this will include an assessment of whether any windfall gains have been made.

The EPS growth target at threshold performance is 16% p.a. and 37% p.a. at the maximum performance. The vesting schedule is a graduated curve with a greater level of stretch towards the upper end of the vesting range to reflect aspirational performance. The relative TSR targets remain unchanged. The Committee is comfortable that the performance measures remain appropriate and that the targets are challenging given the current economic conditions. Full details of the performance targets can be found in the annual report on remuneration on page 126.

Overall

The Committee noted that the FY2020 LTIP outcome was aligned with Company performance as well as shareholders' experience. Despite there being no LTIP vesting, the Committee is comfortable that a modest payout under the annual bonus acknowledged the management team's resilience and their strong performance on progressing the Group's strategic priorities.

The Committee is comfortable that the current policy operated as intended and that the overall FY2022 remuneration paid to Executive Directors was appropriate. Therefore, the Committee did not exercise any discretion.

Directors' remuneration report continued

FY2022 remuneration outcomes continued

Wider workforce considerations

The progress of the Company over several years would not have been possible without developing all our people, which includes formal training, full support and incentives to perform to the best of their abilities. We recognise that it is also critical for our colleagues to feel valued as well as to be paid fairly.

The current focus in relation to engagement has continued to centre around communicating regularly with our employees throughout the pandemic and conducting regular employee surveys. Our surveys focus on our culture and the wellbeing of employees.

I am pleased to report that our approach to engagement has allowed our employees, through both surveys and personal visits by our NEDs, to discuss a wide range of subjects including leadership, capacity, communication, work life balance and hybrid/flexible working policies, strategic direction, learning and development, culture and values. In addition, we carry out a regular benchmarking exercise to ensure pay remains fair for all. Read more about our employee engagement on page 68.

We also published our fifth gender pay gap report in March 2022 (relating to the report for April 2021). We were encouraged to see that our median gender pay gap of +7.0% (i.e. our female employees are paid 7.0% more than our male employees) and the median bonus gap of nil demonstrates that Trifast is an equal opportunities organisation. We are proud that we have bonus schemes covering all employees. Our gender pay gap report can be found on our corporate website at www.trfastenings.com and extracts have been provided on pages 78 and 79.

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 and 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. Our long-term equity scheme was expanded for Directors and Senior Managers in FY2020 and now has c.120 participants and I am pleased to report that we made a further grant of awards in August 2021, which is subject to the same EPS performance condition as the Executive Directors' LTIP awards.

Implementation of remuneration policy for FY2023

Overall approach

The Committee is sensitive to the challenges faced by our stakeholders at present but also recognises the importance of retaining and incentivising our strong management team. Therefore, the Committee believes that Executive Director pay should be competitive against the market, reflecting the transformation of the business (with the associated benefits of Project Atlas) and the complexities of running an international company.

As set out in our FY2020 and FY2021 remuneration reports, the Committee signposted a move of all elements of remuneration to the median of those of the FTSE Small Cap Index as this represented an overall competitive package.

The Committee's original intention was a staged rebalance over FY2022 and FY2023, but after careful consideration, the Committee, with the support of the Executive Directors, decided that this should be delayed until FY2023. Given the improved Company performance set out in this Annual Report and extensive strategic progress made over the past two years, the Committee feels the time is right to make changes to the Executive Directors' remuneration packages as set out below.

Fixed pay - salary

The CEO's salary increased by 26% to £400,000 and the CFO's salary increased by 27% to £308,000 from 1 April 2022. The increases position the CEO at just above the lower quartile and the CFO at the median of the FTSE Small Cap Index. The Committee acknowledges that these increases are above those provided to the wider workforce in FY2023, but is comfortable they are justified and are necessary to retain and motivate the Executive Directors given:

- The strategic progress made through Project Atlas
- The significantly improved Company performance over FY2022 and continued individual performance of the Executive Directors
- The improved alignment of Executive Directors' salary market positioning with that of the wider workforce i.e. broadly median

Further increases will be considered for the CEO in the future to position him closer to the median, if they are warranted based on individual and Company performance and the continued successful execution of Project Atlas.

Fixed pay – pension

In line with our commitment in the FY2021 remuneration report, the Committee reviewed the alignment of the Executive Directors' pension contribution rates with the wider workforce. I am pleased to report the Committee approved the reduction of Executive Director pension contributions rates to 5% of salary, which is the rate available to the majority of the workforce. In addition, with the agreement of the Executive Directors, the reduction was implemented on 1 April 2022.

Fixed pay – overall

The Committee notes that overall, the Executive Directors' fixed pay will increase by c.10% for FY2023, which is aligned with the 10% salary increase provided to Senior Management and is just above the 7% UK wider workforce salary increase.

Incentive awards

Given our changes to the level of fixed remuneration, the Committee has reviewed incentive opportunity levels to address the multiplier effect on overall remuneration of these significant but necessary salary increases.

Annual bonus

The Committee determined to maintain the maximum annual bonus opportunity at 150% of salary for the CEO and CFO, which is consistent with the market range for comparable sized companies. The performance measures for the annual bonus also remain unchanged, with 70% based on underlying organic operating profit, 20% on cash conversion rate and 10% on strategic/operational targets. In FY2023, these will include ESG-based strategic/operational targets.

Performance targets set by the Committee will be challenging but with an appropriate probability of payout and disclosed in detail in next year's remuneration report. Any bonus payable above 100% of salary will be deferred into shares for three years.

LTIP

The Committee determined to bring the LTIP opportunity more in line with the market range for comparable sized companies and has reduced the LTIP opportunity by 25% of salary to 150% of salary for both Executive Directors to address the multiplier effect of the salary increases as noted above. The Committee believes that an LTIP award of 150% is an appropriate incentive opportunity to closely align the interests of management with those of shareholders over the longer term and to focus management on driving performance. The FY2023 LTIP for Executive Directors will have the same structure and performance conditions as the awards granted in FY2022. Despite the award level being reduced, the targets for the FY2023 LTIP remain challenging. They were calibrated such that significant EPS growth is required for both threshold performance (9% p.a.) and maximum performance (29% p.a.). The relative TSR targets remain unchanged. Please see page 116 for further details of the performance targets.

Shareholder engagement

On the basis that the Committee has signposted the Executive Director package rebalance in previous reports, it did not feel that a formal engagement process was necessary in this instance. However, as Committee Chair, I have written to shareholders setting out the rationale for the rebalance and our actions to mitigate against the multiplier effect of the material base salary increases.

Looking ahead

Our strategy continues to be to grow organically and by acquisition.

The Committee is comfortable that the operation of the remuneration policy in FY2022 and its implementation for FY2023 are in line with the best interests of the Group and will 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 for the advisory vote on the annual report on remuneration at the forthcoming AGM.

Finally, I want to recognise that the Company's achievements would not have been possible without the resilience and flexibility shown by our employees during these unprecedented times. Our employees have been working extremely hard to support our customers throughout the pandemic. To all colleagues – thank you for your hard work and commitment to the business, and support given to colleagues and customers, which is making Trifast the robust business it is today.

Claire Balmforth

Chair of the Remuneration Committee

25 July 2022

Directors' remuneration report continued

Annual report on remuneration

This section of the remuneration report contains details as to how the Company's remuneration policy was implemented during FY2022. The Committee is satisfied that the policy operated as intended in FY2022 and its implementation did not deviate from the approved policy. It also covers how policy will be implemented in FY2023. In the first part of this report, we have also set out information with regard 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 our colleagues 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

Through the application of these principles, the Company has continued to attract industry specialists with global experience at senior levels.

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 has developed 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 is combined with the insights gained by Jonathan Shearman, who is the designated Non-Executive Director for staff engagement. The Committee uses this information to ensure consistency and fairness of approach throughout the Company in relation to remuneration.

Summary of the approved Directors' Remuneration Policy

The key elements from the Directors' Remuneration Policy approved at the 22 September 2020 AGM, and how it will be implemented for FY2023, are summarised below in line with the Executive Directors' package rebalance set out in the Chair's statement. The Committee does not intend to deviate from the approved policy in FY2023.

The full policy can be found on the Trifast website at www.trifast.com/investors/governance/remuneration-policy.

Element	Policy summary	Implementation for FY2023
Base salary	<p>Base salary is reviewed annually by the Committee and determined on 1 April each year. The Committee will target median salaries within FTSE Small Cap Index companies. Salary increases for Executive Directors will not normally exceed the average increase which applies across the wider Trifast UK employee population. Larger increases may be awarded in certain circumstances, including where Project Atlas implementation has progressed, and key milestones have been achieved</p> <p>The Committee also considers the impact of any base salary increase on the total remuneration package</p>	<p>The CEO's and CFO's salary for FY2023 increased by 26% and 27% respectively. The increases position the CEO at just above the lower quartile and the CFO at the median of the FTSE Small Cap. The Committee is comfortable the increases are justified and necessary to retain and motivate the Executive Directors given:</p> <ul style="list-style-type: none"> • The strategic progress made through Project Atlas • The significantly improved Company performance over FY2022 and continued excellent individual performance of the Executive Directors • The improved alignment of Executive Directors' salary market positioning with that of the wider workforce i.e. broadly median <p>Taken in aggregate with the reduction in pension set out below, fixed pay for the Executive Directors increased by c.10%, which is aligned with the 10% salary increase provided to Senior Management for next year and just above the 7% UK wider workforce salary increase</p> <p>Further increases will be considered for the CEO in the future to position him closer to the median, if they are warranted by individual and Company performance and the continued successful execution of Project Atlas</p> <p>FY2023 salaries are therefore as follows:</p> <ul style="list-style-type: none"> • Mark Belton (CEO): £400,000 • Clare Foster (CFO): £308,000
Pension and benefits	<p>See implementation for FY2023 for existing and new Executive Directors in relation to pension</p> <p>The Company will provide market-competitive benefits to Executive Directors and reimburse any necessary and reasonable business expenses</p>	<p>The Committee reviewed the alignment of the Executive Directors' pension contribution rates with the wider workforce and approved a reduction to 5% of salary, which is the rate available to the majority of the workforce. In addition, with the agreement of the Executive Directors, the reduction was implemented on 1 April 2022</p> <p>No change to benefit provision other than to pension contributions as set out above</p>
Annual bonus	<p>Maximum opportunity of 150% of salary. Any bonus in excess of 100% of salary will be paid in shares deferred for three years</p> <p>Performance measures and their weightings include:</p> <ul style="list-style-type: none"> • 70% underlying organic operating profit target • 20% cash conversion rate targets • 10% basket of up to two strategic/operational targets. However, this element will not pay out if threshold operating profit performance has not been achieved <p>Payout for threshold performance at 25% of maximum, and payout for on-target performance at 50% of maximum</p> <p>The Committee has overriding discretion to change the formulaic outcome (both downwards and upwards) if it is out of line with underlying performance of the Company</p>	<p>In line with policy, the Committee determined to award a FY2023 bonus to Executive Directors with a maximum opportunity of 150% of salary. Performance measures and weightings and payout schedule will apply as per the approved policy</p> <p>Targets are deemed commercially sensitive and will be disclosed in the FY2023 Annual Report, although the Committee has determined that the strategic/operational element will partially based on ESG</p>

Directors' remuneration report continued

Annual report on remuneration continued

Summary of the approved Directors' Remuneration Policy continued

Element	Policy summary	Implementation for FY2023
Long-Term Incentive Plan (LTIP)	<p>Maximum opportunity of 175% of salary</p> <p>Three-year vesting period plus two-year holding period</p> <p>Malus and clawback provisions apply</p> <p>Performance measures and their weightings include:</p> <ul style="list-style-type: none"> • 70% EPS • 30% relative TSR vs. FTSE Small Cap Index (excluding investment trusts) <p>25% of the award vests for threshold performance and 100% for maximum performance</p> <p>Overriding discretion in line with annual bonus</p>	<p>The Committee determined to bring the LTIP opportunity more in line with the market range for comparable sized companies and has reduced the LTIP opportunity by 25% of salary to 150% of salary for both Executive Directors to address the multiplier effect of the salary increases. The Committee believes that an LTIP award of 150% is an appropriate incentive opportunity to closely align the interests of management with those of shareholders over the longer term and to focus management on driving performance. Performance measures and weightings will apply as per the approved policy</p> <p>Despite the award level being reduced, the targets for the FY2023 LTIP remain challenging. They were calibrated such that significant EPS growth is required for both threshold performance (9% p.a.) and maximum performance (29% p.a.), with straight-line vesting in between</p> <p>The relative TSR target at threshold level is performance equal to the FTSE Small Cap Index (excluding investment trusts) and 8% p.a. in excess of the index for full vesting, with straight-line vesting in between</p>
Minimum shareholding requirement	<p>Shareholding requirement of 250% of salary over five years from policy adoption while in employment and requirement to continue to hold shares equivalent to the minimum of actual shareholding on cessation of employment and in-employment shareholding requirement for a period of two years following termination of employment</p> <p>Shares beneficially owned and any inflight LTIP awards at the date of adoption of the policy will be exempt from the post-employment requirement, but all share-based awards granted under the current policy are captured</p>	<p>The shareholding requirement in FY2023 will be 250% of salary</p> <p>Post-employment shareholding requirement will also apply</p>
Non-Executive Director fees	<p>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 certain circumstances, for example a material change in the time commitment or responsibilities of the Non-Executive Director</p> <p>The Company targets FTSE Small Cap median fees</p>	<p>Fees were increased by 5.0% from 1 April 2022 as follows:</p> <ul style="list-style-type: none"> • Chair: £135k • SID: £6k • NED: £45k • Committee chair fee: £8k • Committee membership fee: £5/8k

Linking our remuneration 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 key objectives.

Our key objectives



KSIs				
Revenue growth vs GDP	■	■	■	■
Underlying operating margin	■	■	■	
Underlying ROCE	■	■	■	■
Group revenue in North America	■			■
Atlas implementation (% of employees)		■		
KPIs				
Underlying cash conversion ratio	■			■
Working capital as a percentage of revenue	■	■		■
Underlying earnings per share (EPS)	■	■	■	■
Employee engagement Index	■			■
EcoVadis rating	■		■	■

Annual bonus

Measure	Link to strategy
Operating profit	<ul style="list-style-type: none"> Focus on organic growth ■ ■ Focus on sustainable investment ■
Cash conversion	<ul style="list-style-type: none"> Focus on sustainable investment ■ ■ Focus on cash flow management ■
Strategic/operational	<ul style="list-style-type: none"> Focus on organic growth ■ ■ Focus on innovation ■ ■ Focus on people/talent ■ Focus on sustainability ■ Focus on acquisition ■

LTIP

Measure	Link to strategy
EPS growth	<ul style="list-style-type: none"> Key measure of growth ■ ■ Focus on sustainable investment ■ ■ Focus on acquisitions ■
Relative TSR	<ul style="list-style-type: none"> Linked to shareholder value ■ ■ Focus on outperformance ■ ■ ■
Shareholding guidelines	<ul style="list-style-type: none"> Linked to shareholder value ■ ■ ■ ■

Directors' remuneration report continued

Annual report on remuneration continued

How the Company addressed factors in Provision 40 of the 2018 UK Corporate Governance Code

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 our 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 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: <ul style="list-style-type: none"> • Deferring bonus into shares and a two-year holding period on the 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 • Reducing the awards or cancelling them if the behaviours giving rise to the awards are inappropriate, through malus and clawback • Reducing annual bonus or LTIP awards or cancelling them, if it appears that the criteria on which the award was based does 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 current approach of the Company to remuneration is the direct link between the returns strategy and the value received by Executives The schematic on page 117 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 The inclusion of an ESG based measure in the annual bonus for FY2023 demonstrates the Board's determination to drive behaviours in this key area of Company 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 remuneration philosophy for all employees from the Executive Directors downwards is that they should have a meaningful element of performance-based pay. For Executive Directors, the LTIP and part of the annual bonus is provided in shares to ensure a focus on long-term sustainable value creation and to align their experience with that of shareholders. The Company's LTIP extends to selected Senior Management within the Company, with the number of employees eligible to participate being c.120 from across 15 countries. 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.

	Fixed remuneration	Annual bonus	LTIP	UK employee share scheme (SAYE)
Executive Directors	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 the 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.

Year	Method	Pay ratio		
		25th percentile	50th percentile	75th percentile
FY2022	Option A	24:1	19:1	13:1
FY2021	Option A	17:1	14:1	9:1
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 123. The remuneration figures for the employee at each quartile were determined as of 31 March 2022. 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 proration) were made and no components of pay, except SAYE awards, have been omitted.

Bonus payments included in total pay and benefits for below Board employees are those paid in the year to 31 March 2022 rather than those earned in the same period.

The salary and total pay and benefits for the employee at each of the 25th, 50th and 75th percentiles are as shown in the table below:

Pay data	Base salary £000	Total pay and benefits £000
CEO	317	505
Employee at 25th percentile	19	21
Employee at 50th percentile	24	27
Employee at 75th percentile	35	40

We have chosen methodology option A for the calculation, to identify the three UK employees at each of the quartiles as of 31 March 2022. 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.

Directors' remuneration report continued

Annual report on remuneration continued

CEO pay ratio continued

The ratios will be used as part of the Committee's remuneration decision-making process regarding broader employee pay policies as well as remuneration policies for the Executive Directors. They 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 may be reflected in the ratio if the Company meets the respective targets

The FY2022 CEO pay ratios at the 25th, 50th and 75th percentiles are higher than the equivalent FY2021 ratios. This is primarily a result of the CEO being awarded his first annual bonus payout since the introduction of pay ratio disclosures. The Committee is pleased to note the average increase for UK employees is 7% for FY2023 and the 83.8% increase to the Group-wide bonus pool this year.

