Trifast plc Group
Celebrating 50 years

Focused on the future

Trifast plc
Annual Report for the year ended 31 March 2023

Welcome to the Trifast Annual Report

About us

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

Key facts

- **33** global facilities in **18** countries
- **7** manufacturing sites
- **3** technical & innovation centres
- c.**1,400** employees
- Supplying over **70** countries

Visit www.trifast.com for more information

Read more on page 2

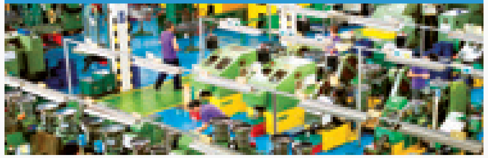
What we do

Design

Early involvement in design is key to ensure that we support customers at the inception of new products

Produce

In-house manufacturing gives us increased capability, product knowledge and a unique advantage over competitors



Procure

Our vendor development process provides a strong approved vendor supply chain

Deliver

Tailored solutions provide a logistics service that meets customers' specific requirements

Contents

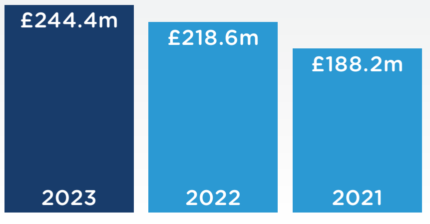
Corporate website
Catch up with our latest news and learn more about Trifast on our corporate website at www.trifast.com

Sustainability Report
Read our 2023 report online at www.trifast.com/sustainability

Highlights

Revenue growth

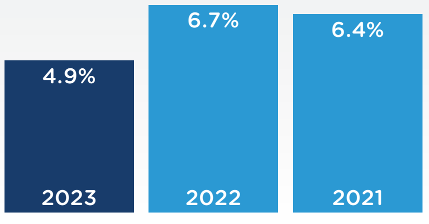
+11.8%



Read more on page 18

Underlying operating profit margin

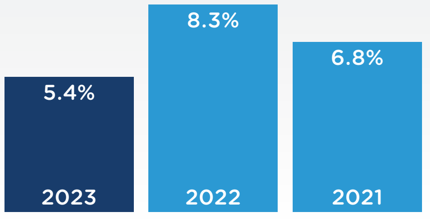
4.9%



Read more on page 18

Underlying ROCE

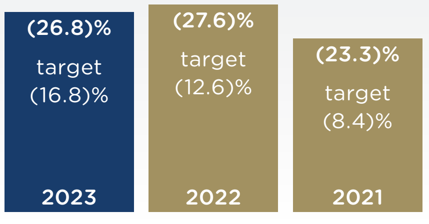
5.4%



Read more on page 19

CO_2e reduction (FY19 baseline)

(26.8)%



Read more on page 19

Group overview

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

Read more about our stakeholders and the Section 172 statement on pages 24 to 31

Our vision

Securing a sustainable future

Supporting a sustainable economy using our technical expertise to empower customers, suppliers and our people to innovate solutions that will improve the environment and people's lives

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 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

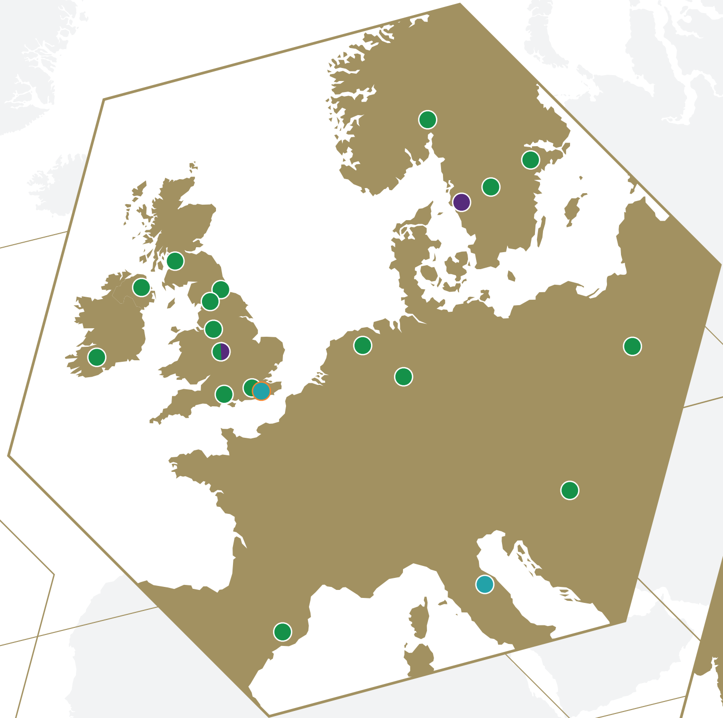
- Being inclusive but pragmatic and empowering
- A 'Can Do' attitude, working in an agile manner to deliver practical results
- Engaging with employees regularly and meaningfully
- Providing development opportunities
- Listening
- Working together as a professional global team
- Communicating openly, positively and regularly
- Investing in the future – people/product/property
- Saying thank you, being thoughtful and kind to each other
- Celebrating success

Where we operate

UK

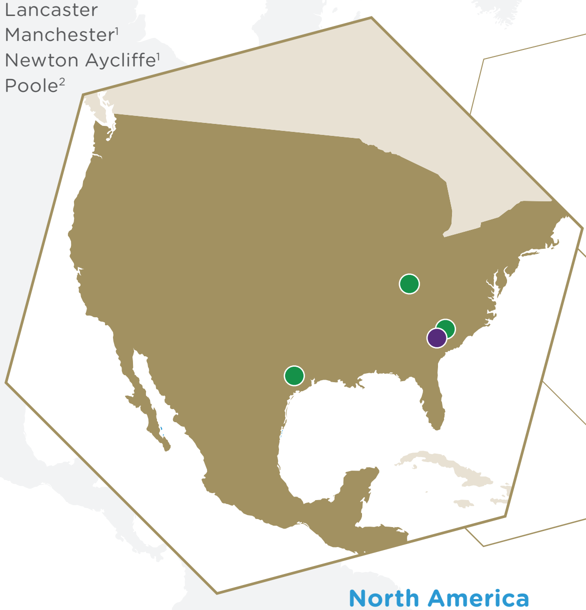
Trifast plc & Group Services head office – Uckfield[1]