Gender pay gap reporting

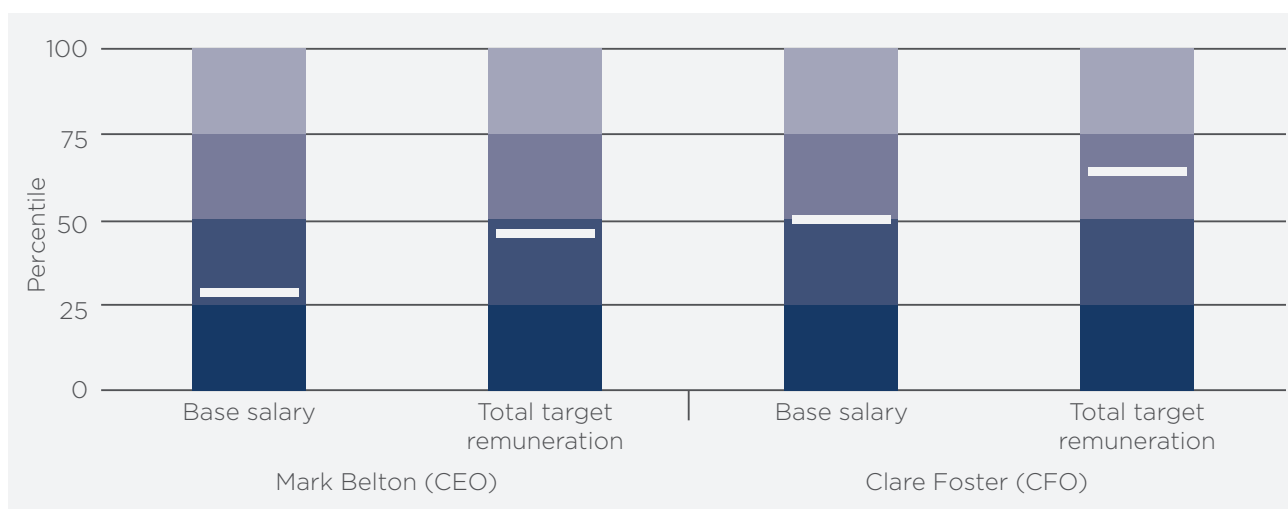
Trifast is committed to the principle of equal opportunities and equal treatment for all colleagues, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. The Company has concluded that the single most 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 but is instead the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

Our median gender pay, calculated for TR Fastenings UK, was 7% in favour of women. We are pleased that this remains significantly below the UK average. Please see pages 78 and 79 for our gender pay report.

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. The chart is based on the Executive Directors' FY2023 remuneration opportunity.



Remuneration justification

The Committee is comfortable that the internal and external pay relativity reference points set out above provide justification that the remuneration arrangements for Executive Directors are appropriate and illustrate the suitability of the changes being made to rebalance the package from the start of FY2023 as set out in the Committee Chair's statement.

How executive remuneration is communicated with stakeholders - shareholders and employees

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 hard copy and on the website). Shareholders can liaise with the Committee Chair throughout the year, including at the time of the AGM.

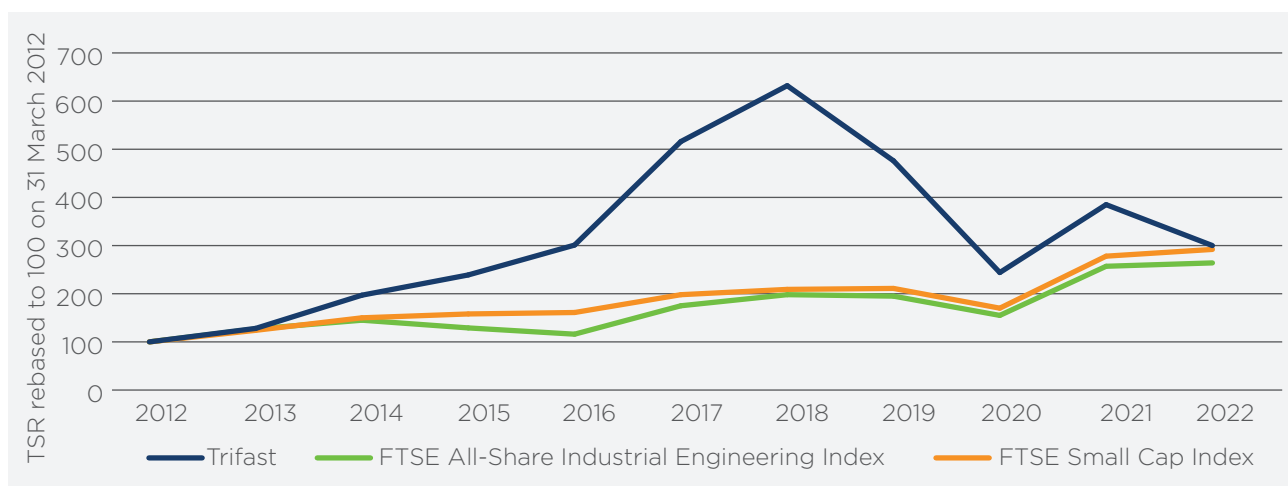
The Committee engaged with its largest shareholders and the investor representative bodies in relation to the current remuneration policy during 2020. As set out in the Committee Chair's statement, the Committee has also written to shareholders setting out the rationale for the Executive Director package rebalance and our actions to mitigate against the multiplier effect of the material base salary increases disclosed in this report.

The Company's approach to engagement has also allowed our employees to discuss a wide range of subjects, as detailed on page 68 with our designated people NED, Jonathan Shearman and Non-Executive Director, Clive Watson. This engagement has helped the Company to review resource capacity and develop a strategy for improving communication. See page 68 for further information on employee engagement.

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 2012. The Remuneration Committee believes it is appropriate to monitor the Company's performance against these indices as the Company is a constituent of both.



Directors' remuneration report continued

Annual report on remuneration continued

Performance and pay

The table below shows the single figure of remuneration and levels of bonus and equity payouts for the Group CEO during the past ten years:

Financial year	Total single figure of remuneration £000	Annual cash bonus payout against maximum	Equity award payout against maximum
2022	505	23.7 %	0%
2021	366	n/a	0%
2020	383	0%	0%
2019	367	0%	n/a
2018	629	70%	n/a
2017	811	100%	100% ²
2016	641 ¹	50%	100% ²
2015	766	100%	100% ²
2014	643	80%	100% ²
2013	1,263	30%	100% ³

1. 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

2. This is the vesting of the deferred equity awards under a previous policy

3. This was a year considered as part of the performance period for the 2009 option scheme

Percentage change in Directors' remuneration compared to employees

The table below compares the percentage increase in each Director's pay with the average pay of the Company's colleagues in the listed entity on a full-time equivalent basis.

	% change from 2021 to 2022			% change from 2020 to 2021		
	Salary/fees ⁴	Taxable benefits	Annual bonus ⁶	Salary/fees ⁴	Taxable benefits	Annual bonus
Mark Belton (CEO)	7.1%	33.0%	n/a	(4.6)%	0%	n/a
Clare Foster (CFO)	7.1%	33.0%	n/a	(4.6)%	0%	n/a
Jonathan Shearman (NED and Chair) ¹	7.1%	n/a	n/a	216.0%	n/a	n/a
Clive Watson (Senior Independent NED) ²	55.0%	n/a	n/a	n/a	n/a	n/a
Scott Mac Meekin (NED)	6.3%	n/a	n/a	(4.6)%	n/a	n/a
Claire Balmforth (NED) ³	5.7%	n/a	n/a	n/a	n/a	n/a
Average employee ⁵	6.5%	7.5%	592.0%	11.3%	19.3%	(61.1)%

1. Jonathan Shearman was appointed as Chair of the Board on 1 April 2020. Therefore, the increase in fees between 2020 and 2021 set out above reflects the change from his previous role as NED and Remuneration Committee Chair. It should be noted that on appointment as Chair of the Board his fee of £125,000 was the same as his predecessor's FY2020 fee

2. Appointed to the Board 30 July 2020. The increase reflects the fact that Clive Watson only served for 8 months as a Director during FY2021

3. Appointed to the Board 1 April 2020

4. Salary/fees for Directors who remained in the same role for FY2020 and FY2021 showed a 4.6% decrease between 2020 and 2021 as a result of the 20% reduction in pay taken by the Board in Q1 of FY2021. Therefore the increases between 2021 to 2022 are higher than the FY2022 salary and fee increases awarded given the temporary reduction in FY2021 pay

5. In line with the regulations, the average employee percentage changes only include employees of Trifast plc, excluding Directors, (22 employees as of 31 March 2022). The percentage change in average employee annual bonus for 2020 to 2021 has changed to that disclosed in the FY2021 Annual Report as a result of using actual figures rather than estimates

6. Annual bonus increase is n/a due to Enil comparator in FY2021

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 2022	Year to 31 March 2021	Change
Dividend distributions	£2.81m	£2.16m	30.4%
Group spend on pay (including Directors)	£35.66m	£31.91m	11.8%
Other pay	£8.69m	£6.60m	31.7%
Total remuneration^{1,2}	£44.35m	£38.51m	15.2%

- The costs above are shown gross of income from government support schemes, totalling £0.1m (FY2021: £2.1m)
- Total remuneration excludes IFRS 2 Share-based payments of £0.8m (FY2021: £1.1m). Including this, total remuneration would be £45.1m (FY2021: £39.6m)

The following section, until page 127, is auditable.

Executive Director remuneration for the year ended 31 March 2022

Executive Director single figure of remuneration

	Salary ¹ £000	Taxable benefits ² £000	Pensions ³ £000	Total fixed £000	Annual bonus ⁴			Total variable £000	Total £000
					Cash £000	LTIP ⁵ £000	Other ⁶ £000		
Mark Belton	317	20	55	392	113	—	—	113	505
Prior year	296	15	52	363	—	—	3	3	366
Clare Foster	243	21	42	306	86	—	—	86	392
Prior year	227	16	40	283	—	—	4	4	287
Totals	560	41	97	698	199	—	—	199	897
Prior year totals	523	31	92	646	—	—	7	7	653

- The prior year salary for Mark Belton and Clare Foster takes into account the salary reduction in Q1 FY2021
- Taxable benefits consisted of the cost of providing a company car (or car allowance), private medical insurance and critical illness cover
- Mark Belton and Clare Foster were members of the Company's non-contributory pension plan in FY2022 and FY2021. This is an HMRC-approved defined contribution scheme. The rate of Company contribution to this scheme was 20% of base salary in both years. From 1 April 2016, the Executives were both provided the option to take pension payments in the form of a cash allowance, after a deduction for Employer's National Insurance. Both Executive Directors choose to take a proportion of their pension as a cash allowance
- See additional details in relation to the annual bonus element of remuneration below
- The performance period of the LTIP award granted on 23 July 2019 ended on 31 March 2022 and therefore its value (nil) is included in the LTIP column for FY2022. See additional details on the performance outcomes of the 2019 LTIP and the LTIP award granted in the year below on page 124
- SAYE has been valued, based on discount applied to option price as at the date of grant

Directors' remuneration report continued

Annual report on remuneration continued

Additional details for variable pay element of remuneration

(i) Annual bonus for year ended 31 March 2022

For FY2022, the Executive Directors had a maximum annual bonus opportunity of 150% of salary. For each Executive Director, the annual bonus measures were based 70% on underlying organic operating profit, 20% on cash conversion rate and 10% on strategic/operational targets. The achievement of the strategic/operational measures was assessed by the Remuneration Committee as the financial gateway of outperforming the threshold underlying organic operating profit target. The table below provides information on the targets for each measure, actual performance and resulting bonus payment for each Executive Director:

Measure	Weighting	Performance required			Actual performance		CEO		CFO	
		Threshold	On target	Maximum	Actual	% of element payable	Achievement as % salary	Bonus value £000	Achievement as % salary	Bonus value £000
Underlying organic operating profit ¹	70%	£15.0m	£16.5m	£18.0m	£15.1m	26.7%	28.0%	89	28.0%	68
Cash conversion rate	20%	65%	75%	85%	(66.8)%	—	—	—	—	—
Strategic/operational targets	10%	Objectives based on strategic/operational			See below	50.0%	7.5%	24	7.5%	18
Total bonus achieved in FY2022							35.5%	113	35.5%	86

1. Underlying organic operating profit has been reduced by the £8,498 UK government support received.

2022 annual bonus outcomes: strategic/operational objectives

We set out below the Committee's assessment of the Executive Directors' strategic/operational objectives. The maximum opportunity under this element of the annual bonus is 15% of salary.

Objective	FY2022 achievements	Committee assessment
Project Atlas continued roll-out	2 further sites go-live	Not achieved, as progress held up due to Covid-19 and supply chain disruption
ESG Sustainability Report publication	First Sustainability Report published November 2021	Achieved

The Committee assessed that 7.5% of base salary (or 50% of maximum) of the strategic/operational objectives had been achieved for FY2022.

Therefore, the formulaic outcome for the FY2022 Executive Director overall bonus was 35.5% of base salary (23.7% of maximum). The Committee considered not only the achievement against the pre-determined objectives set out above, but also the wider Company performance to ensure that any achievement was representative of overall performance. The Remuneration Committee took account of the following:

- The Company achieved an improved set of financial results with year-on-year growth in sales and underlying operating profit
- The Company paid its final dividend for FY2021 to shareholders, with the proposed full year dividend for the year ended 31 March 2022 increasing by 31.3% to 2.10p
- The Group-wide bonus pool has increased by 83.8%, reflecting the superb work of all employees

Based on the above, the Committee is comfortable that an overall bonus payout of 23.7% of maximum is reasonable. As a result, the Committee did not apply any overriding discretion. The FY2022 bonuses for Executive Directors will be 35.5% of salary and will be paid in cash in line with policy.

(ii) LTIP performance period ending in the year ended 31 March 2022

The 2019 LTIP awards equivalent to 150% of salary were granted to the Executive Directors on 23 July 2019. The awards will vest on 23 July 2022; however, the three-year performance period for these awards ended on 31 March 2022.

These awards were granted subject to the achievement of certain EPS growth (70% weighting) and relative TSR (30% weighting) targets and we set out the outcomes in the table below:

EPS growth (70% weighting)				TSR growth ¹ vs FTSE Small Cap excl. IT Index (30% weighting)				
Trifast underlying diluted EPS growth ²	EPS growth required for 25% vesting	EPS growth required for 100% vesting	Vesting	Trifast TSR growth	Index growth required for 25% vesting	Index growth + 8% p.a. required for 100% vesting	Vesting	Overall vesting
(16.3)% p.a.	5% p.a.	15% p.a.	nil%	(21.9)%	43.7%	67.7%	nil%	nil%

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
2. Calculated using FY2022 underlying diluted EPS before IFRS 2 Share-based Payments and related costs reclassification (8.53p) to be consistent with underlying measures at grant date

The following table presents the number of 2019 LTIP awards that will vest on 23 July 2022 based on the assessment of the performance conditions and the resulting value of awards using the average Q4 FY2022 share price for each Executive Director:

	Number of 2019 LTIP awards granted	Number of 2019 LTIP awards vesting on 23 July 2022	Value of vested awards	Value of vested awards attributable to share price growth
Mark Belton	223,557	nil	nil	nil
Clare Foster	171,274	nil	nil	nil

The Committee acknowledged that the 2019 LTIP outcome was aligned with Company performance as well as shareholders' experience and as a result did not apply any overriding discretion. The Committee also acknowledged that the targets were demanding given they were based off Trifast's exceptional FY2019 performance and was disappointed that, despite the management team demonstrating resilience and performing strongly on progressing the Group's strategic goals during the performance period, there was nil vesting.

The Committee is comfortable that the current policy operated as intended.

(iii) LTIP awards granted in the year ended 31 March 2022

LTIP awards were granted to the Executive Directors on 3 August 2021. In line with policy the awards had a face value of 175% of base salary and no consideration was paid for the grant, which was structured as a nil-cost option. The normal vesting date of the LTIP awards will be 3 August 2024, being the third anniversary of the award date. Once vested, the LTIP awards are subject to a two-year holding period commencing on vesting.

The table below sets out further details of the LTIP awards granted on 3 August 2021 where vesting will be determined according to the achievement of appropriate performance measures.

	Type of award	Award as % of base salary	Face value of award	Face value of award at threshold vesting	No. of shares ¹	Vesting period
Mark Belton	Nil-cost option	175%	£554,750	£138,688	390,669	3 years from grant
Clare Foster			£425,250	£106,313	299,471	

1. Calculated using a share price of £1.42 being the average share price for the five days up to and including 2 August (the last business day prior to the grant date of 3 August 2021)

In determining the EPS vesting schedule the Committee wished to ensure that the upper end of the vesting range reflected aspirational performance. Therefore, rather than using a standard straight-line vesting schedule between threshold (25% vesting) and maximum (100% vesting), the Committee decided that a graduated curve would be more appropriate, which introduced a greater level of stretch for vesting above c.70%.

Directors' remuneration report continued

Annual report on remuneration continued

Additional details for variable pay element of remuneration continued

(iii) LTIP awards granted in the year ended 31 March 2022 continued

The relative TSR targets remain unchanged. Both performance targets will be measured over a three-year performance period ending 31 March 2024.

The awards will hence vest subject to achieving the following targets:

Measure	Performance period	Performance level	Vesting (% of award) ¹
Underlying diluted EPS (70% weighting) ²	3 financial years from 1 April 2021	Below 16% p.a. growth	nil
		16% p.a. growth (threshold)	25%
		25% p.a. growth	72%
		37% p.a. growth (maximum) and above	100%
Relative TSR ³ vs FTSE Small Cap Index (excluding investment trusts) (30% weighting)	3 financial years from 1 April 2021	Below index return	nil
		Equal to index return (threshold)	25%
		8% p.a. in excess of index return (maximum)	100%

- For the EPS measure, 25% vests for 16% p.a. growth, 72% vests for 25% p.a. growth and 100% vests for 37% p.a. growth, with vesting on a straight-line basis between these parameters. Vesting between threshold and maximum for the relative TSR measure is on a straight-line basis
- Underlying diluted EPS will be calculated after IFRS 2 Share-based payment charges and related costs, in line with the published FY2021 base year underlying diluted EPS from which these targets were calibrated
- 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

The Committee will have overriding discretion to change the formulaic outcome (both downwards and upwards) if it is out of line with the underlying performance of the Company and this will include an assessment of whether any windfall gains have been made.

Payments to past Directors

There were no payments to past Directors in FY2022.

Payment for loss of office

There was no payment made for loss of office in FY2022.

Non-Executive Director single figure of remuneration

	Base fee £000	Chairing of Audit or Rem Committee £000	Committee membership £000	Senior Independent Director £000	Total £000
Jonathan Shearman	128	—	—	—	128
Prior year	119	—	—	—	119
Clive Watson ¹	43	8	5	6	62
Prior year	28	6	3	3	40
Scott Mac Meekin	43	—	8	—	51
Prior year	40	—	8	—	48
Claire Balmforth	43	8	5	—	56
Prior year	40	8	5	—	53
Totals	257	16	18	6	297
Prior year totals ²	237	17	18	5	277

- Appointed 30 July 2020
- Not the aggregate of the fees for the Directors in the table given that Neil Warner served as a Director for three months during FY2021 with a total pay of £17k

The FY2021 fees take into account the fee reduction in Q1 FY2021 and the total includes past Directors.

Statement of Directors' shareholdings

	Shareholding requirement ¹	Current beneficial holding ²	Vested but unexercised options
Executive Directors			
Mark Belton	689,130	376,822	502,769
Clare Foster	528,260	108,352	nil
Non-Executive Directors			
Jonathan Shearman	n/a	23,571	n/a
Clive Watson	n/a	27,500	n/a
Scott Mac Meekin	n/a	nil	n/a
Claire Balmforth	n/a	nil	n/a

	LTIP awards subject to performance conditions ³	SAYE options	Total of all interests on 31 March 2022	Current shares which count toward shareholding requirements ⁴	Shareholding requirement met? ¹
Executive Directors					
Mark Belton	994,927	21,052	1,895,570	658,057	No
Clare Foster	762,411	35,087	905,850	143,439	No
Non-Executive Directors					
Jonathan Shearman	n/a	n/a	23,571	n/a	n/a
Clive Watson	n/a	n/a	27,500	n/a	n/a
Scott Mac Meekin	n/a	n/a	n/a	n/a	n/a
Claire Balmforth	n/a	n/a	n/a	n/a	n/a

- Under the existing policy, there is a 250% of salary shareholding requirement for all Executive Directors. This is to be built up over five years from 22 September 2020, the date the current remuneration policy was approved by shareholders. The number of shares shown is based on the 31 March 2022 share price of £1.15. In previous year's Mark Belton has met the shareholding requirement
- Includes options exercised in the year. Mark Belton exercised no nil-cost options during the year. Clare Foster exercised a nil-cost option over 35,219 shares which had a total value of £49,306 as at the date of exercise
- The LTIP awards subject to performance conditions column includes the 2019 LTIPs which will lapse on 23 July 2022 because of not achieving the attaching performance conditions
- Total of current beneficial holding, SAYE options, and vested but unexercised options on a net-of-tax basis

Between 31 March 2022 and 25 July 2022 there were no movements in the Directors' shareholdings from those disclosed in the table above.

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:

	Notice period	Date of signing
Mark Belton	12 months	11 September 2020
Clare Foster	12 months	11 September 2020

The Directors' contracts are kept and can be viewed at the Company's registered office.

Directors' remuneration report continued

Annual report on remuneration continued

Non-Executive Directors' letters of appointment

The Non-Executive Directors do not have service contracts but are appointed under letters of appointment. Claire Balmforth and Clive Watson were appointed for an initial three-year term in 2020 and all Non-Executive Directors are subject to annual re-election at the Company's AGM.

The table below sets out the date that each Non-Executive Director signed their current letter of appointment 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-Executive Directors' arrangements, set out in the 2014 Directors' Remuneration Policy, this will be extended to 12 months on a change of control. The Directors' letters of appointment are kept and can be viewed at the Company's registered office.

Non-Executive Director	Notice period	Date of signing
Jonathan Shearman ¹	3 months	2 July 2020
Scott Mac Meekin ¹	3 months	2 July 2020
Claire Balmforth ²	3 months	26 March 2020
Clive Watson ²	3 months	20 April 2020

- Jonathan Shearman was appointed as a Non-Executive Director on 17 June 2009 and as Chair on 1 April 2020. Scott Mac Meekin was appointed as a Non-Executive Director on 25 April 2013
- Although signing appointment letters prior to the appointment, Claire Balmforth was appointed as a Non-Executive Director on 1 April 2020 and Clive Watson on 30 July 2020

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 page 203 of this publication.

Alongside numerous conference calls and meetings with advisers, the Committee had three formal meetings during the year. All Committee meetings were fully attended by members in appointment at the time of the meeting.

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: continuing to monitor the Company's response to Covid-19 and the impact on its remuneration arrangements; determining the final remuneration outcomes for the year to 31 March 2022; discussing and approving changes to the Executive Director remuneration packages for FY2023, including consideration of the alignment of pension contribution rates with the wider workforce; calibrating the appropriate incentive targets for the FY2023 annual bonus and LTIP awards; overseeing the remuneration aspects of senior management and wider workforce pay and policies; considering our gender pay reporting summary; and reviewing and agreeing minor amendments of the Remuneration Committee's terms of reference.

During the year, the Committee received independent advice from PwC in relation to the rebalance of executive pay 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 were £51k (excluding VAT). The Group also retains PwC regarding 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 and Global HR and Sustainability Director regarding remuneration and corporate governance issues. With regard to the Senior Management in the Company (excluding Board Directors), the Committee also takes advice from the Executive Board.

Statement of AGM voting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. At our 2021 AGM, the Committee was very pleased to see that the Directors' remuneration report was passed with 94.9% support from shareholders. We also noted the feedback received from shareholder representative bodies regarding the potential rebalance of Executive Director remuneration and the alignment of pension contribution rates and, as set out in this report, the feedback was considered by the Committee during the year. The Committee would like to thank shareholders for their support at the 2021 AGM.

The table below shows the actual voting on the 2021 remuneration report at the AGM held on 28 July 2021 and the 2020 remuneration policy at the AGM held on 22 September 2020:

	Votes for	%	Votes against	%	Votes withheld
2021 remuneration report	107,254,155	94.9	5,807,886	5.1	31,492
2020 remuneration policy	95,468,167	89.3	11,410,502	10.7	27,885

This report was approved by the Board of Directors and signed on its behalf by:

Claire Balmforth

Chair of Remuneration Committee

25 July 2022

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 2022

Results and proposed dividend

Total Group revenue from continuing operations was £218.6m (FY2021: £188.2m) and the profit for the year before taxation was £10.6m (FY2021: £7.8m). Underlying profit before tax for the Group was £13.8m (FY2021: £11.0m); see note 2 for breakdown.

As part of our capital allocation policy and reflective of the strong recovery demonstrated by the Group through the second half of the year, the Directors recommend a final dividend of 1.40p (FY2021: 1.60p) per ordinary share to be paid on 14 October 2022 to shareholders registered at the close of business on 16 September 2022. This, together with the interim dividend of 0.70p (paid on 14 April 2022) (FY2021: nil), brings the total for the year to 2.10p (FY2021: 1.60p). The 2022 proposed final dividend has not been included within creditors as it was not approved before the year end. The 2022 interim dividend is also unrecognised as it was paid post year end.

The strategic report provides a detailed analysis of the results in the year and an indication of future developments.

For more information on this and GHG emissions, please see pages 02 to 89.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on 7 September 2022 at Trifast House, Bellbrook Park, Uckfield, East Sussex TN22 1QW. Further details can be found in the Notice of Meeting.

Director insurance

The Company maintains an appropriate level of Directors' and Officer's insurance in respect of legal action against Directors as permitted under the Company's Articles of Association and the Companies Act 2006.

No insurance cover would be provided in the event that a Director is proven to have acted dishonestly or fraudulently.

Directors and Directors' interests

The Directors who held office during the year were as follows:

Chair

JPD Shearman

Non-Executive Director
Chair of Nomination Committee

Executive Directors

MR Belton

Chief Executive Officer

CL Foster

Chief Financial Officer

Independent Directors (Non-Executive)

C Watson

Senior Independent Director
Chair of Audit & Risk Committee

C Balmforth

Chair of Remuneration Committee

SW Mac Meekin

The Directors' remuneration and their interests in share capital are shown in the remuneration report on page 122. All Directors are subject to annual re-election; details can be found in the corporate governance report on page 96. Biographical details can be found on pages 92 and 93.

Substantial shareholdings

Details of the share structure of the Company are disclosed in note 24.

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 2022	No. of shares held	% of shareholding
Sanford DeLand Asset Management Ltd	18,572,500	13.65
Schroder Investment Management Ltd	12,491,510	9.18
Hargreave Hale Ltd	9,251,000	6.80
Slater Investments Ltd	8,582,280	6.31
Chelverton Asset Management	7,500,000	5.51
Michael Timms	7,000,000	5.14
AXA Framlington Investment Managers	6,484,024	4.76
BlackRock Investment Management (UK)	5,531,042	4.06
Allianz Global Investors GmbH	5,497,447	4.04
Threadneedle Asset Management Ltd	5,365,453	3.94
Standard Life Investments	5,114,761	3.76

As at 1 July 2022	No. of shares held	% of shareholding
Sanford DeLand Asset Management Ltd	16,800,000	12.34
Slater Investments Ltd	13,267,729	9.75
Schroder Investment Management Ltd	12,283,773	9.03
Hargreave Hale Ltd	9,251,000	6.80
Chelverton Asset Management	7,500,000	5.51
Michael Timms	7,000,000	5.14
BlackRock Investment Management (UK)	6,440,835	4.73
Allianz Global Investors GmbH	5,497,447	4.04
Threadneedle Asset Management Ltd	5,344,145	3.93
Standard Life Investments	4,791,005	3.52

Employee Benefit Trust (EBT)

The number of Trifast 5p ordinary shares held by the Trifast EBT (as funded by the Group) at 31 March 2022 was 2,194,470 (FY2021: 329,087) which represented 1.6% of the fully paid up share capital of the Company as at 31 March 2022 (FY2021: 0.2%). During the year, 90,337 shares were transferred out to meet employee share obligations (FY2021: 743,384) and 1,955,720 shares were acquired (FY2021: 44,280). 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 26 to the financial statements.

Directors' report continued

Corporate governance

The corporate governance statement on pages 96 to 100 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 page 98.

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 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.

Donations

The Group made no political donations in the year (FY2021: £nil). The Group made £3k of charitable donations in the year (FY2021: £3k).

Research and development

The Group had a spend of £70.0k on Research and development in the year (FY2021: £69.2k).

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 ESG statement can be found on our website www.trifast.com and further details are provided in the strategic report of this Annual Report and within the Sustainability 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 employee is presented in the in-house letters and publications.

For more information on employee engagement see page 99.

Subsequent events

There are no material adjusting or non-adjusting events subsequent to the balance sheet date.

Disclosure of information to auditor

Each of 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.

By order of the Board

Jonathan Shearman

Chair

25 July 2022

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 financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the Company financial statements in accordance with UK adopted international accounting standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period. In preparing these financial statements, the Directors are required to;

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business
- Prepare a Directors' report, a strategic report and Directors' remuneration report which comply with the requirements of the Companies Act 2006

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, 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
25 July 2022

Independent auditor's report to the members of Trifast Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Trifast Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise Consolidated income statement, Consolidated statement of comprehensive income, Consolidated and 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 UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by the board on 3 December 2019 to audit the financial statements for the year ending 31 March 2022 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 31 March 2020 to 31 March 2022. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Services that were provided by BDO LLP in addition to the audit were restricted to the interim review and agreed upon procedures relating to government Covid-19 assistance programmes and a research and design tax credit claim.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors' assessment of going concern, their model's computational accuracy and challenged the key assumptions used in the forecasts by benchmarking against historic forecasting accuracy at a subsidiary level;
- We reviewed and tested forecast compliance with quarterly interest cover and adjusted leverage covenants in place;
- We calculated to what extent the key inputs would need to deteriorate in order to break the Group's liquidity and then considered the likelihood of this occurring;
- We compared the Directors' forecast against post year end management accounts to assess the accuracy of management's forecasts to date; and
- We reviewed the adequacy of the disclosure on going concern in the Group financial statements.

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage¹	97% (2021: 82%) of Adjusted ² group profit before tax 100% (2021: 100%) of Group revenue 95% (2021: 99%) of Group total assets		
Key audit matters		2022	2021
	Recoverability of customer specific inventory	✓	✓
	Goodwill impairment	✓	✓
Materiality	Group financial statements as a whole £0.7m (2021: £0.5m) based on 5% (2021: 5%) of adjusted ³ group profit before tax.		

1. These are areas which have been subject to a full scope audit by the group engagement team

2. Adjusted to exclude separately disclosed items excluding acquired intangible amortisation totalling £1.5m (2021: £1.8m)

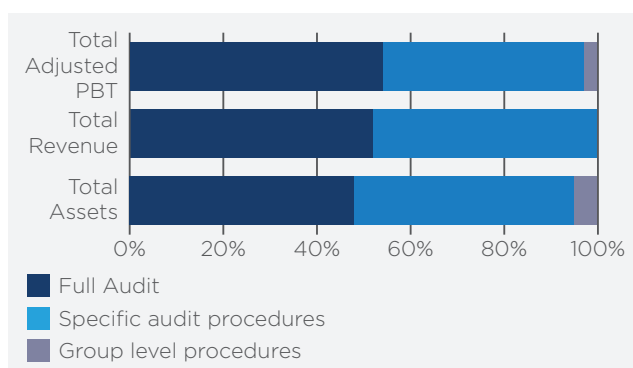
3. Adjusted to exclude non-underlying expensed Project Atlas, TR Falcon acquisition costs totalling £1.5m

Independent auditor’s report continued to the members of Trifast Plc

An overview of the scope of our audit

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

Of the group’s 25 reporting components, 5 including the Parent Company were identified as significant and material with full scope audit procedures being performed for group purposes and 14 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 6 not-significant or immaterial components.



Members of the group audit team completed all audits except for 2 full scope and 11 specific scope audits which were audited by local overseas BDO network member firms. The group audit team performed audit procedures on the group consolidation process.

Our involvement with component auditors

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

The group audit team controlled and directed the work of the component audit teams. This included providing detailed audit instructions and setting of component materiality. A planned visit to the three UK entities and TR VIC SPA (Italian entity) were completed in person, other interactions were completed on a remote basis instead. The group audit team held video calls in order to attend component planning and completion calls together with open dialogue maintained throughout the audit. We also performed reviews of the component audit teams working papers.

Key audit matters

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

Key audit matter

How the scope of our audit addressed the key audit matter

Recoverability of customer-specific inventory

Refer to the Accounting Policies of the Group on pages 148 to 154 for further detail on the policies impacting inventory provision valuation together with Note 30 detailing the estimation uncertainty over provisions for customer specific inventory and Note 18 for the financial disclosure of 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. We therefore determined this to be a key audit matter.

Goodwill impairment

Refer to the Accounting Policies of the Group on pages 148 to 154 for further detail on the policies impacting goodwill valuation together with Note 30 detailing the estimation uncertainty over goodwill impairment and Note 13 for the financial disclosure of goodwill.

Goodwill is a significant balance in the Group balance sheet and is subject to an annual impairment review.

The recoverability of goodwill is dependent on estimating both cashflows and appropriate discount rates to apply in the value in use calculation.

Given the size of the goodwill balance, and the complexity of estimating both cashflows (particularly owing to the ongoing 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. Due to the judgements involved we consider this to be a key audit matter.

We have:

- Tested the application of the provision methodology through sample testing the classification of inventory between customer specific or standard inventory, the ageing 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;
- We challenged management's provision methodology by benchmarking against a modelled estimate of the underlying percentage of inventory ultimately not utilised using observed historic patterns for a sample of entities;
- On a sample basis, we reviewed agreements to confirm contractual terms of customer underwriting agreements to identify those balances with higher risk of obsolescence; 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 estimates made in determining the customer specific inventory provision were inappropriate.

We have:

- Assessed management's impairment model for compliance with applicable accounting standards and tested its computational accuracy;
- Considered the historical accuracy of management's forecasting as a starting point for sensitising management's current year forecast;
- Checked the coherence of the forecast cashflows with those modelled as part of the group going concern exercise;
- With the use of our internal valuation experts we tested the discount rate assumptions 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 as with those applied in their going concern exercise; and

Key observations:

We did not identify any indicators to suggest that the estimates made by the Directors in the calculation of the goodwill impairment assessment were inappropriate.

Independent auditor's report continued to the members of Trifast Plc

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2022 £m	2021 £m	2022 £m	2021 £m
Materiality	£660k	£500k	£140k	£100k
Basis for determining materiality	5% of adjusted ¹ profit before tax	5% of adjusted ² profit before tax	21% of Group materiality	20% of Group materiality
Rationale for the benchmark applied	We considered adjusted profit to be a key performance measure for users of the financial statements.		Capped 21% (2021: 20%) of Group materiality given the assessment of the components aggregation risk.	
Performance materiality	£429k	£325k	£91k	£65k
Basis for determining performance materiality	65% (2021: 65%) of Group materiality taking into account various factors including: 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.		65% (2021: 65%) of Parent company materiality taking into account various factors including: 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 Parent company.	

1. Adjusted to exclude non-underlying expensed Project Atlas, TR Falcon acquisition costs totalling £1.5m

2. Adjusted to exclude non-underlying expensed Project Atlas, restructuring, Malaysian disposal, and equity raise costs totalling £1.8m

Component materiality

We set materiality for each component of the Group based on a percentage of between 21% and 95% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £140k to £627k. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £50k (2021: £50k) with those between £13k - £50k (2021: £10k - £50k) being reported in aggregate. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	<ul style="list-style-type: none"> • The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 99; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 64 and 65.
Other Code provisions	<ul style="list-style-type: none"> • Directors' statement on fair, balanced and understandable set out on page 108; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 106; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 107; and • The section describing the work of the audit committee set out on page 105.

Independent auditor's report continued

to the members of Trifast Plc

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
Directors' remuneration	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> • 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 Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates. We considered the significant laws and regulations to be the applicable accounting standards, Companies Act 2006, the UK Listing Rules and certain requirements from the UK and overseas tax legislation.
- We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered the fraud risks to be management override of controls and revenue recognition.
- 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 and those charged with governance, review of board minutes and review of internal audit reports.
- We also addressed the risk of management override of internal controls, including testing of journals exhibiting unusual pairings, value or descriptions and evaluating whether there was evidence of bias in estimates (i.e. inventory provisions, forecast cashflows used in impairment and going concern assessments) or judgements by the Directors that represented a risk of material misstatement due to fraud. To address the risk of fraud due to revenue recognition through our journals testing we agreed material manual journal entries to revenue to supporting documentation. Other testing of fraud due to revenue recognition included the testing of cut-off and group adjustments.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We also instructed and reviewed the work performed by the component audit teams in this regard.