Belfast
Birmingham[1]
East Grinstead
East Kilbride[1]
Lancaster
Manchester[1]
Newton Aycliffe[1]
Poole[2]



North America

Charlotte
Greenville
Houston
Louisville

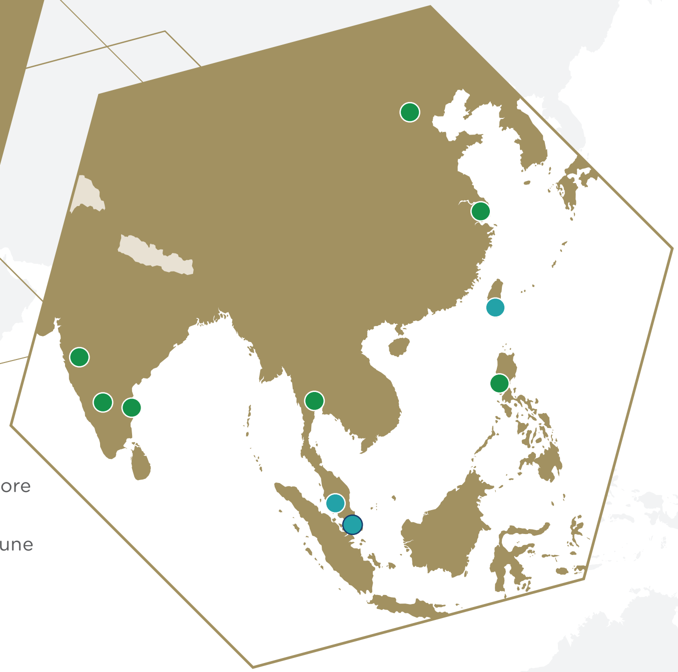


Europe

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

Key

- Head office Trifast plc
- TR Asia headquarters
- Manufacturing & distribution sites
- Distribution sites
- Technical & innovation centres



Asia

TR Asia headquarters – Singapore

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

Revenue by region[3]

North America	UK	Europe	Asia
£29.9m	£83.9m	£88.4m	£60.4m

1. Part of the restructuring initiative. See financial review on pages 50 to 57
2. TR Poole location closed in January 2023 and was consolidated into the Uckfield location
3. AER including intercompany revenue

Chair's welcome

Jonathan Shearman
Chair

> Over the last 50 years, many colleagues have contributed to TR's growth and I thank all of them around the world for their personal and collective contribution, including during this challenging period. They make Trifast what it is and they will continue to drive us forward into our future

Introduction

In this, TR's 50th anniversary year, it is only right to express our gratitude to 'the Mikes' (Timms and Roberts). We joined with them on 4 June this year to celebrate the Company's 'birth' and it is a privilege for me and the team to be involved in the business today.

Trifast has experienced a significant amount of change and evolution since 1973. Over the last 12 months, we have once again seen this, some of which has been encouraging and some of which has been challenging but necessary for the business and its future.

Simplifying and better aligning the business will provide the foundations for a bright and rewarding future for all of our stakeholders.

Review of FY23

Since I wrote to you last, we have seen the impact of global inflationary pressures across businesses and economies as we emerged from a pandemic, were impacted by the ongoing Ukraine conflict, and challenges to supply chains continued.

50 years of progress

- **1973** TR Fastenings distribution business founded in Uckfield, UK by Mike Timms and Mike Roberts
- **1976** Current HQ and first UK in-house manufacturing facility in Uckfield, UK established and the Hank name purchased
- **1992** Introduced Vendor Managed Inventory (VMI) into fastenings industry
- **1994** Obtained a full listing on the London Stock Exchange
- **1996** Acquired first mainland European distribution location, TR Norway
- **1996** Acquired first North American distribution location, TR Fastenings Inc

Chair's welcome continued

Review of FY23 continued

Despite the ever-challenging environments, we have continued to focus on customer service and enhanced our customer relationships. See our delivering growth through our business model on pages 16 and 17.

As you will read within the CEO review, on pages 6 and 7, this has been manifested in significant contract wins during FY23 (£25.6m) which will flow through to revenue over the coming financial periods.

Dividend

Reflecting our confidence in the prospects for the business, the Board is proposing an increased final dividend of 1.50p.

Our focus on growth (see pages 10 and 11) allows us to remain committed to a progressive dividend policy that shares the benefit of ongoing profitable growth with our shareholders.

Board and Senior Management changes

In November 2022, we announced that Darren Hayes-Powell and Louis Eperjesi were both joining the Board as Chief Financial Officer and Non-Executive Director, respectively. The Company is already benefiting from their contributions and counsel. In addition, Dan Jack, who joined Trifast in June 2020, was promoted to Chief Operating Officer.

Scott Mac Meekin, previously a Non-executive director, stepped in as interim Chief Executive Officer in February 2023, following the resignation of Mark Belton. Scott's pace, approach and immense sector knowledge is proving extremely insightful, and feedback from customers, employees and stakeholders has been positive.

In August our previous CFO, Clare Foster, also, left the business. We take this opportunity to thank Clare and Mark for the contributions to the Group and wish them well in their future endeavours.

Annual General Meeting

The forthcoming AGM will be held on Friday 15 September, and this will be the final time I will be seeking re-election. Together with the Board, I now feel that the baton can be safely passed to the next Chair.