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

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

Use of our report

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

Anna Draper (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
25 July 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Financial statements

Consolidated income statement for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Continuing operations			
Revenue	3, 35	218,618	188,161
Cost of sales		(160,189)	(138,247)
Gross profit		58,429	49,914
Other operating income	4	565	595
Distribution expenses		(5,296)	(3,773)
Administrative expenses before separately disclosed items		(38,952)	(34,754)
Acquired intangible amortisation	2, 13	(1,593)	(1,428)
Project Atlas	2	(1,041)	(1,082)
Restructuring costs	2	—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd	2	—	(280)
Acquisition costs	2,36	(508)	—
Equity raise costs	2	—	(59)
Total administrative expenses		(42,094)	(37,980)
Operating profit	5, 6, 7	11,604	8,756
Financial income	8	31	37
Financial expenses	8	(1,018)	(1,009)
Net financing costs		(987)	(972)
Profit before taxation	3	10,617	7,784
Taxation	9	(1,640)	(1,994)
Profit for the year (attributable to equity shareholders of the Parent Company)		8,977	5,790
Earnings per share			
Basic	25	6.61p	4.33p
Diluted	25	6.56p	4.31p

The notes on pages 148 to 197 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2022

	2022 £000	2021 £000
Profit for the year	8,977	5,790
Other comprehensive income/(loss) for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	2,907	(4,916)
(Loss)/gain on a hedge of a net investment taken to equity	(147)	34
Other comprehensive income/(loss) recognised directly in equity	2,760	(4,882)
Total comprehensive income recognised for the year (attributable to the equity shareholders of the Parent Company)	11,737	908

Financial statements

Consolidated statement of changes in equity for the year ended 31 March 2022

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2021	6,802	22,461	16,328	(595)	9,524	77,284	131,804
Total comprehensive income for the year:							
Profit for the year	—	—	—	—	—	8,977	8,977
Other comprehensive income for the year	—	—	—	—	2,760	—	2,760
Total comprehensive income recognised for the year	—	—	—	—	2,760	8,977	11,737
Issue of share capital (note 24)	2	51	—	—	—	—	53
Share-based payment transactions (net of tax) (note 22)	—	—	—	—	—	742	742
Movement in own shares held (note 24)	—	—	—	(2,892)	—	(143)	(3,035)
Dividends (note 24)	—	—	—	—	—	(2,156)	(2,156)
Total transactions with owners	2	51	—	(2,892)	—	(1,557)	(4,396)
Balance at 31 March 2022	6,804	22,512	16,328	(3,487)	12,284	84,704	139,145

Consolidated statement of changes in equity for the year ended 31 March 2021

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2020	6,132	22,340	—	(1,934)	14,406	74,716	115,660
Total comprehensive income for the year:							
Profit for the year	—	—	—	—	—	5,790	5,790
Other comprehensive loss for the year	—	—	—	—	(4,882)	—	(4,882)
Total comprehensive income recognised for the year	—	—	—	—	(4,882)	5,790	908
Issue of share capital (note 24)	670	121	14,807	—	—	—	15,598
Presentation transfer to merger reserve ¹	—	—	1,521	—	—	(1,521)	—
Share-based payment transactions (net of tax) (note 22)	—	—	—	—	—	1,154	1,154
Movement in own shares held (note 24)	—	—	—	1,339	—	(1,398)	(59)
Dividends (note 24)	—	—	—	—	—	(1,457)	(1,457)
Total transactions with owners	670	121	16,328	1,339	—	(3,222)	15,236
Balance at 31 March 2021	6,802	22,461	16,328	(595)	9,524	77,284	131,804

1. Previously, the merger reserve was reported in retained earnings at a consolidated level. Due to the additional merger reserve created from the equity raise, management now consider it appropriate to separately disclose the merger reserve. Therefore, we have transferred the £1.5m previously reported in retained earnings to the merger reserve

Company statement of changes in equity for the year ended 31 March 2022

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Retained earnings £000	Total equity £000
Balance at 31 March 2021	6,802	22,461	16,328	(595)	32,508	77,504
Total comprehensive expense for the year:						
Loss for the year	—	—	—	—	(4,106)	(4,106)
Total comprehensive expense recognised for the year	—	—	—	—	(4,106)	(4,106)
Issue of share capital (note 24)	2	51	—	—	—	53
Share-based payment transactions (net of tax) (note 22)	—	—	—	—	763	763
Movement in own shares held (note 24)	—	—	—	(2,892)	(143)	(3,035)
Dividends (note 24)	—	—	—	—	(2,156)	(2,156)
Total transactions with owners	2	51	—	(2,892)	(1,536)	(4,375)
Balance at 31 March 2022	6,804	22,512	16,328	(3,487)	26,866	69,023

Company statement of changes in equity for the year ended 31 March 2021

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Retained earnings £000	Total equity £000
Balance at 31 March 2020	6,132	22,340	1,521	(1,934)	21,766	49,825
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	12,472	12,472
Total comprehensive income recognised for the year	—	—	—	—	12,472	12,472
Issue of share capital (note 24)	670	121	14,807	—	—	15,598
Share-based payment transactions (net of tax) (note 22)	—	—	—	—	1,125	1,125
Movement in own shares held (note 24)	—	—	—	1,339	(1,398)	(59)
Dividends (note 24)	—	—	—	—	(1,457)	(1,457)
Total transactions with owners	670	121	14,807	1,339	(1,730)	15,207
Balance at 31 March 2021	6,802	22,461	16,328	(595)	32,508	77,504

Financial statements

Statements of financial position at 31 March 2022

	Note	Group		Company	
		2022 £000	2021 £000	2022 £000	2021 £000
Non-current assets					
Property, plant and equipment	10, 11	20,297	18,743	2,216	2,300
Right-of-use assets	12	12,757	11,958	40	60
Intangible assets	13, 14	42,981	38,452	7,027	5,691
Equity investments	15	—	—	42,298	42,320
Non-current trade and other receivables	19	—	—	66,344	44,318
Deferred tax assets	16, 17	2,787	2,539	724	721
Total non-current assets		78,822	71,692	118,649	95,410
Current assets					
Inventories	18	88,933	54,765	—	—
Trade and other receivables	19	60,520	53,194	1,888	2,375
Cash and cash equivalents	26	26,741	30,265	604	2,256
Total current assets		176,194	138,224	2,492	4,631
Total assets	3	255,016	209,916	121,141	100,041
Current liabilities					
Trade and other payables	21	45,249	41,133	1,569	5,506
Right-of-use liabilities	12, 20, 26	3,028	2,726	19	19
Tax payable		2,455	2,645	—	—
Total current liabilities		50,732	46,504	1,588	5,525
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	50,507	16,970	50,507	16,970
Right-of-use liabilities	12, 20, 26	10,683	10,060	23	42
Provisions	23	1,088	1,023	—	—
Deferred tax liabilities	16, 17	2,861	3,555	—	—
Total non-current liabilities		65,139	31,608	50,530	17,012
Total liabilities	3	115,871	78,112	52,118	22,537
Net assets		139,145	131,804	69,023	77,504
Equity					
Share capital		6,804	6,802	6,804	6,802
Share premium		22,512	22,461	22,512	22,461
Merger reserve		16,328	16,328	16,328	16,328
Own shares held		(3,487)	(595)	(3,487)	(595)
Reserves		12,284	9,524	—	—
Retained earnings		84,704	77,284	26,866	32,508
Total equity		139,145	131,804	69,023	77,504

The loss after tax for the Company is £(4.1)m (FY2021: profit after tax £12.5m).

The notes on pages 148 to 197 form part of these financial statements.

These financial statements were approved by the Board of Directors on 25 July 2022 and were signed on its behalf by:

Mark Belton
Director

Clare Foster
Director

Statements of cash flows

for the year ended 31 March 2022

	Note	Group		Company	
		2022 £000	2021 £000	2022 £000	2021 £000
Cash flows from operating activities					
Profit/(loss) for the year		8,977	5,790	(4,106)	12,472
Adjustments for:					
Depreciation, amortisation and impairment	10, 11, 13, 14	4,125	3,813	84	84
Right-of-use asset depreciation	12	3,131	3,229	19	19
Unrealised foreign currency gain		(34)	(17)	(45)	(23)
Financial income	8	(31)	(37)	(155)	(83)
Financial expense (excluding right-of-use liabilities)	8	692	696	683	708
Right-of-use liabilities' financial expense	8,12	326	313	—	—
Loss/(gain) on sale of property, plant and equipment, intangibles and investments		6	(7)	145	—
Dividends received		—	—	(3,358)	(16,628)
Equity settled share-based payment charge		772	1,052	325	133
Loss from sale of TR Formac (Malaysia) SDN Bhd		—	280	—	108
Taxation charge	9	1,640	1,994	(13)	(268)
Costs incurred on issue of share capital		—	59	—	59
Operating cash inflow/(outflow) before changes in working capital and provisions		19,604	17,165	(6,421)	(3,419)
Change in trade and other receivables		(5,950)	(3,080)	916	2,239
Change in inventories		(31,716)	2,571	—	—
Change in trade and other payables		2,922	7,861	299	1,034
Change in provisions		—	64	—	—
Cash (used in)/generated from operations		(15,140)	24,581	(5,206)	(146)
Tax paid		(2,757)	(1,283)	—	—
Net cash (used in)/generated from operating activities		(17,897)	23,298	(5,206)	(146)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		36	8	—	—
Interest received		31	38	196	82
Acquisition of subsidiary, net of cash acquired		(5,847)	—	—	—
Acquisition of property, plant and equipment and intangibles	10, 11, 13, 14	(5,248)	(3,060)	(1,481)	(1,603)
Lending to subsidiary undertakings		—	—	(21,638)	—
Proceeds from sale of TR Formac (Malaysia) SDN Bhd, net of cash held		—	33	—	—
Dividends received		—	—	3,358	16,628
Net cash (used in)/from investing activities		(11,028)	(2,981)	(19,565)	15,107
Cash flows from financing activities					
Proceeds from the issue of share capital	24	53	15,540	53	15,540
Purchase of own shares	24	(3,035)	(59)	(3,035)	(59)
Proceeds from new loan		32,980	—	32,980	—
Repayment of borrowings		—	(26,656)	—	(26,390)
Repayment of loans from subsidiaries		—	—	(4,248)	—
Repayment of right-of-use liabilities	12	(2,977)	(3,658)	(19)	(18)
Dividends paid	24	(2,156)	(1,457)	(2,156)	(1,457)
Interest paid		(805)	(763)	(456)	(586)
Net cash from/(used in) financing activities		24,060	(17,053)	23,119	(12,970)
Net change in cash and cash equivalents		(4,865)	3,264	(1,652)	1,991
Cash and cash equivalents at 1 April		30,265	28,727	2,256	265
Effect of exchange rate fluctuations on cash held		1,341	(1,726)	—	—
Cash and cash equivalents at 31 March		26,741	30,265	604	2,256

Notes to the financial statements

for the year ended 31 March 2022

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 203.

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.

Statement of compliance

Both the Company financial statements and the consolidated financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards 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.

A number of amendments to existing standards are also effective from 1 April 2021 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 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)
- References to Conceptual Framework (Amendments to IFRS 3)

The Group is currently assessing the impact of these amendments and does not expect them to have a significant impact on the financial statements.

b) Basis of preparation

The financial statements are prepared in Sterling (which is also the functional currency), 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 IFRS 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 30.

Going concern

A review of the business activity and future prospects of the Group (including the impact of Covid-19) is 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 financial review on pages 52 to 59. Detailed information regarding the Group's current facility levels, liquidity, credit, interest and foreign exchange risk are provided in note 26.

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. This is also the case after performing sensitivity analysis, the key inputs of which have been disclosed on page 65. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 in OCI and presented in the translation reserve within equity. 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) Right-of-use leases

The Group's leases primarily comprise of right-of-use assets regarding land and 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.

Notes to the financial statements continued

for the year ended 31 March 2022

1 Accounting policies continued

f) Property, plant and equipment 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 IFRS 1 and IFRS 3, 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% to 20%
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.

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 fair value net of any transaction costs. 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. 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. This policy is applied consistently across the Group, however the estimation techniques used by the subsidiaries vary depending on the underlying data available. 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 IFRS 15) are considered to be credit-impaired if evidence indicates that one or more events has had a negative effect on the estimated future cash flows of that asset.

When determining whether 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.

Notes to the financial statements continued

for the year ended 31 March 2022

1 Accounting policies continued

j) Impairment continued

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.

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 and market performance 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 amount owed by subsidiary undertakings if the cost will be recharged. If the cost is not recharged, it is recognised as an increase in the cost of investment in its subsidiaries. In both cases, the corresponding balance is recognised in equity or liabilities depending on the method of settlement. The amount recognised is equivalent to the share-based payment charge recognised in its consolidated financial statements.

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 which is based on customer agreements. 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 (i.e. rebates) where applicable.

Payment terms across the Group vary dependent on the geographic location of each operating company. Payment is typically due between 30 and 90 days after the invoice is issued.

Variable consideration relating to volume rebates has been constrained in estimating revenue in order that it is highly probable that there will not be a future reversal in the amount of revenue recognised when the amount of volume rebates has been determined.

o) Expenses

i) Short-term/low-value lease payments

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) Repayment of right-of-use liabilities

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.

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 (applicable for all transactions other than business combinations), 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
- 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.

Notes to the financial statements continued

for the year ended 31 March 2022

1 Accounting policies continued

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 Operational Executive 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 financial guarantee contracts, 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 IFRS 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.

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) Government grants

Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated income statement.

The Group applied for various government support programmes introduced in response to the global pandemic. Included in the consolidated income statement is £0.1m (FY2021: £2.1m) of government grants obtained relating to supporting the payroll of the Group's employees. The Group has elected to reduce the related expense.

2 Underlying profit before tax and separately disclosed items

	Note	2022 £000	2021 £000
Underlying profit before tax		13,759	11,010
Separately disclosed items within administrative expenses			
Acquired intangible amortisation	13	(1,593)	(1,428)
Project Atlas		(1,041)	(1,082)
Restructuring costs		—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd		—	(280)
Equity raise costs		—	(59)
Acquisition costs	36	(508)	—
Profit before tax		10,617	7,784
	Note	2022 £000	2021 £000
Underlying EBITDA		20,409	17,596
Separately disclosed items within administrative expenses			
Project Atlas		(1,041)	(1,082)
Restructuring costs		—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd		—	(280)
Equity raise costs		—	(59)
Acquisition costs	36	(508)	—
EBITDA		18,860	15,798
Acquired intangible amortisation	13	(1,593)	(1,428)
Depreciation and non-acquired amortisation		(5,663)	(5,614)
Operating profit		11,604	8,756

In addition to the above, there were £0.4m separately disclosed items in relation to VIC patent box claims set against the tax charge in FY2022 (FY2021: £nil).

Recurring items

Acquired intangible amortisation has increased by £0.2m to £1.6m (FY2021: £1.4m) due to the acquisition of Falcon. Intangible amortisation relating to acquisitions has been separately disclosed since this does not relate to the trading performance of the respective entities with a charge.

Event-driven/one-off items

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes, budgeted to cost £17.5m. As a consequence of the work undertaken to date on this project, we have incurred direct costs of £1.0m in FY2022 (FY2021: £1.1m), largely relating to the project team and the ongoing roll-out. 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. The financial impact of the work undertaken to date on this project totals direct costs of £2.6m in FY2022 (cumulatively £14.9m) of which £1.6m has been recognised (cumulatively £7.2m) as assets on the balance sheet).

Restructuring costs of £nil were incurred in the year. In FY2021 £0.4m of restructuring costs were incurred as a result of a detailed review of our underlying cost base.

There were no disposals of subsidiaries in the year. In FY2021, following a strategic review of the Group's businesses around the world, the Board made the decision to dispose of our smallest manufacturing site in Malaysia, incurring a loss of £0.3m.

Equity raise costs of £nil were incurred in the year. In FY2021 the Company conducted an equity raise 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. Costs of £0.1m were recognised in the income statement in relation to this.

Notes to the financial statements continued

for the year ended 31 March 2022

2 Underlying profit before tax and separately disclosed items continued

Event-driven/one-off items continued

Net acquisition costs of £0.5m (FY2021: £nil) were incurred in the year in relation to the acquisition of Falcon on 31 August 2021, see note 36.

Management remove the one-off costs and certain non-trading items discussed above to allow the reader of the accounts to understand the underlying trading performance of the Group. Further reconciliations of underlying measures to GAAP measures can be found in note 32.

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 Operational Executive Board). Performance is measured based on each segment's underlying operating result 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.

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
- North America 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 Operational Executive Board uses 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.

	UK £000	Europe £000	North America £000	Asia £000	Common amounts £000	Total £000
March 2022						
Revenue						
Revenue from external customers	77,056	78,482	17,535	45,545	—	218,618
Inter-segment revenue	6,805	2,089	191	9,805	—	18,890
Total revenue	83,861	80,571	17,726	55,350	—	237,508
Underlying operating result	8,122	3,858	(72)	7,123	(4,285)	14,746
Net financing costs	(125)	(169)	(107)	(58)	(528)	(987)
Underlying segment result	7,997	3,689	(179)	7,065	(4,813)	13,759
Separately disclosed items (see note 2)						(3,142)
Profit before tax						10,617
Specific disclosure items						
Depreciation and amortisation	(2,184)	(2,731)	(554)	(1,685)	(102)	(7,256)
Government support income	—	—	—	76	8	84
Assets and liabilities						
Non-current asset additions	1,962	3,269	1,381	54	1,481	8,147
Segment assets	74,479	81,125	22,472	65,593	11,347	255,016
Segment liabilities	(25,929)	(20,339)	(4,389)	(13,243)	(51,971)	(115,871)

March 2021	UK £000	Europe £000	North America £000	Asia £000	Common amounts £000	Total £000
Revenue						
Revenue from external customers	64,116	72,151	9,596	42,298	—	188,161
Inter-segment revenue	4,776	1,359	143	6,987	—	13,265
Total revenue	68,892	73,510	9,739	49,285	—	201,426
Underlying operating result						
Net financing costs	(129)	(105)	(64)	(48)	(626)	(972)
Underlying segment result	3,615	5,116	(638)	6,474	(3,557)	11,010
Separately disclosed items (see note 2)						(3,226)
Profit before tax						7,784
Specific disclosure items						
Depreciation and amortisation	(2,000)	(2,787)	(237)	(1,915)	(103)	(7,042)
Government support income	679	373	—	976	35	2,063
Assets and liabilities						
Non-current asset additions	818	1,161	19	1,041	1,658	4,697
Segment assets	63,441	67,309	8,002	59,300	11,864	209,916
Segment liabilities	(26,559)	(17,935)	(1,860)	(13,344)	(18,414)	(78,112)

There were no material differences in Europe and North America between the external revenue based on location of the entities and the location of the customers. Of the UK external revenue, £16.2m (FY2021: £13.1m) was sold into the European market. Of the Asian external revenue, £9.0m (FY2021: £3.9m) was sold into the North American market and £9.8m (FY2021: £3.6m) was sold into the European market.

Within Europe, TR VIC has revenue of £28.3m (FY2021: £27.9m) and non-current assets of £13.1m (FY2021: £13.0m).

Within Asia, TR Formac Singapore has revenue of £20.3m (FY2021: £20.3m) and non-current assets of £4.4m (FY2021: £4.2m).

Revenue is derived solely from the manufacture and logistical supply of industrial fasteners and Category 'C' components.

4 Other operating income

	2022 £000	2021 £000
Rental income received from freehold properties	12	12
Other income	553	583
	565	595

Included within other income is £0.1m (FY2021: £0.2m) of R&D tax credits.

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2022

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	2022 £000	2021 £000
Depreciation and non-acquired amortisation	10, 13	2,532	2,385
Right-of-use assets depreciation	12	3,131	3,229
Amortisation of acquired intangibles	13	1,593	1,428
Short-term/low-value lease expense	12	162	125
Net foreign exchange loss		515	1,364
Project Atlas		1,041	1,082
Gain/(loss) on disposal of fixed assets		6	(7)

The employee benefit expense recognised in the year is disclosed in note 22.

Auditor's remuneration:

	2022 £000	2021 £000
Audit of these financial statements	240	179
Audit of financial statements of subsidiaries pursuant to legislation	299	304
Other assurance services	54	58
Total	593	541

Other assurance services mainly relate to the interim review.

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	
	2022	2021	2022	2021
Office and Management	116	112	24	24
Manufacturing	338	327	—	—
Sales	194	188	—	—
Distribution	632	612	—	—
	1,280	1,239	24	24

The aggregate payroll costs of these people were as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Wages and salaries (including accrued bonus)	38,185	32,936	2,398	1,570
Share-based payments	760	1,092	325	133
Social security costs	4,028	3,644	371	363
Contributions to defined contribution plans (see note 22)	2,143	1,931	185	195
	45,116	39,603	3,279	2,261

The payroll costs above are shown gross of income from government support schemes, totalling £0.1m (FY2021: £2.1m), see note 1 (w).

7 Directors' emoluments

	2022 £000	2021 £000
Directors' emoluments	1,097	838
Company contributions to money purchase pension plans	8	8
Pension cash payments	89	84
	1,194	930

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 109 to 129.

The aggregate emoluments of the highest paid Director excluding pensions was £0.45m (FY2021: £0.31m), which included no vested LTIP or deferred equity award (FY2021: £nil), Company pension contributions of £4k (FY2021: £4k) made to a money purchase scheme on his behalf and pension cash payments of £0.05m (FY2021: £0.05m). During the year, no SAYE share options or deferred equity shares were exercised by the highest paid Director (FY2021: nil SAYE share options exercised, no deferred equity shares exercised).

The annual IFRS 2 charge relating to Board deferred equity bonuses was £nil (FY2021: £nil). The annual IFRS 2 charge relating to Board LTIP shares was £0.11m (FY2021: £0.04m), which includes a reversal of a charge for the FY2020 LTIPs relating to G Roberts for when she was a Board Director. The highest paid Director's element of this charge was £0.11m (FY2021: £0.03m)

	Number of Directors	
	2022	2021
Retirement benefits are accruing to the following number of Directors under money purchase schemes	2	2
The number of Directors who exercised share options was	1	1

See pages 109 to 129 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

	2022 £000	2021 £000
Financial income		
Interest income on financial assets	31	37
Financial expenses		
Interest payable on bank loans, IFRS 16 right-of-use liabilities	1,018	1,009

FY2022 includes £0.3m of additional interest on the right-of-use liabilities in compliance with IFRS 16, see note 12 (FY2021: £0.3m).

Notes to the financial statements continued for the year ended 31 March 2022

9 Taxation

	2022 £000	2021 £000
Recognised in the income statement		
Current UK tax expense:		
Current year	—	44
Adjustments for prior years	40	(1)
	40	43
Current foreign tax expense:		
Current year	2,562	2,619
Adjustments for prior years	(65)	76
	2,497	2,695
Total current tax	2,537	2,738
Deferred tax expense (note 16):		
Origination and reversal of temporary differences	(474)	(754)
Change in tax rates	(156)	—
Adjustments for prior years	(267)	10
Deferred tax income	(897)	(744)
Tax in income statement	1,640	1,994

	2022 £000	2021 £000
Current tax recognised directly in equity – IFRS 2 share-based tax credit	—	(30)
Deferred tax recognised directly in equity – IFRS 2 share-based tax charge/(credit)	30	(72)
Total tax recognised in equity	30	(102)

	2022 £000	ETR %	2021 £000	ETR %
Reconciliation of effective tax rate (ETR) and tax expense				
Profit for the period	8,977		5,790	
Tax from continuing operations	1,640		1,994	
Profit before tax	10,617		7,784	
Tax using the UK corporation tax rate of 19% (FY2021: 19%)	2,017	19	1,479	19
Tax suffered on dividends	354	3	387	5
Non-deductible expenses	225	2	135	2
Non-taxable receipts	(284)	(2)	(298)	(4)
Tax incentives	(386)	(4)	—	—
IFRS 2 share option charge	116	1	1	—
Deferred tax assets not recognised	46	—	94	1
Different tax rates on overseas earnings	—	—	111	2
Adjustments in respect of prior years	(292)	(3)	85	1
Tax rate change	(156)	(1)	—	—
Total tax in income statement	1,640	15	1,994	26

An increase in the UK tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. Deferred tax has been calculated based on these enacted rates.

10 Property, plant and equipment - Group

	Land and buildings £000	Leasehold improvements £000	Plant and equipment £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost						
Balance at 1 April 2020	17,545	1,100	33,832	7,989	781	61,247
Additions	5	4	1,172	205	31	1,417
Disposals	—	—	(455)	(83)	(17)	(555)
Effect of movements in foreign exchange	(615)	(35)	(1,400)	(150)	(33)	(2,233)
Balance at 31 March 2021	16,935	1,069	33,149	7,961	762	59,876
Balance at 1 April 2021	16,935	1,069	33,149	7,961	762	59,876
Additions	323	629	2,210	456	114	3,732
Acquisitions	—	164	54	282	55	555
Disposals	—	(114)	(92)	(55)	(91)	(352)
Effect of movements in foreign exchange	208	33	544	89	17	891
Balance at 31 March 2022	17,466	1,781	35,865	8,733	857	64,702
Depreciation and impairment						
Balance at 1 April 2020	6,003	894	27,913	5,360	650	40,820
Depreciation charge for the year	282	41	1,505	489	41	2,358
Disposals	—	—	(425)	(79)	(17)	(521)
Effect of movements in foreign exchange	(197)	(25)	(1,158)	(116)	(28)	(1,524)
Balance at 31 March 2021	6,088	910	27,835	5,654	646	41,133
Balance at 1 April 2021	6,088	910	27,835	5,654	646	41,133
Depreciation charge for the year	278	76	1,507	596	52	2,509
Acquisitions	—	117	26	242	49	434
Disposals	—	(123)	(77)	(39)	(73)	(312)
Effect of movements in foreign exchange	50	30	466	77	18	641
Balance at 31 March 2022	6,416	1,010	29,757	6,530	692	44,405
Net book value						
At 1 April 2020	11,542	206	5,919	2,629	131	20,427
At 31 March 2021	10,847	159	5,314	2,307	116	18,743
At 31 March 2022	11,050	771	6,108	2,203	165	20,297

Included in the net book value of land and buildings is £11.1m (FY2021: £10.8m) of freehold land and buildings. Within this figure there is £1.7m (FY2021: £1.7m) of buildings that are on long leasehold land.

The Group had commitments for future capital expenditure not provided for in the accounts of £1.7m (FY2021: £nil).

The addition in plant and equipment in the year includes Project Atlas additions of £0.5m (FY2021: <£0.1m). A total of £1.6m (FY2021: £1.2m) has been capitalised in relation to Project Atlas in the year with the remaining £1.1m (FY2021: £1.2m) recognised in intangible assets, see note 13.

Notes to the financial statements continued

for the year ended 31 March 2022

11 Property, plant and equipment - Company

	Land and buildings £000	Fixtures and fittings £000	Total £000
Cost			
Balance at 1 April 2020, 31 March 2021 and 2022	3,905	579	4,484
Depreciation and impairment			
Balance at 1 April 2020	1,533	567	2,100
Depreciation charge for the year	81	3	84
Balance at 31 March 2021	1,614	570	2,184
Balance at 1 April 2021	1,614	570	2,184
Depreciation charge for the year	81	3	84
Balance at 31 March 2022	1,695	573	2,268
Net book value			
At 1 April 2020	2,372	12	2,384
At 31 March 2021	2,291	9	2,300
At 31 March 2022	2,210	6	2,216

Included in the net book value of land and buildings is £2.2m (FY2021: £2.3m) of freehold land and buildings.

12 IFRS 16 - 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

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 access 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.

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 2022 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 any right to break these leases.

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. For some of the Group'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	8	—	20	28
Property leases with fixed payments	38	72	—	—
Leases of equipment and vehicles	132	8	—	—
At 31 March 2022	178	80	20	28
	Lease contracts (number)	Fixed payments %	Variable payments %	Sensitivity £000
Property leases with periodic uplifts to market rentals or inflation	6	—	21	27
Property leases with fixed payments	42	71	—	—
Leases of equipment and vehicles	120	8	—	—
At 31 March 2021	168	79	21	27

Notes to the financial statements continued

for the year ended 31 March 2022

12 IFRS 16 - Group continued

Right-of-use assets (Group)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
At 1 April 2020	12,666	1,038	84	13,788
New leases	996	556	13	1,565
Rent review	72	—	—	72
Depreciation	(2,641)	(559)	(29)	(3,229)
Disposals	(68)	—	—	(68)
Foreign exchange movements	(165)	(5)	—	(170)
At 1 April 2021	10,860	1,030	68	11,958
New leases	1,442	582	23	2,047
Rent review	853	—	—	853
Acquisitions	890	—	—	890
Depreciation	(2,572)	(533)	(26)	(3,131)
Foreign exchange movements	150	(10)	—	140
At 31 March 2022	11,623	1,069	65	12,757

Right-of-use liabilities (Group)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
At 1 April 2020	13,966	1,055	88	15,109
New leases	996	556	13	1,565
Rent review	72	—	—	72
Lease payments	(3,363)	(576)	(32)	(3,971)
Interest	294	18	1	313
Disposals	(68)	—	—	(68)
Foreign exchange movements	(224)	(9)	(1)	(234)
At 1 April 2021	11,673	1,044	69	12,786
New leases	1,403	582	23	2,008
Rent review	853	—	—	853
Acquisitions	867	—	—	867
Lease payments	(2,709)	(565)	(29)	(3,303)
Interest	300	25	1	326
Foreign exchange movements	178	(4)	—	174
At 31 March 2022	12,565	1,082	64	13,711

	2022 £000	2021 £000
Short-term lease expense	125	71
Low-value lease expense	37	54
Aggregate undiscounted future commitments for short-term and low-value leases	133	124

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 2022					
Lease liabilities	3,028	2,433	4,466	3,784	13,711
	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 2021					
Lease liabilities	2,726	2,182	4,280	3,598	12,786

13 Intangible assets - Group

	Assets under course of construction £000	Goodwill £000	Other £000	Total £000
Cost				
Balance at 1 April 2020	4,088	45,925	20,433	70,446
Additions	1,603	—	40	1,643
Effect of movements in foreign exchange	—	(1,077)	(563)	(1,640)
Balance at 31 March 2021	5,691	44,848	19,910	70,449
Balance at 1 April 2021	5,691	44,848	19,910	70,449
Additions	1,481	—	34	1,515
Acquired through business combinations	—	1,200	2,908	4,108
Effect of movements in foreign exchange	—	569	43	612
Balance at 31 March 2022	7,172	46,617	22,895	76,684
Amortisation and impairment				
Balance at 1 April 2020	—	22,144	9,147	31,291
Amortisation for the year	—	—	1,455	1,455
Effect of movements in foreign exchange	—	(417)	(332)	(749)
Balance at 31 March 2021	—	21,727	10,270	31,997
Balance at 1 April 2021	—	21,727	10,270	31,997
Amortisation for the year	—	—	1,616	1,616
Effect of movements in foreign exchange	—	132	(42)	90
Balance at 31 March 2022	—	21,859	11,844	33,703
Net book value				
At 1 April 2020	4,088	23,781	11,286	39,155
At 31 March 2021	5,691	23,121	9,640	38,452
At 31 March 2022	7,172	24,758	11,051	42,981

Notes to the financial statements continued for the year ended 31 March 2022

13 Intangible assets – Group continued

The addition in assets under the course of construction in the year includes Project Atlas additions of £1.1m (FY2021: £1.2m). A total of £1.6m (FY2021: £1.2m) has been capitalised in relation to Project Atlas in the year with the remaining £0.5m (FY2021: <£0.1m) recognised in property, plant and equipment, see note 10.

Included within other intangibles are customer relationship intangible assets of £8.9m (FY2021: £7.8m), know-how of £0.5m (FY2021: £0.8m), marketing-related intangibles of £1.2m (FY2021: £0.8m) and other of £0.4m (FY2021: £0.1m).

The amortisation charge is recognised in administrative expenses in the income statement. Of the £1.6m charge in the year, £1.6m 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 1.8 years and NBV is <£0.1m
- 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 6.4 years and NBV is £3.4m
- Customer relationships acquired as part of the acquisition of Kuhlmann. The average remaining amortisation period on these assets is 3.5 years and NBV is £1.3m
- Customer relationships and marketing-related intangibles acquired as part of the acquisition of PTS. The average remaining amortisation period on these assets is 10.4 years and NBV is £3.5m
- Customer relationships, marketing-related and contract-based intangibles acquired as part of the acquisition of Falcon. The average remaining amortisation period on these assets is 9.5 years and NBV is £2.8m

The following cash generating units have carrying amounts of goodwill:

	2022 £000	2021 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	10,632	10,206
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
TR VIC SPA (VIC) (Italy)	2,860	2,886
TR Kuhlmann GmbH (Germany)	1,478	1,491
TR Falcon Fastenings Inc	1,250	—
Precision Technology Supplies Ltd (UK)	2,043	2,043
Other	104	104
	24,758	23,121

The changes in goodwill for SFE, VIC, Kuhlmann, and Falcon (post acquisition) relate to foreign exchange gains or losses, as these investments are held in Singaporean Dollars, Euros and US Dollars 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 amounts 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	
	2022	2021	2022	2021	2022	2021
Long-term revenue growth rate	2.0%	2.0%	1.6%	1.6%	2.0%	2.0%
Discount rate – post-tax	6.5%	6.8%	8.9%	8.4%	7.1%	7.0%
Discount rate – pre-tax	8.1%	8.5%	12.4%	11.6%	8.8%	8.6%
Terminal EBIT margin	15.3%	15.3%	13.6%	13.4%	7.2%	8.2%

Key assumptions are not disclosed for the remaining CGUs as the goodwill is not significant in comparison to the carrying amount of goodwill.

Long-term revenue growth rate

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.

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 IAS 36.

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.

Sensitivity to changes in assumptions

The post-tax discount rate for VIC has been above average in recent years (FY2020: 10.8%; FY2019: 11.2%; FY2016-2018 average: c.9.3%), thus reducing headroom. Whilst FY2022 and FY2021 discount rates have reduced to 8.9% and 8.4% respectively, and increased headroom, if the discount rate returns to FY2019/2020 levels, or above, then it is possible that this might lead to an impairment of VIC's goodwill. Outside of this sensitivity and despite the macro challenges, 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.

Financial statements

Notes to the financial statements continued

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14 Intangible assets - Company

	Assets under course of construction £000	Other £000	Total £000
Cost			
Balance at 1 April 2020	4,088	62	4,150
Additions	1,603	—	1,603
Balance at 31 March 2021	5,691	62	5,753
Balance at 1 April 2021	5,691	62	5,753
Additions	1,481	—	1,481
Disposals	(145)	—	(145)
Balance at 31 March 2022	7,027	62	7,089
Amortisation and impairment			
Balance at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	—	62	62
Net book value			
At 1 April 2020	4,088	—	4,088
At 31 March 2021	5,691	—	5,691
At 31 March 2022	7,027	—	7,027

The addition in assets under the course of construction in the year includes Project Atlas additions of £1.1m (FY2021: £1.2m).

15 Equity investments - Company

Investments in subsidiaries

	Total £000
Cost	
Balance at 1 April 2020	43,151
Additions	422
Disposals	(108)
Balance at 31 March 2021	43,465
Disposals	(22)
Balance at 31 March 2022	43,443
Provision	
Balance at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	1,145
Net book value	
Balance at 1 April 2020	42,006
Balance at 31 March 2021	42,320
Balance at 31 March 2022	42,298

Details of principal subsidiary undertakings, country of registration and principal activity are included in note 31.

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.

16 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	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Property, plant and equipment	(5)	(28)	1,824	1,689	1,819	1,661
IFRS 16 Leases	(211)	(207)	–	–	(211)	(207)
Intangible assets	(113)	(113)	1,600	1,864	1,487	1,751
Provision on inventories	(979)	(726)	–	–	(979)	(726)
Provisions/accruals	(875)	(413)	804	402	(71)	(11)
IFRS 2 Share-based Payments	(748)	(596)	–	–	(748)	(596)
Tax losses	(1,223)	(856)	–	–	(1,223)	(856)
Tax (assets)/liabilities	(4,154)	(2,939)	4,228	3,955	74	1,016
Tax set-off	1,367	400	(1,367)	(400)	–	–
Net tax (assets)/liabilities	(2,787)	(2,539)	2,861	3,555	74	1,016

A potential £3.0m (FY2021: £2.2m) 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.

A potential £1.3m (FY2021: £1.1m) 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.

Movement in deferred tax during the year

	1 April 2021 £000	Recognised in income £000	Recognised on acquisition £000	Recognised in equity ¹ £000	31 March 2022 £000
Property, plant and equipment	1,661	118	14	26	1,819
IFRS 16 Leases	(207)	2	–	(6)	(211)
Intangible assets	1,751	(261)	–	(3)	1,487
Provision on inventories	(726)	(184)	(28)	(41)	(979)
Provisions/accruals	(11)	(36)	(6)	(18)	(71)
IFRS 2 Share-based Payments	(596)	(178)	–	26	(748)
Tax losses	(856)	(358)	–	(9)	(1,223)
	1,016	(897)	(20)	(25)	74

Movement in deferred tax during the prior year

	1 April 2020 £000	Recognised in income £000	Recognised in equity ¹ £000	31 March 2021 £000
Property, plant and equipment	1,814	(83)	(70)	1,661
IFRS 16 Leases	(253)	46	–	(207)
Intangible assets	2,048	(256)	(41)	1,751
Provision on inventories	(715)	(34)	23	(726)
Provisions/accruals	(135)	105	19	(11)
IFRS 2 Share-based Payments	(405)	(135)	(56)	(596)
Tax losses	(489)	(387)	20	(856)
	1,865	(744)	(105)	1,016

1. Amounts recognised in equity include the deferred tax on IFRS 2 Share-based Payments of £28k (FY2021: £(72)k) and the equity element of foreign exchange differences taken to reserves

Notes to the financial statements continued for the year ended 31 March 2022

17 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	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Property, plant and equipment	—	—	153	125	153	125
Provisions/accruals	(3)	(3)	—	—	(3)	(3)
IFRS 2 Share-based Payments	(426)	(329)	—	—	(426)	(329)
Tax losses	(448)	(514)	—	—	(448)	(514)
Tax (assets)/liabilities	(877)	(846)	153	125	(724)	(721)
Tax set-off	153	125	(153)	(125)	—	—
Net tax assets	(724)	(721)	—	—	(724)	(721)

A potential £3.0m (FY2021: £2.2m) 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.