People

I acknowledge that this has been a year of change and disruption, and it has resulted in some hard decisions having to be made. Over the last 50 years, many colleagues have contributed to TR's growth and I thank all of them around the world for their personal and collective contribution, including during this challenging period. They make Trifast what it is and they will continue to drive us forward into our future.

Finally, having navigated the many challenges of the last few years, I am encouraged that we now have a Board and leadership structure (see pages 68 to 70) with the experience and capabilities to support the business and capitalise on the many opportunities that lie ahead.

Jonathan Shearman
Non-Executive Chair

- **1997** Acquired first manufacturing and distribution location in Asia, TR Formac Singapore
- **2009** New business strategy implemented to include automotive
- **2014** Acquired first European manufacturing and distribution location, TR VIC Italy
- **2019** £200m annual turnover achieved for the first time
- **2021** Expansion of our TR Kuhlmann distribution capability in Germany
- **2022** Expansion of our distribution capability in Budapest, Hungary, opening a new purpose-built facility
- **2022** Expansion of our TR VIC manufacturing facility in Italy
- **2023** UK customer centric logistics restructuring with the opening of a new National Distribution Centre

CEO review

> My role is not to fundamentally change the corporate strategy but to align this strategy with greater focus. The task is building on TR's reputation as a trusted and reliable partner by accelerating the pace of execution and creating an aligned leadership team with the skills and necessary capabilities, visions and drive to maximise 50 more years of success

Introduction

When the Board asked me to step into this role in February this year, I took the opportunity without hesitation. As interim CEO, my role is not to fundamentally change the corporate strategy, see pages 8 to 15 for further details, but to align this strategy with greater focus.

I see my task as building on TR's reputation as a trusted and reliable partner by accelerating the pace of execution and creating an aligned leadership team with the skills and necessary capabilities, visions and drive to maximise 50 more years of success. See our 50 years of progress on pages 4 and 5.

Operating background in FY23

Throughout the year we witnessed macroeconomic and geopolitical elements impacting the business directly and through our suppliers and customers. We encountered extraordinary input cost increases, which combined to pressure several of our customer segments, in particular the health & home sector.

This 'mixed' environment, coupled with a host of corrective actions, implemented throughout the year, and a full year contribution from our Falcon acquisition, resulted in a reasonable start to FY23 across all regions in terms of volume.

However, during the first half, this was accompanied by challenges specifically at TR VIC, our Italian operation, and the loss of a full two months trading due to Covid-19 in our China operations, both of which impacted our margins.

During the second half of the year, the business enjoyed a gradual return towards more normal levels of lead times, freight costs and raw material costs, though, by Q4, several of our businesses were further affected by the changing macroenvironments.

More detail on the operating background is contained within the CFO's Financial review on pages 50 to 57.

CEO review continued

Significant changes in FY23

Global wins

The year under review saw new highs for both revenue and contract wins, the latter, significantly within the automotive and energy, tech & infrastructure sectors. This momentum included both of our North American businesses, with Falcon making its first full 12 months contribution.

Revenue growth

In FY23 we saw revenue growth in Europe and North America. Asia operations recorded moderate growth in the year and was even able to overcome the impacts of the national shutdown in China.

Dynamic pricing

During the year, several major customers' multi-year contracts were due for renegotiation. It is satisfying to report that the team has, in partnership with these key accounts, successfully renewed these contracts which now incorporate a flexible price mechanism that will automatically adapt for extraordinary up or downside changes in a broad basket of input prices. This is a significant step towards building in a more dynamic pricing model for the business as a whole.

Customer centricity

We have recently launched a global programme designed to help us focus our resources more acutely on a well-defined set of market segments and key customers.

This programme is a comprehensive review of our existing and potential customer engagements, providing our teams across the Group with a clear and standardised lens. This initiative will assist us in determining the optimal customers and prospects for us to partner with, and what are the most effective services and products for each unique customer.

Once fully implemented, we expect this initiative to allow us to create and deliver highly specialised and valued services tailored specifically to our 'ideal customer profiles' and thereby enhance our value delivered and critically our competitive differentiation.

Our IT journey – beyond Atlas

I am happy to say that, after a long period of transformation and learning, the Group has now proven they are able to roll out our finance and operations solutions using Microsoft D365 together with our standard operating procedures (SOPs) and data templates.

The availability of key data from the completed implementations has provided the basis for many of our recent decisions and will continue to be a key strategic part of our development road map.

Going forward

Following my appointment, I agreed an initial 100-day plan with the Board, which largely flowed from the key points instigated in the previous quarter, namely reduction of working capital and therefore debt and the execution of a cost reduction programme focused on the UK.

By the end of the financial period, we had introduced quarterly sprints, with Sprint 2 having started in June. A significant objective of this process is to implement a much tighter focus allowing us to postpone or sequence the many other, albeit important, competing tasks, allowing for faster execution of those tasks agreed as priorities within any sprint.

Most importantly, the people of TR

The most important part of Trifast is its people, see our stakeholder engagement on page 26. They are renowned worldwide for their tireless commitment to customer service and reliability, priding themselves on delivering excellent product, service and quality.

As part of a key driver of our future success, we intend to enhance our training and leadership efforts. Our mission is to implement a 'winning team' programme over the next 24 months consisting of three fundamental elements:

- Building a climate for action
- Competencies for success
- Commitment to results

There is plenty for us to get on with and alongside the TR team, I am excited about what we can create and we look forward to reporting on these as we progress.

Outlook

As we said in April's update, the Group's business foundations remain strong, and there is significant potential to be realised during the coming years. We are also mindful that the short-term macro-economic outlook remains challenging.

We continue to take meaningful steps across a range of operational and financial initiatives, including an on-going reduction in working capital, a focus of Sprint 2 being further integration of Asia into the Group and improved utilisation of our in-house manufacturing.

We have added further new contract wins in the year to date, especially in our North American and European regions, alongside an increasingly healthy pipeline. These, together with the initial benefits from our operational improvement programmes, support the Board's continued expectation in delivering an improvement in performance in FY24, albeit weighted towards the second half of the year.

The Company looks forward to updating shareholders of further progress over the coming year.

Scott Mac Meekin
Interim Chief Executive Officer

Strategy

A global leader in attractive markets

Read about our sectors on pages 22 and 23

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

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 international 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 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 can be 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 geographical coverage provides 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.

Change brings opportunity

The last few years have shown us that 'change is the only constant'. We have seen strong market demand, but also supply chains extended, regulation increased, costs inflated and specific product dependencies develop.

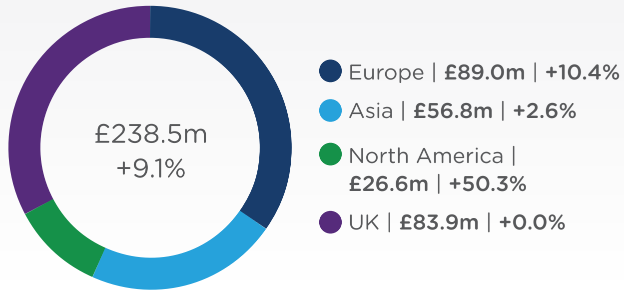
This dynamic and growing environment has revealed the strength of our teams and the resilience of our own manufacturing locations, together with our partner suppliers, allowing these communities to meet the demands of our growing customer base.

>75%
of our revenues are customer-specific products

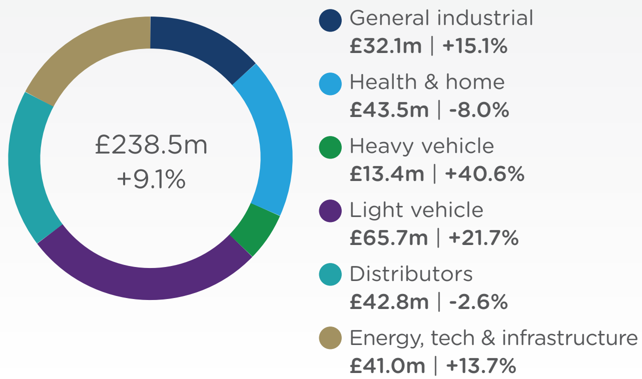
<7.5%
sales to any single customer

30:70
manufacturing to distribution ratio

Revenue by region – FY23[1,2] (CER)



Revenue by sector – FY23 (CER)



1. Revenue by regions includes internal sales
2. Organic growth: Group +7.3%, North America +28.5%

Strategy continued

A global leader in attractive markets continued

Read about our TCFD report on pages 38 to 48

Change brings opportunity continued
With a 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 on our website, encompassing c.50,000 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. We 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 few 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 multi-disciplined teams to allow us to carry on creating the most value for our customers.

Legislative compliance 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 in the **EV market** in both light and 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 and, in turn, opening up the competitive landscape to new entrants. The thread of ESG change intertwines across our market sectors, providing 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 for our engineering teams to help design-in components that support sustainable goals. 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.

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 undisrupted 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.

Strategy continued

Focus on growth

Targeted investment in organic and acquisitive growth opportunities facilitates ongoing market share gains and enhanced profitability

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

During FY23, we saw the completion of the significant €4.0m capital expenditure plan at our Italian operation, **TR VIC**. This has increased our manufacturing capabilities and European capacity by 30%.

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, rationalising supply and driving input cost efficiencies, while enabling the progression of our near-shoring initiatives.

During Q1 of FY23 we expanded our distribution facility in **Budapest, Hungary**, opening a new purpose-built building, increasing warehousing capability by c.190%.

Future investment plans

Following approval for the investment into larger warehousing facilities for PTS, our UK-based specialist stainless steel distributor, we anticipate their move into new premises during FY24, increasing warehousing capacity at this site by c.40%.

We will continue to make targeted investments in our people to appropriately support our growth journey and create opportunities for the future.

Organic investment continues to be 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.

Customer focus

Focusing on our ideal customer profile sits behind the targeted deployment of our technically proficient teams, combined with our growing manufacturing competencies.

We combine profitability criteria with focus on higher than average CAGR companies and sectors within our global 200 customer base, alongside their peer group not yet served by TR.

The narrowing of this sales funnel drives us to deliver exceptional service and value to a prescribed list of companies, with a conversion rate that is much higher than the industrial norms.

Our customer centric principles remain and always will be at the core of our strategic execution. Doing this through a lens that increases positive outcomes both for TR and our customers is an exciting next step in our journey.

Engineering-led innovation

Through Trifast's design and application engineering expertise we are able to offer a value-add proposition, that opens doors and builds long-term customer relationships. During FY24 we are looking to expand our Technical and Innovation Centre in the West Midlands.

Strategy continued

Focus on growth continued

Acquisitions

As an established global fastenings brand, we continue to have an appetite to expand our footprint. We regularly engage with businesses and advisers operating in markets globally and will always review any credible targets that are presented to us.

We believe non-organic growth can provide wider opportunities to the existing Group, with the potential to allow us to:

- Continue our digital transition
- 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

North America is one of the biggest fastenings markets in the world, and yet it forms less than 13% of the Group's revenue. An acquisition in this region would specifically realign that imbalance. Our customer base has an active presence across the USA, Canada and Mexico, and growing demand for onshoring supports specific investment into local manufacturing capacity.

TR Fastenings designs a unique push screw solution for monitor mounting brackets: https://www.trfastenings.com/company/newsroom-and-media/press-releases/push-screw-case-study

Sustainability into Action: https://www.trfastenings.com/company/newsroom-and-media/press-releases/sustainability-into-action

ESG: A journey not a destination: https://www.trfastenings.com/company/newsroom-and-media/press-releases/esg-a-journey-not-a-destination

Strategy continued

Capital allocation framework

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.