Movement in deferred tax during the year

	1 April 2021 £000	Recognised in income £000	Recognised in equity £000	31 March 2022 £000
Property, plant and equipment	125	28	—	153
Provisions/accruals	(3)	—	—	(3)
IFRS 2 Share-based Payments	(329)	(107)	10	(426)
Tax losses	(514)	66	—	(448)
	(721)	(13)	10	(724)

Movement in deferred tax during the prior year

	1 April 2020 £000	Recognised in income £000	Recognised in equity £000	31 March 2021 £000
Property, plant and equipment	133	(8)	—	125
Provisions/accruals	(1)	(2)	—	(3)
IFRS 2 Share-based Payments	(309)	16	(36)	(329)
Tax losses	(204)	(310)	—	(514)
	(381)	(304)	(36)	(721)

18 Inventories - Group

	2022 £000	2021 £000
Raw materials and consumables	7,276	4,364
Work in progress	3,002	2,291
Finished goods and goods for resale	78,655	48,110
	88,933	54,765

In FY2022, inventories of £141.6m (FY2021: £122.6m) were recognised as an expense during the year and included in cost of sales. Inventories have been written down by an additional £0.7m (net) in the year (FY2021: £2.2m) in line with the Group's stock provisioning policy. Such write-downs were recognised as an expense during FY2022. No significant specific stock provisions have been reversed in the year.

No inventories are specifically pledged as security for liabilities.

Within the £88.9m (FY2021: £54.8m) carrying amount of inventories above, £1.9m (FY2021: £1.1m) is carried at net realisable value.

19 Trade and other receivables

Current

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade receivables	54,132	48,810	—	—
Non-trade receivables and prepayments	6,388	4,384	82	233
Amounts owed by subsidiary undertakings	—	—	1,806	2,142
	60,520	53,194	1,888	2,375

An explanation of credit risk and details of the security held over receivables is provided in note 26.

The trade receivables position for the Group at 1 April 2020 was £48.5m.

All contracts with customers do not contain a significant financing component. Expected credit losses for the Group were calculated by first grouping trade receivables by entity and looking at historic credit loss rates over five years. This was then overlaid with considerations for overdue debt, forward-looking information (including Covid-19 and the Russia Ukraine conflict) 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 FY2021 or FY2022.

Non-current

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts owed by subsidiary undertakings	—	—	66,344	44,318

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for the year ended 31 March 2022

20 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 2022.

During the year the underlying facility arrangements transitioned from LIBOR to SONIA and SOFR. All EUR loans continue to be calculated under EURIBOR. This had no significant impact on the cost or availability of the underlying facilities.

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 26.

Initial loan value	Rate	Maturity	Current		Non-current		
			2022 £000	2021 £000	2022 £000	2021 £000	
Group (excluding Company)							
Right-of-use liabilities	Various	2022-2050	3,009	2,707	10,660	10,018	
Company							
Revolving Credit Facility	SONIA/SOFR/ EURIBOR + 1.10% to 2.20% ¹	2024	—	—	50,713	17,389	
Prepaid arrangement fees			—	—	(206)	(419)	
Right-of-use liabilities	Various	2022-2024	19	19	23	42	
Total Group			3,028	2,726	61,190	27,030	
Total Company			19	19	50,530	17,012	

1. Subject to leverage ratchet mechanism from <1.0x to >2.5x, current interest margin of 1.35% (based on 1.27x leverage)

21 Trade and other payables

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade payables	26,619	21,891	—	—
Amounts payable to subsidiary undertakings	—	—	270	4,558
Non-trade payables and accrued expenses	16,473	16,767	1,079	681
Other taxes and social security	2,157	2,475	220	267
	45,249	41,133	1,569	5,506

The amounts payable to subsidiary undertakings are repayable on demand and no interest is charged.

Non-trade payables and accrued expenses includes £1.1m (FY2021: £1.2m) of contract liabilities. For consistency, the prior year contract liabilities disclosure has been restated to include the balance at 31 March 2021. The balance at 31 March 2021 was fully recognised as revenue in the year ending 31 March 2022. The balance at 31 March 2022 relates to invoices raised in the year which will be recognised as revenue in the next financial year.

22 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 £2.1m (FY2021: £1.9m) 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 (FY2021: <£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:

	2022		2021	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at beginning of year	2,564,293	0.94	949,653	1.65
Granted during the year	426,951	1.05	2,316,659	0.86
Forfeited/lapsed during the year	(316,959)	1.14	(580,602)	1.72
Exercised during the year	(51,422)	1.04	(121,417)	1.05
Outstanding at the end of the year	2,622,863	0.93	2,564,293	0.94
Exercisable at the end of the year	2,424	1.93	29,076	1.58

The options outstanding at 31 March 2022 had a weighted average remaining contractual life of 2.3 years (FY2021: 3.0 years) and exercise prices ranging from £0.86 to £1.93 (FY2021: £0.86 to £1.93).

The weighted average share price at the date of exercise for share options exercised in 2022 was £1.46 (FY2021: £1.41).

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.

Notes to the financial statements continued

for the year ended 31 March 2022

22 Employee benefits continued

Board deferred equity bonus shares

The Board deferred equity bonus shares have been discussed in more detail in the remuneration report (pages 109 to 129). The number of deferred equity bonus shares are as follows:

	Deferred equity bonus shares
Outstanding at beginning of year	669,910
Shares exercised	(35,219)
Outstanding at the end of the year	634,691
Exercisable at the end of the year	634,691

The above includes 36,703 shares for C Foo relating to his employment as TR Asia MD. He did not sit on the Board. It also includes 95,219 shares for G Roberts relating to when she was a Board Director. She stepped down from the Board on 31 March 2020.

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 FY2022 was £1.40 (FY2021: £1.40).

The options outstanding at 31 March 2022 had a weighted average remaining contractual life of nil years (FY2021: nil years).

Senior manager (SM) and OEB LTIP shares

The number of SM LTIP shares is as follows:

	SM LTIP shares
Outstanding at beginning of year	2,916,761
Granted during the year	1,520,827
Lapsed during the year	(89,707)
Exercised during the year	(55,118)
Outstanding at end of year	4,292,763

The shares granted between 30 December 2016 and 14 November 2018, which vested on 30 December 2019, 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 method of settlement for these shares is a mixture of equity and cash settled. The fair value has been calculated using the DDM. This was at grant date for the equity settled awards. The fair value for the cash settled awards were remeasured to the date the awards vested. The weighted average share price at the date of exercise for share options exercised in FY2022 was £1.39p (FY2021: £1.19).

The awards granted in FY2020-22 are subject to a non-market performance condition of underlying EPS growth for a three-year period starting on 1 April 2019/20/21 and a service condition of three years from the grant date. The method of settlement for these shares is a mixture of equity and cash settled. The fair value has been calculated using the DDM. This was at grant date for the equity settled awards. The fair values for the cash settled awards are remeasured at the reporting date.

The FY2020 non-market performance condition requires underlying EPS to grow 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 FY2021 non-market performance condition requires underlying EPS to be 10.55p for a 25% payout, 13.28p for a 100% payout, with straight-line vesting for growth in between. If growth is less than 10.55p the payout is nil.

The FY2022 non-market performance condition requires underlying EPS to grow by 16% per annum for a 25% payout, 25% per annum for a 72% payout (strong), with straight-line vesting in between. Maximum payout requires 37% growth per annum, with straight-line vesting in between maximum and strong.

Board LTIP shares

The Board LTIP shares are part of the remuneration policy approved at the 2020 AGM and have been discussed in more detail in the remuneration report (pages 109 to 129). The maximum number of Board LTIP shares are as follows:

	Board LTIP shares
Outstanding at beginning of year	1,715,579
Granted during the year	690,140
Lapsed during the year	(493,333)
Outstanding at end of year	1,912,386

The above includes 155,048 shares for G Roberts relating to when she was a Board Director. She stepped down from the Board on 31 March 2020.

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 IFRS 2 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 2022 had a weighted average remaining contractual life of 1.5 years (FY2021: 1.5 years).

Date of grant	Type of instrument	Valuation model	Number outstanding on 31 March 2022	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk-free rate %	Expected annual dividend %	Fair value (£)
01/10/2017	SAYE 5 Year	Black-Scholes	27,957	2.24	1.77	31.18	5.00	5.00	0.82	1.56	0.72
01/10/2018	SAYE 3 Year	Black-Scholes	2,424	1.92	1.93	24.59	3.00	3.00	0.84	2.01	0.28
01/10/2018	SAYE 5 Year	Black-Scholes	21,290	1.92	1.93	30.01	5.00	5.00	1.03	2.01	0.42
01/10/2019	SAYE 3 Year	Black-Scholes	62,169	1.60	1.78	27.58	3.00	3.00	0.45	2.66	0.19
01/10/2019	SAYE 3 Year	Black-Scholes	25,714	1.60	1.78	28.46	5.00	5.00	0.43	2.66	0.24
15/09/2020	SAYE 3 Year	Black-Scholes	1,392,560	0.98	0.86	36.62	3.00	3.00	-0.10	1.22	0.27
15/09/2020	SAYE 5 Year	Black-Scholes	703,131	0.98	0.86	33.12	5.00	5.00	-0.06	1.22	0.29
10/08/2021	SAYE 3 Year	Black-Scholes	314,372	1.44	1.05	40.39	3.23	3.23	0.21	1.11	0.54
10/08/2021	SAYE 5 Year	Black-Scholes	73,246	1.44	1.05	34.99	5.23	5.23	0.34	1.11	0.55
Total SAYE share options			2,622,863								

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22 Employee benefits continued

Board LTIP shares continued

Date of grant	Type of instrument	Valuation model	Number outstanding on 31 March 2022	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (yrs)	Expected life (yrs)	Risk-free rate %	Expected annual dividend %	Fair value (£)
30/09/2015	Board deferred equity	DDM	192,233	1.16	n/a	n/a	2.56	2.56	n/a	1.81	1.11
15/07/2016	Board deferred equity	DDM	191,512	1.35	n/a	n/a	2.71	2.71	n/a	2.07	1.28
26/07/2017	Board deferred equity	DDM	250,946	2.17	n/a	n/a	2.68	2.68	n/a	1.61	2.08
30/12/2016	SM LTIP - equity	DDM	351,142	2.05	n/a	n/a	3.00	3.00	n/a	1.46	1.96
23/07/2019	Board LTIP shares - EPS	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	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 LTIP - equity	DDM	694,792	2.07	n/a	n/a	3.00	3.00	n/a	2.05	1.95
23/07/2019	SM LTIP - cash	DDM	40,500	2.07 ¹	n/a	n/a	3.00	1.31	n/a	0.00	1.50
08/06/2020	SM LTIP - equity	DDM	35,000	1.30	n/a	n/a	3.00	3.00	n/a	3.28	1.17
25/11/2020	Board LTIP shares - EPS	DDM	470,657	1.43	n/a	n/a	3.00	3.00	-0.03	0.00	1.43
25/11/2020	Board LTIP shares - TSR	Monte-Carlo simulation	201,710	1.43	n/a	41.8	3.00	3.00	-0.03	0.00	0.69
25/11/2020	SM LTIP - equity	DDM	672,500	1.43	n/a	n/a	3.00	3.00	n/a	0.00	1.43
25/11/2020	SM LTIP - cash	DDM	61,000	1.43 ¹	n/a	n/a	3.00	2.65	n/a	n/a	1.50
25/11/2020	OEB LTIP	DDM	938,002	1.43	n/a	n/a	3.00	3.00	n/a	0.00	1.43
03/08/2021	Board LTIP shares - EPS	DDM	483,098	1.45	n/a	n/a	3.00	3.00	0.11	1.11	1.40
03/08/2021	Board LTIP shares - TSR	Monte-Carlo simulation	207,042	1.45	n/a	41.2	3.00	3.00	0.11	1.11	0.68
03/08/2021	OEB LTIP	DDM	675,327	1.45	n/a	n/a	3.00	3.00	n/a	1.11	1.40
03/08/2021	SM LTIP - equity	DDM	763,500	1.45	n/a	n/a	3.00	3.00	n/a	1.11	1.40
03/08/2021	SM LTIP - cash	DDM	61,000	1.45 ¹	n/a	n/a	3.00	2.34	n/a	2.00	1.10
Total share options (inc SAYE)			9,462,703								

1. The share price used to determine the fair value at FY2022 was 115p (FY2021: 150p)

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 exercise price used is in line with the appropriate award documentation. In the case of SAYE awards, this price is discounted in line with HMRC limits. For Board, OEB and Senior Manager LTIP awards granted in the form of nil-cost options, the exercise price is nil.

The risk-free rate has been set as the continuously compounded yield as at the grant date on zero coupon government bonds of a term commensurate with the expected life assumption.

The dividend yield has been set equal to the historic dividend yield as at the date of grant.

The Group recognised total charges of £0.8m (FY2021: £1.1m) in relation to share-based payment transactions in the year. Of this, £(4)k (FY2021: £39k) 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 2022, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
01/10/17 SAYE	27,957	Oct 2022
01/10/18 SAYE	23,714	Oct 2021, Oct 2023
01/10/19 SAYE	87,883	Oct 2022, Oct 2024
15/09/20 SAYE	2,095,691	Oct 2023, Oct 2025
10/08/21 SAYE	387,618	Oct 2024, Oct 2026
Total outstanding options	2,622,863	
Board deferred equity bonus shares	634,691	Sep 2018, Jul 2019, 2020
Senior manager and OEB LTIP shares	4,292,763	Dec 2019, Jul 2022, Nov 2023, Aug 2024
Board LTIP shares	1,912,386	Jul 2022, Nov 2023, Aug 2024
Total	9,462,703	

All options require continued employment from grant date to the later of vesting date or exercise date.

23 Provisions

Group	Dilapidations £000	Total £000
Balance at 31 March 2021	1,023	1,023
Recognised on acquisition	23	23
Increase in the year	42	42
Balance at 31 March 2022	1,088	1,088

Dilapidations relate to a portfolio of properties and external advisers 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	2022 £000	2021 £000
Non-current (greater than 1 year) ¹	1,088	1,023
Current (less than 1 year)	—	—
Balance at 31 March	1,088	1,023

1. Provisions greater than 1 year relate to dilapidations for leases with end dates between 2023 and 2030

In respect of the Company there are £nil provisions (FY2021: £nil).

Notes to the financial statements continued

for the year ended 31 March 2022

24 Capital and reserves

Capital and reserves – Group and Company

See statements of changes in equity on pages 144 and 145.

Share capital

	Number of ordinary shares	
	2022	2021
In issue at 1 April	136,032,461	122,632,912
Shares issued	51,422	13,399,549
In issue at 31 March – fully paid	136,083,883	136,032,461

The total number of shares issued during the year was 51,422 for a consideration of £0.1m (FY2021: 13,399,549 shares for £16.1m). The majority of the shares issued in FY2021 (13,278,132) related to the equity raise in June 2020. In FY2022 and FY2021, all shares were issued for cash.

	2022 £000	2021 £000
Allotted, called up and fully paid		
Ordinary shares of 5p each	6,804	6,802

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.

Reserves

Share premium represents the amount subscribed for share capital in excess of nominal value.

The merger reserve has arisen under Section 612 of the Companies Act 2006 and is a non-distributable reserve.

In June 2020 the Company successfully completed placings of shares which increased the merger reserve by £14.8m.

During the year the Group purchased 1,955,720 shares (FY2021: 44,280) on the open market via the Trifast EBT for an average price of £1.55 per share, total £3.0m (FY2021: £0.1m). 90,337 shares (FY2021: 743,384) were transferred out of the own shares held reserve at a weighted average cost of £1.59, total cost £0.1m (FY2021: weighted average cost of £1.88, total cost £1.4m) to fulfil all of the exercise of awards in the year, excluding SAYE. The number of ordinary shares held at 31 March 2022 was 2,194,470 (FY2021: 329,087). These shares are in the own shares held reserve and are to help meet future employee share plan obligations.

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.

Dividends

During the year the following dividends were recognised and paid by the Group:

	2022 £000	2021 £000
Final paid 2021 – 1.60p (FY2020: nil) per qualifying ordinary share	2,156	–
Interim paid 2021 – nil (FY2020: 1.20p) per qualifying ordinary share	–	1,457
	2,156	1,457

After the balance sheet date and subject to shareholder approval at the Annual General Meeting which is to be held on 7 September 2022 a final dividend of 1.40p per qualifying ordinary share (FY2021: 1.60p) was proposed by the Directors. An interim dividend of 0.70p per qualifying ordinary share (FY2021: nil) was paid in April 2022. See the financial review for further details.