Focus on growth

Organic revenue growth is an integral part of our strategy and 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 pages 18 and 19). It is essential that we have adequate working capital to deploy to secure this, therefore we view a 70-80% cash conversion of underlying EBITDA to be an appropriate target for the medium term (see our KPIs on pages 20 and 21).

In addition to working capital requirements, there continues to be opportunities to expand capacity, capability and our product range. Building out our manufacturing and distribution footprint, increased digital capabilities and product launches would be typical of this sort of capital allocation.

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.

Strategy continued

Capital allocation framework continued

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. 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

The Group has signed new banking facilities post year end to support our focus on growth. The two agreements provide a total facility limit of £120m, split between an RCF (£70m) and a UKEF Export Development Guarantee (EDG) (£50m). Facility headroom (excluding accordion) at 31 March 2023 was £10.2m and this increases to £50.2m under the new facilities. The financial covenants under the new agreements are the same: leverage <3x and interest cover >4x.

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.

As at 31 March 2023, the Group's adjusted leverage ratio of 2.2x sits just outside of the target range, but still comfortably within the covenant of 3.0x.

Strategy continued

Focus on sustainability

Our five-year sustainability strategy framework

Good ESG and governance: Annual reporting, ESG Committee, Project Atlas, risk register, clean metrics embedded into business targets, policies suite and leadership

Our vision
Securing a sustainable future

Supporting a sustainable economy using our technical expertise to empower customers, suppliers and our people to innovate sustainable solutions that will improve the environment and people's lives

Create
socio-economic value

We will create value for our people and communities, supporting development, diversity, equality and intrapreneurship

Act on environment and climate change

We will manage environmental issues effectively across our business. We will work to achieve net zero carbon, ensure our business is resilient to climate change risks, and seek out the opportunities from a low carbon economy

Build a sustainable supply chain

We will seek to improve the visibility of our entire supply chain. We will work with suppliers to improve sustainability standards and performance, and manage risks and opportunities effectively

Enable
sustainable innovation

We will seek out innovation opportunities to develop more sustainable fasteners and work with customers to support more sustainable products

A fair and ethical culture: Values and behaviour programme, internal engagement, workplace wellbeing and social value programmes

Governance

We have an ESG governance structure comprising of committees and global working groups, which are all encompassed by the ESG Steering Committee, who meet regularly to discuss the day-to-day ESG regulations, requirements and initiatives. Our five-year sustainability strategy covers the years 2022-2026.

Read about our ESG Committee on pages 76 and 77

Read about our stakeholder engagement and Section 172 statement on pages 24 to 31

More information about our sustainability strategy can be found in our Sustainability Report on our website www.trifast.com

Strategy continued

Focus on sustainability continued

Our commitments and key projects

Create socio-economic value

Achievements

- During FY23 we established a Network of Champions
- Extended our employee engagement survey frequency and reach
- Environmental awareness training is now included in mandatory training for all employees

Commitments

- Implement a Network of Champions chapter in 2022
  ✓ achieved
- Publish our first socio-economic value report by 2026
- DE&I framework – thematic survey completed, results to be incorporated into DE&I strategy

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

Act on environment and climate change

Achievements

- Established a net-zero target aligned to the science-based targets initiative for our Scope 1 and 2 emissions
- Improved our CDP score
- Determined our best fit reporting framework as the Global Reporting Initiative (GRI)

Commitments

- Set a science-based net-zero target for Scope 1 and 2 emissions by 2023
  ✓ achieved
- 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 CDP reporting
  ✓ achieved

Build a sustainable supply chain

Achievements

- Launched sustainable supply chain charter
- Quality and sustainability agreement restructured
- Engaged with 300 suppliers (80% of spend)

Commitments

- Develop a sustainable supply chain strategy by 2025

Key projects

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

Enable sustainable innovation

Achievements

- Commenced the life cycle analysis for the ‘cradle-to-gate’ study specifically looking at raw material
- Completed a sustainable packaging study
- Working with our customers to understand their needs as well as educating them about our knowledge, skills and experience

Commitments

- Develop a sustainable innovation strategy during 2024
- 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

Delivering 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.70 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. Our digital evolution 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 1s, identifying opportunities for future routes to supply

Underpinned by our values and culture

Read more on page 2

Delivering growth through our business model continued

How we do it continued

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 challenges 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.11 billion parts reliably supplied across the world

For our people

Remote and hybrid working has been adopted as a new way of working across the Group

Successful implementation of global LifeWorks system – offering support 24/7, 365 days a year

Development of our employees through our learning and development programme

For our suppliers

Continue to work closely with our global suppliers to increase the number of supply partners

Enhanced communication, for improved capacity scheduling

For our shareholders

We remain committed to a progressive dividend policy in a range of 3.0x to 4.0x cover in the medium term

Final dividend of 2.25p, an increase of 7.1%

For our communities

£3.5m of corporation taxes paid

We continue to work with our local communities supporting and sponsoring various events and activities

Key strategic indicators

Indicator (AER)	Organic revenue growth > GDP (%)	Underlying operating margin (%)
Medium-term target	In excess of GDP – FY23 2.1%	10-13%
Key metric	2023: 9.8% 2022: 13.6% 2021: (6.0)%	2023: 4.9% 2022: 6.7% 2021: 6.4%
Definition	Group organic revenue growth is calculated as Group sales less acquisitions in the current financial year, against the prior year at actual exchange rate Global GDP growth has been independently calculated based on time frame (ref: Oxford Economics)	Underlying operating profit as a percentage of sales
Why we measure it	Our focus on growth 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 FY23	The Group delivered 9.8% organic revenue growth, 770bps higher than the annual global GDP 2.1%, reflecting a very strong performance in the year	The positive margin impact of increased sales in the year was offset by inflationary cost impacts in gross margin. Underlying operating margin was further reduced by investments in overheads relating to recruitment, Project Atlas BAU costs as well as inflation cost impacts

Key strategic indicators continued

Underlying ROCE (%)

12-16%

2023	5.4%
2022	8.3%
2021	6.8%

Underlying operating profit as a percentage of average capital employed (net assets + gross debt)

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

The reduction in ROCE reflects an increased asset base combined with reduced profits, causing a reduction of 290bps in FY23 to 5.4% (FY22: 8.3%)

Group revenue in North America (%)

>25%

2023	12.1%
2022	8.0%
2021	5.1%

Revenue generated by our North American region as a percentage of Group revenue

North America is the biggest fastenings market in the world, and yet it forms less than c.12% 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

The North American businesses delivered extremely high growth of 50.3% to £26.6m compared to FY22. Organic growth has driven 28.5% of this. TR Falcon has provided 21.8% acquisition growth

CO_2e reduction from FY19 baseline

(26.8)%

2023	(26.8)%
2022	(27.6)%
2021	(23.3)%

The percentage reduction in our global Scope 1 and 2 greenhouse gas emissions

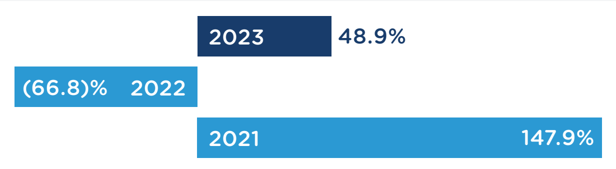
The Group is committed to maintaining high standards of environmental management. We are aligning ourselves with the Science-Based Target initiative (SBTi) to ensure our measurements and targets are meaningful

We established a net zero target aligned to the Science-Based Targets initiative for our Scope 1 and 2 emissions in line with our sustainability strategy commitment, this target also forms part of the performance element of the Executive bonus

Key performance indicators

Financial KPIs

Underlying cash conversion ratio (%)[1]

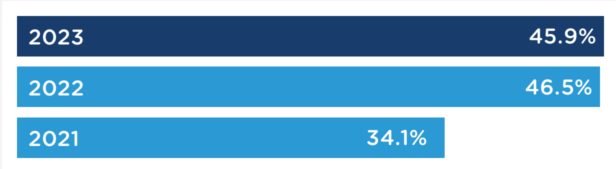


Definition
Underlying cash generated from operations as a percentage of underlying EBITDA

Why we measure it
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

Our progress in FY23
We returned to a positive conversion of underlying EBITDA into cash this year as compared to the previous year due to reduced investments in working capital (notably stock) compared to FY22. We expect to revert to a more normalised level of 70-80% once the macroenvironment settles

Working capital as a percentage of revenue (%)[1]

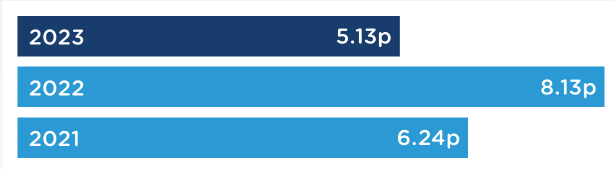


Definition
Current assets excluding cash, less current liabilities excluding debt-like items

Why we measure it
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

Our progress in FY23
The ongoing macroeconomic uncertainty and supply chain challenges necessitated a much higher investment in stock in FY22 which continued in HY1 FY23. Our working capital as a percentage of revenue reduced from 49.3% as at HY1 FY23 to 45.9% as at the year end. A major focus on working capital management continues, reducing our inventory levels further and managing debtors

Underlying diluted earnings per share (EPS)[1]



Definition
Underlying profit after tax divided by the weighted average number of diluted ordinary shares outstanding during the year

Why we measure it
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

Our progress in FY23
Our EPS has decreased by 36.9% primarily due to lower underlying profit against a reasonably static number of shares in issue

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

Key performance indicators continued

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 FY23
The latest survey was run in November 2022. Results are made available to all Trifast employees and have been formally reported to the Board. Our overall score of 7.4 is considered good, however action plans are in place to ensure we react to specific findings as appropriate

Find out more in the sustainability section on pages 32 to 37

Our sectors

Defining the sectors has enabled us to focus in on their specific needs and requirements in terms of product, supply chain, engineering and logistics

Find out more in our sectors section of the website:
https://www.trfastenings.com/industry

Light vehicle

Passenger cars, SUVs, niche build and leisure vehicles

The car market has seen increased changes as a result of the switch to hybrid or fully electric. Changing production lines to manufacture these vehicles created a short period of slow down but we are now seeing volumes increasing again.

We are experiencing exciting growth with new Tier 1s manufacturing products designed for the electric vehicle (EV) market. The battery housing units, and the increased use of plastic mouldings, have created the need for specialist fasteners such as **Compression Limiters**, stainless fasteners and other parts in more exotic materials.

Our engineers are increasingly involved at the inception of a build. The interiors of EVs require many of the same fasteners as conventional cars, including passenger airbag components, clips and **Plas-Tech**® Thread Forming Screws.

Accommodating a large battery housing in the floor of the car is changing seating designs. There is a requirement for more electronics in the cab, IP console and seats as technology advances, which means more fasteners and cable management products are required. All of these are core products to our business.

Revenue

28%

2022: 25%

Heavy vehicle

The vehicles designed for bulk movement of people, goods and services

Electrification of truck and van production has accelerated as 'last mile' deliveries become more commonplace, particularly in our greener cities. The trucking sector is forecast to grow, as ageing vehicles are removed from their fleets and replaced by EV/hybrid models.

The focus on EV to reduce carbon emissions is also changing the shape and model as designs becoming more ergonomic. With no engine, the battery housings are located in the chassis floor, requiring more diverse fastening products such as high strength fasteners and stainless fasteners with specific electrostatic finishes.

We are seeing an increase in robust all-terrain vehicles used by either the emergency services or for accessing more remote environments.