	2022 £000	2021 £000
Final proposed 2022 – 1.40p (FY2021: 1.60p) per qualifying ordinary share ¹	1,874	2,156
Interim paid 2022 – 0.70p (FY2021: nil) per qualifying ordinary share	937	–
	2,811	2,156

1. FY2022 amount calculated using the number of ordinary shares in issue less the number of shares in the own shares held reserve at 31 March 2022

25 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2022 was based on the profit attributable to ordinary shareholders of £9.0m (FY2021: profit of £5.8m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2022 (net of own shares held) of 135,880,620 (FY2021: 133,821,189), calculated as follows:

Weighted average number of ordinary shares

	2022	2021
Issued ordinary shares at 1 April	136,032,461	122,632,912
Net effect of shares (held)/issued	(151,841)	11,188,277
Weighted average number of ordinary shares at 31 March	135,880,620	133,821,189

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2022 was based on profit attributable to ordinary shareholders of £9.0m (FY2021: profit of £5.8m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2022 (net of own shares held) of 136,864,935 (FY2021: 134,257,324), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2022	2021
Weighted average number of ordinary shares at 31 March	135,880,620	133,821,189
Effect of share options on issue	984,315	436,135
Weighted average number of ordinary shares (diluted) at 31 March	136,864,935	134,257,324

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

	2022 EPS			2021 EPS		
	Earnings £000	Basic	Diluted	Earnings £000	Basic	Diluted
EPS (total)						
Profit after tax for the financial year	8,977	6.61p	6.56p	5,790	4.33p	4.31p
Separately disclosed items:						
Acquired intangible amortisation	1,593	1.17p	1.16p	1,428	1.07p	1.06p
Project Atlas	1,041	0.77p	0.76p	1,082	0.81p	0.81p
Acquisition costs	508	0.37p	0.37p	—	—	—
Restructuring costs	—	—	—	377	0.28p	0.28p
Loss on disposal of TR Formac (Malaysia) SDN Bhd	—	—	—	280	0.21p	0.21p
Equity raise costs	—	—	—	59	0.04p	0.04p
Tax charge on adjusted items above	(607)	(0.45)p	(0.44)p	(641)	(0.48)p	(0.47)p
Tax adjusted items	(386)	(0.28)p	(0.28)p	—	—	—
Underlying profit after tax	11,126	8.19p	8.13p	8,375	6.26p	6.24p

The 'underlying diluted' earnings per share is detailed in the above tables. In the Directors' opinion, this reflects the underlying trading performance of the Group and assists in the comparison with the results of earlier years (see note 2).

Notes to the financial statements continued

for the year ended 31 March 2022

26 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 arise 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.

(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. The maximum exposure with respect to credit risk is represented by the carrying amount on the balance sheet. Cash and cash equivalents are with approved counterparty banks and other financial institutions. Counterparty banks are assessed prior to opening bank accounts and on an ongoing basis to ensure exposure to credit risk is at an acceptable level.

Management considers credit risks arises principally from the Group's receivables from customers. A credit policy is 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 were further enhanced as a result of macro level uncertainties. The maximum exposure to credit risk at the balance sheet date was £54.1m (FY2021: £48.8m), 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 (FY2021: £nil), and to date have not seen a significant increase in risk as a result of macro level uncertainties.

There have been no significant changes to estimation techniques or significant assumptions made during the reporting period.

At the balance sheet date there were no significant geographic or sector-specific concentrations of credit risk, although we continue to monitor the light and heavy vehicle sectors closely due to the ongoing challenges in these specific end markets.

Impairment losses

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	2022 £000	2021 £000
Balance at 1 April	(1,048)	(1,149)
Impairment (loss)/reversal movement	(257)	101
Balance at 31 March	(1,305)	(1,048)

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 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 2022, the Group's banking facilities with a group of three lenders comprised a revolving multi-currency credit facility (RCF) of up to £80.0m (FY2021: up to £80.0m).

This Revolving Credit Facility of up to £80.0m originally matured in April 2023. The facility includes an accordion of up to £40.0m and the option to extend maturity up to April 2024. The option to extend the facility was agreed at the end of calendar year 2021. The facility is guaranteed by 16 Group companies which exceed thresholds in various financial metrics as specified by lenders. Interest on this facility is charged at the aggregate rate of SONIA/SOFR/EURIBOR plus a margin of 1.1% to 2.2%, in accordance with a formula incorporating the ratio of consolidated net debt against the consolidated underlying EBITDA of the Group.

Covenant headroom – at 31 March 2022

The RCF in place as at 31 March 2022 is subject to quarterly covenant testing as follows:

Interest cover: Underlying EBITDA¹ to net interest¹ to exceed a ratio of four.

Adjusted leverage: Total net debt¹ to underlying EBITDA¹ not to exceed a ratio of three.

These covenants currently provide significant headroom and forecasts indicate no breach is anticipated. See financial review for further details.

1. As defined in the facility agreement

Liquidity tables

The following are the contractual maturities of the existing financial liabilities, excluding trade and other payables as the contractual cash flows are equal to carrying amount and cash flows are within one year:

	2022					
	Carrying amount £000	Contractual cash flows ¹ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000
Non-derivative financial liabilities						
Group and Company						
Revolving Credit Facility (see note 20)	50,507	50,713	–	–	50,713	–
Right-of-use liabilities (see note 12)	13,711	15,110	3,228	2,626	4,900	4,356
Total Group and Company	64,218	65,823	3,228	2,626	55,613	4,356

1. In addition to the above, there are interest charges of £0.5m in FY2022 relating to the Revolving Credit Facility. Future interest charges are based on a leverage ratchet mechanism, see note 20

	2021					
	Carrying amount £000	Contractual cash flows ¹ £000	Less than 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000
Non-derivative financial liabilities						
Group and Company						
Revolving Credit Facility (see note 20)	16,970	17,389	–	–	17,389	–
Right-of-use liabilities (see note 12)	12,786	14,408	3,023	2,427	4,542	4,416
Total Group and Company	29,756	31,797	3,023	2,427	21,931	4,416

1. In addition to the above, there are interest charges of £0.2m in FY2021 relating to the Revolving Credit Facility

The prior year liquidity table above has been restated to include the maturity analysis for the undiscounted value of lease liabilities and carrying amount of revolving credit facility.

Notes to the financial statements continued

for the year ended 31 March 2022

26 Financial instruments continued

(b) Financial instruments risks continued

(ii) Liquidity and interest risk continued

Liquidity headroom

Trading forecasts show that the facilities in place at 31 March 2022 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.

Facilities that were available at 31 March 2022 (excluding bank overdrafts and lease liabilities):

	2022			2021		
	Available facilities £000	Utilised facilities £000	Unutilised facilities £000	Available facilities £000	Utilised facilities £000	Unutilised facilities £000
Group and Company						
Revolving Credit Facility	80,000	50,713	29,287	80,000	17,389	62,611
Total Group and Company	80,000	50,713	29,287	80,000	17,389	62,611

In addition there is an accordion facility of £40m as part of the RCF 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 are given in note 20.

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

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Variable rate instruments				
Financial assets	26,741	30,265	604	2,256
Financial liabilities ¹	(50,507)	(16,970)	(50,507)	(16,970)
Net (debt)/cash	(23,766)	13,295	(49,903)	(14,714)

1. Net of prepaid arrangement fee of £0.2m (FY2021: £0.4m)

Sensitivity analysis

A change of one percentage point in interest rates (using the net amount in the table above) at the balance sheet date would change equity and profit and loss by £0.2m (FY2021: £0.2m). 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.

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 €29.8m (£25.2m) is net investment hedged against the net asset value of TR VIC, TR Kuhlmann, TR Holland and TR España. The USD denominated RCF utilised facility of \$8.5m (£6.4m) is net investment hedged against the net asset value of Falcon. Therefore, all foreign exchange movements that are being hedged are taken to the translation reserve. The remaining Euro and US Dollar denominated RCF utilised facility of €13.1m and \$10.6m respectively (£11.0m and £8.1m respectively) is naturally hedged by equivalent intercompany debtor assets 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):

	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
31 March 2022					
Cash and cash equivalents exposure	1,404	4,333	7,160	363	13,260
31 March 2021	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Total £000
Cash and cash equivalents exposure	585	4,071	6,515	57	11,228

Sensitivity analysis

Group

A 1% change in significant foreign currency balances against local functional currency at 31 March 2022 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.

Foreign currency	Local currency	Equity and profit or loss	
		2022 £000	2021 £000
Euro	Sterling	(8)	(8)
US Dollar	Singapore Dollar	(16)	(31)
US Dollar	Taiwanese Dollar	(21)	(22)
Euro	Taiwanese Dollar	(5)	(19)

Notes to the financial statements continued for the year ended 31 March 2022

26 Financial instruments continued

(c) Capital management and allocation

It is the Board's desire to maximise long-term returns. As such, the generation and disciplined deployment of free cash is a core aspect of Trifast's strategy. The following framework and priorities have been established and these are refreshed as part of our annual budgeting process.

Capital allocation priorities

The Board's key capital allocation priorities are as follows:

- Continue to maintain adequate working capital as required to support organic growth in the short-term
- Strategic and targeted investments to drive sustainable long-term organic growth
- Realise acquisitions in line with our acquisition strategy
- A progressive dividend policy, maintaining a medium-term target dividend cover range at the top end of between 3x to 4x

Special dividends and share buy-backs, having been considered, do not currently form part of our capital allocation framework.

Cash conversion

Outside of the significant investment in inventory in FY2022 (see financial review for further details), the Group has been, and continues to expect to be, 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.

	2019	2020	2021	2022
Net debt to underlying EBITDA	0.54x	0.80x	(0.87)x	1.27x

Calculated in line with the banking agreement.

Maximum adjusted leverage covenant – 3.0x.

The Board has determined that in the current macroeconomic and shareholder environment, it is appropriate to adopt a prudent but flexible capital structure and will seek to operate in certain circumstances, e.g. non-organic investment, with leverage of up to 2.0x adjusted net debt (before IFRS16):underlying EBITDA. The Board also seeks to maintain a minimum leverage of 1.0x to ensure an appropriate level of balance sheet efficiency.

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.

The capital structure of the Group is provided below:

	2022 £000	2021 £000
Borrowings (note 20)	64,218	29,756
Equity	139,145	131,804
Capital employed	203,363	161,560

27 Financial guarantee contracts

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 (FY2021: £nil).

The Company has a guarantee with HSBC, involving the UK trading subsidiaries for a Group Class Guarantee facility of £1.1m (FY2021: £1.1m).

28 Related parties

Group and Company

Compensation of key management personnel of the Group

Full details of the compensation of key management personnel on the board are given in the Directors' remuneration report on pages 123 to 126. Compensation for key management personnel outside the board, which comprises of the OEB, totalled £1,543k (FY2021: £1,273k).

Transactions with Directors and Directors' close family relatives

During the period, a relative of the Chair became employed by TR Fastenings Ltd following an external recruitment process. The relative is paid on an arm's length basis, with aggregate payroll costs totalling £22k (FY2021: £nil).

There were no other related party transactions with Directors, or Directors' close family members, in the year (FY2021: £nil).

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included in note 31.

Company related party transactions with subsidiaries – income/expenditure FY2022

	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	277	—	567	1,168	35	1,203
Lancaster Fastener Co Ltd	—	13	—	13	—	—	—
Precision Technology Supplies Ltd	—	41	—	41	—	—	—
TR Southern Fasteners Ltd	—	13	2	15	—	—	—
TR Norge AS	—	17	—	17	—	—	—
TR Fastenings AB	—	73	—	73	—	—	—
TR Miller BV	—	65	6	71	—	—	—
TR Hungary Kft	—	76	—	76	—	—	—
TR VIC SPA	—	139	8	147	—	2	2
TR Kuhlmann GmbH	—	62	—	62	—	—	—
TR Fastenings España	—	43	54	97	—	—	—
TR Fastenings Inc	—	120	86	206	—	—	—
TR Falcon Fastening Solutions	—	—	—	—	—	—	—
TR Asia Investments Pte Ltd	—	92	—	92	—	—	—
Total	290	1,031	156	1,477	1,168	37	1,205

Notes to the financial statements continued

for the year ended 31 March 2022

28 Related parties continued

Related party transactions continued

Company related party transactions with subsidiaries - income/expenditure FY2021

	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	330	—	620	197	38	235
Lancaster Fastener Co Ltd	—	24	—	24	—	—	—
Precision Technology Supplies Ltd	—	38	—	38	—	—	—
TR Southern Fasteners Ltd	—	21	—	21	—	—	—
TR Norge AS	—	21	—	21	—	—	—
TR Fastenings AB	—	101	—	101	—	—	—
TR Miller BV	—	79	—	79	—	—	—
TR Hungary Kft	—	81	—	81	—	—	—
TR VIC SPA	—	132	—	132	—	—	—
TR Kuhlmann GmbH	—	61	—	61	—	—	—
TR Fastenings España	—	74	34	108	—	—	—
TR Fastenings Inc	—	112	49	161	—	—	—
TR Asia Investments Pte Ltd	—	165	—	165	—	—	—
Total	290	1,239	83	1,612	197	38	235

	2022		2021	
	Balances receivables £000	Balances payables £000	Balances receivables £000	Balances payables £000
TR Fastenings Ltd	2,577	—	119	4,260
Lancaster Fastener Company Ltd	30	—	126	—
Precision Technology Supplies	24	—	136	—
TR Southern Fasteners Ltd	100	—	38	—
TR Norge AS	8	—	97	—
TR Fastenings AB	454	—	248	—
TR Miller Holding BV	1,703	—	15	—
TR Hungary Kft	455	—	55	3
TR VIC SPA	4,765	—	41	—
TR Kuhlmann GmbH	21	—	41	—
TR Fastenings España	3,781	—	3,015	—
TR Fastenings Inc	8,766	—	3,265	—
TR Falcon Fastening Solutions	26	—	—	—
TR Asia Investments Holdings Pte Ltd	958	—	873	—
TR Formac Pte Ltd	34	—	238	—
Special Fasteners Engineering Co Ltd	23	—	30	—
Power Steel & Electro-Plating Works SDN Bhd	29	—	38	—
TR Fastenings Poland Sp Zoo	51	—	47	—
Non-trading dormant subsidiaries	—	267	—	267
Trifast Overseas Holdings Ltd	44,345	—	38,038	—
Trifast Holdings BV	—	3	—	28
	68,150	270	46,460	4,558

All related party transactions are on an arm's length basis.

29 Subsequent events

There are no material adjusting events subsequent to the balance sheet date.

There are no other material non-adjusting events subsequent to the balance sheet date.

Notes to the financial statements continued

for the year ended 31 March 2022

30 Accounting estimates and judgements

The preparation of financial statements in conformity with Adopted IFRS 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, key judgements made by management includes the fair value of assets acquired in a business combination and Project Atlas costs meeting the capitalisation criteria under IAS 38 Intangible Assets.

The fair value of assets acquired in a business combination is a new key judgement due to the acquisition of Falcon. Judgements and estimates are made in assessment of the net assets acquired, including the identification and valuation of intangible assets and their useful lives. The assets were valued by an external valuer using the income methodology. The main assumptions used to establish value were profitability, growth, discount and tax rates.

Another 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.

The March 2021 IFRS IC agenda decision update on 'Configuration and customisation costs in a cloud computing arrangement' was considered in reaching this judgement. Management concluded that the Group has control of the software intangible asset and hence it is appropriate to capitalise these costs due to the following factors:

- The Group has a right to take possession of a copy of the software and run it on either our own or a third party's computer infrastructure
- The 'on-premises' system functionality continues to provide an appropriate level of value in use for the Group in comparison to the cloud version

This judgement will be reviewed periodically and if either of these circumstances change (the right to obtain a copy or the functionality diminishes) it could lead to an impairment of the intangible asset.

In the year, £1.1m (FY2021: £1.2m) (see notes 13 and 14) has been capitalised. The costs expensed in the income statement are disclosed in note 2. Other than the above, 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 largely determines when a provision is recognised. Management then estimates the net realisable value of the stock for each individual classification. In most circumstances, a provision is made earlier for customer-specific stock (compared to standard) because it generally 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 18.

The carrying amount of inventory at year end was £88.9m, of which £57.8m related to customer-specific stock (FY2021: carrying value £54.8m, customer-specific stock £27.9m).

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 range of possible outcomes includes a write off of the carrying amount at year end, to a write back of the customer-specific inventory provision at year end (£6.1m; FY2021: £5.5m).

The carrying amount of goodwill at year end was £24.8m (FY2021: £23.1m) of which £2.9m (FY2021: £2.9m) relates to VIC. As part of the impairment review testing, no impairment was required in the year for VIC (FY2021: £nil), but the recoverability of the remaining goodwill is sensitive to changes in discount rate. The uncertainty in the economy could cause an increase in discount rate which could lead to an additional impairment. For more information, please see note 13.

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.

31 Trifast plc subsidiaries

	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held		Office address
				Group	Company	
Europe						
Trifast Overseas Holdings Ltd	United Kingdom	£112	Holding Company	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Trifast Holdings B.V.	Netherlands	€18,427	Holding Company	100%	—	KVK 33268836, Vestigingsnr. 000018832806, Kelvinstratt 5, 7575 AS Oldenzaal, Netherlands
TR Fastenings Ltd	United Kingdom	£10,200	Manufacture and distribution of fastenings	100%	—	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
TR Southern Fasteners Limited	Republic of Ireland	€254	Distribution of fastenings	100%	—	Mallow Business & Technology Park, Mallow, Co. Cork, P51 HV12, Republic of Ireland
TR Norge AS	Norway	NOK 300,000	Distribution of fastenings	100%	—	Masteveien 8, NO-1481 Hagan, Norway
TR Miller Holding B.V.	Netherlands	€45,378	Distribution of fastenings	100%	—	Kelvinstraat 5, 7575 AS, Oldenzaal, Netherlands
Lancaster Fastener Company Ltd	United Kingdom	£40,000	Distribution of fastenings	100%	—	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
TR Fastenings AB	Sweden	SEK 1,500,000	Distribution of fastenings	100%	—	Box 4133, Smedjegatan 6, 7tr, SE-131 04 Nacka, Sweden
TR Hungary Kft	Hungary	HUF 68,257,300	Distribution of fastenings	100%	—	Szigetszentmiklós, Leshegy út 8, 2310 Hungary
TR Fastenings Poland Sp. Z o.o	Poland	PLN 50,000	Distribution of fastenings	100%	100%	Al Jerozolimskie 56c, 00-803 Warszawa, Poland
TR VIC SPA	Italy	€187,200	Manufacture and distribution of fastenings	100%	—	Via Industriale, 19, 06022 Fossato Di Vico (PG), Italy
VIC Sp. Z o.o.	Poland	PLN 50,000	Distribution of fastenings	100%	—	Wroclaw, ul Wiosenna 14/2, Poland
TR Kuhlmann GmbH	Germany	€25,000	Distribution of fastenings	100%	—	Lerchenweg 99, 33415 Verl, Germany
Precision Technology Supplies Ltd	United Kingdom	£10,000	Distribution of fastenings	100%	—	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
TR Fastenings España - Ingeniería Industrial, S.L.	Spain	€3,085	Distribution of fastenings	100%	—	Calle De La Cilencia 43, Viladecans, Barcelona, CP 08840, Spain

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2022

31 Trifast plc subsidiaries continued

	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held		Office address
				Group	Company	
Asia						
TR Asia Investment Holdings Pte Ltd	Singapore	S\$4	Holding Company	100%	—	57 Senoko Road, Singapore 758121
TR Formac Pte Ltd	Singapore	S\$315,000	Manufacture and distribution of fastenings	100%	—	57 Senoko Road, Singapore 758121
TR Formac (Shanghai) Pte Ltd	China	US\$200,000	Distribution of fastenings	100%	—	Room D,1F, Building 2, No 390 Ai Du Road, China (Shanghai) Pilot Free Trade Zone, Shanghai
Special Fasteners Engineering Co Ltd	Taiwan	TW\$100,000,000	Manufacture and distribution of fastenings	100%	—	9F.-3 No. 366, Bo Ai 2nd Rd., Kaohsiung 81358, Taiwan, R.O.C
TR Formac Fastenings Private Ltd	India	INR 18,850,000	Distribution of fastenings	100%	—	Door No:6, 05th Cross Street, Mangala Nagar, Porur, Chennai-600 116, India
Power Steel & Electro-Plating Works SDN Bhd	Malaysia	MYR 4,586,523	Manufacture and distribution of fastenings	100%	—	Suite 1609, Tingkat 16, Plaza Pengkalan, Batu 3 Jalan Sultan Azlan Shah 51200 Kuala Lumpur, Malaysia
TR Formac Co. Ltd	Thailand	THB 60,000,000	Distribution of fastenings	100%	—	28, 3rd Floor Motorway Road, Prawet, Bangkok 10,250, Thailand
Americas						
TR Fastenings Inc	USA	US\$20,000	Distribution of fastenings	100%	—	10811 Vine Crest Drive, Suite 190, Houston, Texas 77086, USA
TR Falcon Fastening Solutions	USA	\$1000	Distribution of fastenings	100%	—	10715 John Proce Road, Charlotte, North Carolina, 28273, USA
Trifast Holdings (US) Inc	USA	\$1	Holding Company	100%	—	251 Little Falls Drive, Wilmington, Delaware, 19808, USA

	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held		Office address
				Group	Company	
Dormants						
Trifast Systems Ltd	United Kingdom	£100	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Ivor Green (Exports) Ltd	United Kingdom	£5,000	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Charles Stringer's Sons & Co. Limited	United Kingdom	£18,000	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Fastech (Scotland) Ltd	United Kingdom	£100	Dormant	100%	100%	International House, Stanley Boulevard, Hamilton Intl Technology Park, Blantyre, Glasgow, Scotland, G72 0BN
Micro Screws & Tools Ltd	United Kingdom	£1,000	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Trifast International Ltd	United Kingdom	£2	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Rollthread International Ltd	United Kingdom	£10,000	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
TR Group Ltd	United Kingdom	£100	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Fastener Techniques Ltd	United Kingdom	£73,939	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Trifast Qualifying Employee Share Ownership Trustee Ltd	United Kingdom	£2	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Trifix Ltd	United Kingdom	£100	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
Serco Ryan Ltd	United Kingdom	£3,000	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK
TR Europe Ltd	United Kingdom	£2,500	Dormant	100%	100%	Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW, UK

All of the above subsidiaries have been included in the Group's financial statements.