Revenue

5%

2022: 4%

Health & home

Medical, health and domestic appliance industries

Throughout the pandemic there was an increased global need for medical products and equipment, and we had requests for product and design support with very short lead times. This increased pace and activity remains at a high level as we continue to support our customers.

Hybrid working has also contributed to the way many people now balance their lives. With an increased desire for the latest equipment and technology in their homes, we have experienced demand within our manufacturing and distribution locations. Conversely, the Right to Repair Regulations were designed to allow customers to replace broken or aged component parts rather than an appliance being scrapped and going to landfill.

We have created an **animation** featuring the internal workings of a washing machine, illustrating the range of products that TR manufactures and supplies into the health and home sector; this can be viewed on our website.

Revenue

18%

2022: 21%

Our sectors continued

The decision to concentrate on the six core sectors is paying dividends.

Homing in on the specific requirements, coupled with relevant sourcing and engineering support, has helped our sales teams secure sizeable new wins. The focus on adding new products to our portfolio has increased our share of customer wallet and supply capability.

Examples would be the addition of compression limiters and enhancing the range of **Plastic and Rubber Hardware** on our website.

Electrification is the fastest paced area of focus, and where we have secured new business with existing and new customers in both light and heavy vehicle EV and EVB assemblies.

The strategic decision to create a product hub in Germany to support our **Master Distributors** in Europe proved a good investment following the complexities of Brexit.

All other sectors contributed to the overall highest sales growth that TR has experienced to date.

Energy, tech & infrastructure

Power generation and distribution, energy management, connected devices, 5G infrastructure and networks

This sector encompasses a diverse range of industries, as illustrated in our unique **Smart City** animation on our website.

This illustrates where our fasteners and Cat C parts are used and include street enclosure cabinets, antennae masts for IT equipment and power storage units. These are fast-paced products with designs changing and evolving to meet the demands of new technologies. We have a strong reputation for supply capability and technical support in these sectors.

Growing trends of mass urbanisation and working from home, combined with geo-political disruption and extreme weather patterns, to drive significant long-term investment in physical infrastructure and communication technologies, amongst other things. These changes are opening significant new business opportunities across all our regions.

There is an increasing use of Plastic and Rubber Components and a demand for cable management. We have added an additional 1,500 new parts to our **Plastic and Rubber Product portfolio**, enhancing our supply capability.

Revenue

18%

2022: 16%

General industrial

General industrial

The customers in this group are diverse and therefore the parts supply chain is significantly more extensive.

The application range includes machine builds, stone crushing equipment, agriculture plant and machinery and pumps.

Our customers rely on us being close to their operations in order to supply them quickly with replacement products and managing an extensive range of parts for them.

One of our sites is a specialist in supporting the machine building sector and the plant equipment used in production lines. Another site works with heavy lifting gear and forklift producers, and manufacturers of stone crushing machines needed for quarrying. These companies have high quality requirements due to the need for high strength, larger diameter parts that work in harsh environments.

Revenue

13%

2022: 14%

Distributors

TR distribution network

We supply TR proprietary product to Distributors, in some cases even competitors, throughout Europe. These relationships have been established over many years and very rarely conflict with our own customer base.

In Europe we have c.30 Master Distributors who are extremely loyal to us, servicing their customers in countries such as Greece, Bulgaria and Latvia where we do not have a local TR presence. Essentially, they service areas that we cannot easily reach, and we give them technical and marketing support to sell our product.

As a result of the UK leaving the European Union, we opened a Regional Distribution Centre in Germany, managed by TR Kuhlmann. This centre holds stock and enables us to distribute directly to our European Distributors and is proving very successful.

We recently hosted an event for these loyal Master Distributors at **Fastener Fair Global, Stuttgart**.

Revenue

18%

2022: 20%

Stakeholder engagement

Section 172 statement

We are committed to maintaining strong relationships with all our stakeholders to achieve long-term sustainable success and fulfil our purpose

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

   f) the need to act fairly as between members of the company

The Board is focused on driving the long-term sustainable success of the Company for the benefit of all stakeholders.

We are committed to maintaining strong relationships through regular engagement with stakeholders and consider their views when making key business decisions.

The Board also acknowledges its responsibility to consider the long-term impacts of the Company's decisions on wider society and the environment. The principles underpinning S172 are not only considered at Board level, but are also part of our culture and embedded in everything we do as a Company.

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 principal decisions, the Board considers the outcome from stakeholder engagement as well as the need to maintain a reputation for high standards of business conduct, corporate governance and the need to act fairly between the members of the Company.

Restructuring

During the year, the Board and Executive Committee carried out a wide-ranging review, with the aim to make Trifast a stronger and more efficient business.

One aspect of the restructure has involved the decision to establish a single National Distribution Centre for the UK subsidiary, TR Fastenings Ltd, which will allow the business to consolidate warehouse operations and UK manufacturing to increase efficiencies and service to customers.

As a result of this decision, the number of UK regional offices and facilities will reduce, which regrettably will result in redundancies.

In early 2023, the Company engaged in both a voluntary and latterly compulsory redundancy process where both Company representatives and employees' representatives worked closely to manage employees' expectations and, where necessary, exits from the business. Given the number of employees at risk of redundancy, we submitted the appropriate documents to the relevant UK government agency and worked with our corporate lawyers, to ensure the process was carried out in accordance with UK law.

We recognise that this is a challenging period for those involved but also acknowledge that maintaining strong, good-faith employee/employer relationships is at the heart of Section 172 engagement.

Stakeholder engagement continued

Section 172 statement continued

Employee wellbeing

The LifeWorks employee programme continues to prove an invaluable resource for employees, which, particularly with today's challenging economic environment, is a service that offers personal, professional and financial advice.

A number of employees have moved to a hybrid working environment. Feedback continues to indicate that this is well received and provides employees with increased flexibility and work-life balance. Employees have also benefited from the increased number of internal and external training programmes that are being offered, ensuring that we continue to upskill employees and retain talent.