Notes to the financial statements continued

for the year ended 31 March 2022

32 Alternative Performance Measures

The Annual Report includes both GAAP measures and Alternative Performance Measures (APMs), the latter of which are considered by management to allow the readers of the accounts to understand the underlying trading performance of the Group. A number of these APMs are used by management to measure the KPIs of the business (see pages 14 and 15 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 financial 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 FY2022 income statement results (of subsidiaries whose presentational currency is not Sterling) using FY2021 average annual exchange rates to provide a comparison which removes the foreign currency translational impact. The impacts of translational gains and losses made on non-functional currency net assets held around the Group have not been removed.

- **Revenue growth vs GDP**

This is a KSI for the Group as our ambitious growth strategy makes revenue growth in excess of prevailing macro conditions an important barometer of the Group's success. Organic revenue is calculated by removing the impact of any acquisitions in the current or prior year, growth is calculated at Actual Exchange Rate and then this is compared to GDP.

- **Underlying operating margin**

Underlying operating margin is used in the financial review to give the reader an understanding of the performance of the Group and regions. It is calculated by dividing underlying operating profit (see return on capital employed section for reconciliation to operating profit) by revenue in the year.

- **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.

	2022			2021		
	Profit impact £000	Tax impact £000	ETR %	Profit impact £000	Tax impact £000	ETR %
Profit before tax	10,617	(1,640)	15.5%	7,784	(1,994)	25.6%
Separately disclosed items	3,142	(993)	31.6%	3,226	(640)	19.8%
Underlying profit before tax	13,759	(2,633)	19.1%	11,010	(2,634)	23.9%

- **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 25.

- **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. 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.

	2022 £000	2021 £000
Underlying cash conversion	(13,630)	26,021
Project Atlas	(983)	(1,082)
Restructuring costs	(19)	(358)
Acquisition costs	(508)	—
Cash generated from operations	(15,140)	24,581

- **Adjusted net (debt)/cash to adjusted underlying EBITDA (adjusted leverage) ratio**

This removes the impact of IFRS 16 Leases from both net debt and underlying EBITDA and IFRS 2 Share-based Payments from underlying EBITDA to better reflect the banking facility covenant calculations. Underlying EBITDA is reconciled to operating profit in note 2.

	2022 £000	2021 £000
Net (debt)/cash	(37,477)	509
Right-of-use lease liabilities	13,711	12,786
Adjusted net (debt)/cash	(23,766)	13,295
	2022 £000	2021 £000
Underlying EBITDA	20,409	17,596
IFRS 2 Share-based Payment charge and other related costs	760	1,225
Operating lease payments	(3,560)	(3,583)
Adjusted underlying EBITDA	17,609	15,238

- **Adjusted interest cover**

This is adjusted EBITDA to adjusted net interest to better reflect the banking facility covenant calculations, removing the impact of IFRS 16 Leases. Underlying EBITDA has IFRS 16 Leases and IFRS 2 Share-based Payments removed above and is reconciled to operating profit in note 2.

	2022 £000	2021 £000
Net interest	(987)	(972)
Right-of-use liability interest	326	313
Adjusted net interest	(661)	(659)

- **Underlying 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 page 200. 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.

	2022 £000	2021 £000
Underlying EBIT/underlying operating profit	14,746	11,982
Separately disclosed items within administrative expenses		
Acquired intangible amortisation	(1,593)	(1,428)
Project Atlas	(1,041)	(1,082)
Acquisition costs	(508)	—
Restructuring costs	—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd	—	(280)
Equity raise costs	—	(59)
Operating profit	11,604	8,756

- **Working capital as a percentage of revenue**

This is calculated as current assets excluding cash, less current liabilities excluding debt like items as a percentage of Group revenue. It is a KPI for the Group as it remains a key focus to ensure efficient allocation of capital on the balance sheet to improve quality of earnings and reduce the additional investment needed to support organic growth.

Financial statements

Notes to the financial statements continued

for the year ended 31 March 2022

33 Reconciliation of net cash flow to movement in net (debt)/cash

	2022 £000	2021 £000
Net change in cash and cash equivalents	(4,865)	3,264
Proceeds from new loan	(32,980)	—
Repayment of borrowings	—	26,656
Net (increase)/decrease in right-of-use liabilities	(751)	2,089
Net (proceeds) /repayment from borrowings	(33,731)	28,745
Increase/(decrease) in net debt before exchange rate differences	(38,596)	32,009
Movement in prepaid arrangement fees	(213)	(240)
Exchange rate differences	823	(990)
(Increase)/decrease in net debt	(37,986)	30,779
Opening net cash/(debt)	509	(30,270)
Closing net (debt)/cash	(37,477)	509

Net debt is reconciled to the balance sheet as follows:

	2022 £000	2021 £000
Cash and cash equivalents	26,741	30,265
Other interest-bearing loans and borrowings	(50,507)	(16,970)
Right-of-use liabilities	(13,711)	(12,786)
Closing net (debt)/cash	(37,477)	509

34 Changes in financial liabilities including both cash flows and non-cash changes

	2022 £000	2021 £000
Group		
Finance liabilities at 1 April	29,756	58,997
Cash flow changes	30,003	(30,314)
Foreign exchange on financial liabilities	518	(736)
Arrangement fees unwinding	213	240
Right-of-use liabilities acquisitions	867	—
Right-of-use liabilities additions	2,861	1,637
Right-of-use liabilities disposals	—	(68)
Finance liabilities at 31 March	64,218	29,756
	2022 £000	2021 £000
Company		
Finance liabilities at 1 April	17,031	43,647
Cash flow changes	32,961	(26,408)
Foreign exchange on financial liabilities	344	(503)
Arrangement fees unwinding	213	240
Right-of-use liabilities additions	—	55
Finance liabilities at 31 March	50,549	17,031

Liabilities arising from financing activities include other interest-bearing loans and borrowings and right-of-use liabilities.

Notes to the financial statements continued

for the year ended 31 March 2022

35 Revenue from contracts with customers

In line with IFRS 15 Revenue from Contracts with Customers we have included the disaggregation of external revenue by sector, breaking this down by our geographical operating segments.

March 2022	UK	Europe	North America	Asia	Total
Light vehicle	5%	11%	5%	4%	25%
Health & home	3%	12%	—	6%	21%
Distributors	13%	1%	—	6%	20%
Energy, tech & infrastructure	6%	5%	2%	3%	16%
General industrial	7%	5%	1%	1%	14%
Heavy vehicle	2%	2%	—	—	4%
Revenue from external customers (AER)	36%	36%	8%	20%	100%

March 2021	UK	Europe	North America	Asia	Total
Light vehicle	7%	12%	3%	5%	27%
Health & home	3%	14%	—	8%	25%
Distributors	11%	—	—	5%	16%
Energy, tech & infrastructure	6%	5%	2%	3%	16%
General industrial	5%	6%	—	1%	12%
Heavy vehicle	2%	1%	—	1%	4%
Revenue from external customers (AER)	34%	38%	5%	23%	100%

36 Acquisition of Falcon Fasteners Solutions Inc ('Falcon')

On 31 August 2021, Trifast acquired 100% of the voting equity interests of Falcon for a consideration of \$8.3m (£6.0m) on a cash-free/debt-free basis, subject to adjustment for net cash and working capital in the business at completion. The consideration was paid on completion and was met from the Company's existing bank facilities.

Falcon was originally founded in 1979 as a family-owned distributor of industrial fastenings and Category 'C' components and now operates from two locations in North Carolina and Kentucky. Over 90% of production components supplied by Falcon are customer specials. The business specialises in designing customised supply chain solutions that support lean principles in manufacturing to reduce cost and improve efficiency for its clients. Falcon serves a diverse range of sectors with minimal crossover with TR's existing North American customer base. Trifast intends to retain all staff at both Falcon and its existing US operation with the acquired business being re-branded as TR Falcon.

Trifast will be investing into Falcon to further develop the opportunities in the North American market and expect the acquisition of Falcon to be earnings enhancing in the first full year of ownership.

In the year ended 31 December 2020, Falcon reported revenue of \$11.5m (£8.9m) and profit before tax of \$1.3m (£1.0m). Gross assets at the same date were \$5.3m (£3.9m). These figures were not audited.

The fair value of trade and other receivables is £0.7m. The gross contractual flows to be collected are £0.7m. The best estimate at acquisition date of the contractual flows not to be collected is £nil.

Since the acquisition date, Falcon has contributed £4.9m to Group revenues and £0.3m to Group profit before tax. If the acquisition had occurred on 1 April 2021, Group revenue would have increased by an estimated £8.1m and Group profit before tax would have increased by an estimated £0.6m. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same as if the acquisition had occurred on 1 April 2021.

	Provisional values on acquisition £000
Effect of acquisition	
Property, plant and equipment	121
Right-of-use assets	890
Intangible assets	2,908
Deferred tax asset	20
Inventory	1,548
Trade and other receivables	712
Cash and cash equivalents	313
Trade and other payables	(659)
Provisions	(23)
Right-of-use liabilities	(867)
Net identifiable assets and liabilities	4,963
Total consideration ¹	6,163
Goodwill on acquisition	1,200

1. Made up of £6.0m consideration and £0.2m net working capital/cash adjustment

Intangible assets that arose on the acquisition include the following:

- £2.1m of customer-related intangibles, with an amortisation period deemed to be twelve years
- £0.5m of marketing-related intangibles, with an amortisation period deemed to be five years
- £0.3m of contract-based intangibles, with an amortisation period deemed to be four years

Goodwill is the excess of the purchase price over the fair value of the net assets acquired and is deductible for tax purposes. It mostly represents potential future customer relationships and contracts and Falcon's assembled workforce.

Effect of acquisition

The Group has incurred £0.5m of costs in relation to the acquisition of Falcon in the period. These costs have been included as separately disclosed items in administrative expenses in the Group's consolidated statement of comprehensive income.

Additional information

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 gross 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

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.

Additional information

Glossary of terms continued

OEM

Original equipment manufacturers.

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 News 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 USA) 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).

Reserves

The accumulated and retained difference between profits and losses year-on-year since the company's formation.

Retained profit/earnings

Business profit which is after tax and dividend payments to shareholders; retained by the business and used for reinvestment.

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 + gross 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.

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.

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.

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.

Tier 1

A subcontractor to the OEM.

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 excluding cash, less current liabilities excluding debt like items representing the required investment, continually circulating, to finance inventory, debtors and work in progress.

Additional information

Five year history

	Not restated for IFRS 2				2022
	2018	2019	2020	2021	
Revenue	£197.6m	£209.0m	£200.2m	£188.2m	£218.6m
GP margin ²	30.5%	30.0%	27.5%	26.5%	26.7%
Underlying operating profit ^{1,2}	£22.7m	£21.6m	£15.8m	£12.0m	£14.7m
Underlying operating profit margin ^{1,2}	11.5%	10.4%	7.9%	6.4%	6.7%
Operating profit ²	£19.0m	£17.1m	£4.1m	£8.8m	£11.6m
Operating profit margin ²	9.6%	8.2%	2.0%	4.7%	5.3%
Underlying EBITDA ^{1,2}	£24.7m	£23.9m	£21.2m	£17.6m	£20.4m
Underlying PBT ^{1,2}	£22.2m	£21.0m	£14.7m	£11.0m	£13.8m
PBT ²	£18.5m	£16.4m	£3.0m	£7.8m	£10.6m
ROCE % ^{1,2}	20.1%	13.9%	8.8%	6.8%	8.3%
Total dividend per share	3.85p	4.25p	1.20p	1.60p	2.10p
Dividend increase %	10.0%	10.4%	(71.8)%	33.3%	31.3%
Dividend cover	3.6x	3.0x	7.2x	3.9x	3.9x
Underlying diluted EPS ^{1,2}	13.78p	12.79p	8.64p	6.24p	8.13p
Diluted EPS ²	12.20p	9.90p	(0.19)p	4.31p	6.56p
Adjusted net debt/(cash) ³	£7.4m	£14.2m	£15.2m	£(13.3)m	£23.8m
Cash conversion % of underlying EBITDA ^{1,2}	68.1%	71.4%	105.1%	147.9%	(66.8)%
Share price at 31 March	255p	193p	95p	150p	115p

1. Before separately disclosed items, see note 2

2. Presented after adoption of IFRS 16 Leases from FY2020

3. Adjusted net debt/(cash) is excluding the impact of IFRS 16 Leases

Company and advisers

Company

Trifast plc

Incorporated in the United Kingdom
Registered number: 01919797

LSE Premium Listing
Ticker: TRI

LEI REFERENCE: 213800WFIVE6RWK3CR22

Head office and registered office

Trifast House
Bellbrook Park, Uckfield
East Sussex TN22 1QW
Telephone: +44 (0)1825 747366

Committee memberships as at 1 April 2022

Audit & Risk Committee

Clive Watson (Chair)
Scott Mac Meekin
Claire Balmforth

Remuneration Committee

Claire Balmforth (Chair)
Scott Mac Meekin
Clive Watson

Nomination Committee

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

Plc Sustainability Committee

Mark Belton (Chair)
Clive Watson
Scott Mac Meekin
Claire Balmforth
Clare Foster

Company Secretary

Christopher Morgan
Email: companysecretariat@trifast.com

Advisers

Registered auditor

BDO LLP
2 City Place, Beehive Ring Road
Gatwick
West Sussex RH6 0PA

Corporate stockbroker

Peel Hunt LLP
100 Liverpool Street
London EC2M 2AT

Solicitor

Charles Russell Speechlys, LLP
Compass House, Lypiatt Road
Cheltenham GL50 2QJ

Registrar

Computershare Investor Services plc
The Pavilions, Bridgwater Road
Bristol BS13 8AE

ESG consultants

Brite Green
33 Cavendish Square
London W1G 0PW

Financial PR

TooleyStreet Communications Limited
15 Colmore Row
Birmingham B3 2BH

Additional information

Financial calendar

AGM	12 noon, 7 September 2022
Half-yearly results	November 2022 ¹
Trading update	February 2023 ¹
Financial year end	31 March 2023
Pre-close trading update	April 2023 ¹
Preliminary results	June 2023 ¹

1. Dates are provisional and subject to change

Details of the Company's up-to-date financial reporting calendar can be found on our website at www.trifast.com/investors/financial-information/financial-calendar

Dividend calendar

Proposed final dividend	1.40p
Ex-dividend date	15 September 2022
Final dividend record date	16 September 2022
Final dividend payment date	14 October 2022

Annual General Meeting (AGM)

The Annual General Meeting will be held at 12 noon on Wednesday 7 September 2022 at Trifast House, Bellbrook Park, Uckfield, East Sussex TN22 1QW.

The Notice of Meeting, which includes special business to be transacted at the AGM together with an explanation of the resolutions to be considered at the meeting, is made available on the Company website and communicated directly to shareholders.

Company website

We are delighted to have recently launched our new Group website at www.trifast.com and have taken the opportunity to integrate our previous commercial and investor websites. We hope that you will find this new platform a useful source of information and where you can learn more about Trifast, its products and activities. This new format we believe will also help to improve the understanding of our business objectives. The dedicated investors section includes the latest news feeds and new interactive tools that will allow an investor to engage and monitor the investment and its performance.

Registrar

Trifast's Registrar is Computershare Investor Services. They can be contacted for any matters relating to your shareholding, including notification of change in name and address; enquiries about dividend payments; and submission of proxy form for voting at the Annual General Meeting.

Shareholders who receive duplicate sets of Company mailings because they have multiple accounts should contact Computershare to have their accounts amalgamated. Computershare offers a facility whereby shareholders can access their shareholdings in Trifast via their website.

Please have your Shareholder Reference Number to hand whenever you contact the Registrar www.computershare.com/uk



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Trifast House,
Bellbrook Park,
Uckfield,
East Sussex
TN22 1QW

Tel: +44 (0)1825 747366
Fax: +44 (0)1825 747368

www.trifast.com