Investors

We held our AGM in September 2022 as an in-person meeting in Uckfield, where a number of shareholders joined personally and a significant number joined online using the Investor Meet Company (IMC) platform. It remains an important opportunity for our shareholders to engage with the Board. In addition, our CEO, CFO, COO and Committee Chairs all had multiple interactions with institutional and retail shareholders throughout the year. These meetings cover a range of issues, including ESG, audit, risk, remuneration and Company performance issues and they regularly receive positive feedback as a result of these engagements.

Realigning after Covid-19

Exhibitions are a key area of focus, and are carefully targeted at certain sectors to showcase our products and services to existing and potential customers. Advanced Engineering shows in Birmingham and Gothenburg, and the Fastener Fair Global in Stuttgart, all exceeded our expectations.

The CEO, CFO and COO have, between them, visited Asia, Europe and the USA for separate customer meetings as well as meeting investors and employees.

The Board took the opportunity when visiting TR Hungary as part of their strategy week to visit a key global customer in the region in October 2022.

In addition, our Global Supply Chain Director was one of the first individuals to gain entry into Taiwan following the relaxation of the Taiwanese pandemic restrictions, and took the opportunity to meet our suppliers in Taiwan in November 2022, having not had the opportunity to visit since 2019. The two TR SFE manufacturing facilities, which are a key supplier to TR multinational customers, were also visited to engage with our employees there.

Learning Hub
Learning in bite-size chunks

Stakeholder engagement continued

People

Key metrics

- Employee voluntary turnover rate
- Employee engagement survey score
- Total employee pay and benefits inflation against industry benchmark for each entity

Why we engage

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

Key topics

- Feeling valued and engaged in the business
- A safe and healthy working environment
- Learning and professional development
- Desire to have a positive impact
- Fair pay, benefits and treatment
- Diversity, equity and inclusion

How we engage

- Create a supportive working environment fostering professional development and employee wellbeing, and aligning staff with our strategic goals and culture
- Designated Non-Executive Director, Jonathan Shearman, Chair, supported by Claire Balmforth, NED, and Helen Tate, Global HR & Sustainability Director
- Annual full culture employee survey and ad-hoc thematic surveys
- 24/7 employee voice survey
- Site visits by Board Directors and Senior Managers where open discussions are welcomed
- Internal communications, briefings and news
- Functional, Regional and compliance-based cross-functional risk reviews

Engagement during FY23

- Board member visits to our overseas subsidiaries in Hungary, North Carolina, USA, Italy, Singapore, Taiwan, Malaysia and China, as well as to our UK sites in East Grinstead, Lancaster, West Midlands and head office in Uckfield
- Full culture survey completed during the year
- LifeWorks employee assistance programme continued
- Communications and meetings for strategic UK restructure and consultation period, with employee representatives elected by workforce
- Regular risk reviews have commenced with our regional and functional teams, engaging with over 40 team members in FY23. Wider engagement is planned for the coming year as our risk management framework continues to develop and mature

Stakeholder engagement continued

Investors

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

Why we engage
The Board is committed to maintaining strong relationships with our shareholders and engages regularly to provide fair, balanced and understandable information ensuring they understand our purpose, values and strategy and how that promotes the long-term sustainable success of the Company

Find details of substantial shareholdings of the Company on page 119

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
All Independent Non-Executive Directors have the authority to meet shareholders

A structured programme is operated throughout the year where management are available to all shareholders, and includes:

- Annual General Meeting
- Presentations and roadshows through the Investor Meet Company (IMC) platform
- Distributing information through:
  - Regulatory news releases
  - Corporate website
  - Annual Report and Sustainability Report
- Investor ESG questionnaires
- Additional meetings as required and requested

Engagement during FY23
- The Group's website was regularly updated to ensure all stakeholders, including shareholders, were fully aware of the Group's activities
- Annual results presented on 26 July 2022 by the CEO and CFO via IMC
- AGM held on 7 September 2022 at head office for the first time since Covid-19
- Interim results presented 22 November 2022 by the CEO, CFO and COO via IMC
- Trading updates announced in October 2022 and February 2023
- Directorate changes announced in August 2022, November 2022 and February 2023
- Claire Balmforth, Remuneration Committee Chair, engaged with some of our largest shareholders to better understand their views on remuneration at Trifast
- The 2023 AGM will be held at 11.30am on Friday 15 September 2023 at Peel Hunt

Stakeholder engagement continued

Customers

Key metrics

- Orders
- Pipeline value
- Sales conversion rate
- Business reviews and feedback
- Sustainability scores – fulfilling customers' objectives
- Number of customers by region
- Number of traded parts

Why we engage

Building effective and trusting relationships that generate mutual value helps us to understand our customers' needs and behaviours. It allows us to deliver relevant products and services, retain customers and attract new ones. It also identifies opportunities for growth and market differentiation, and our ability to demonstrate how we are able to deliver on increasing sustainability expectations and obligations

Key topics

- Being a flexible supplier in terms of our availability and responsiveness
- Innovation and collaboration in problem solving
- Product performance and efficiency
- Safety, quality and reliability
- Competitiveness
- Our compliance including environmental and social practices
- Agility of supply chain solutions and our range of products

How we engage

- Maintain long-standing partnerships with our customers, working closely to provide technical and logistics input, and developing innovative solutions that meet the needs for emerging technologies and legislation
- Offer online platforms including digital marketing, social media and our websites
- Provide virtual training support to help customers understand our range of products and select the right fastener for each application, including a video library for specific products and industries
- Complete customer questionnaires on ESG 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

Engagement during FY23

- Sales and logistics presentations and quarterly business reviews with major accounts
- Completion of online sustainability questionnaires within portals
- Maintaining customers' key data requirements including financials
- Engineering workshops, 'lunch and learn' events and technical reviews
- Attended exhibitions to showcase our products and services to existing and potential customers
- Timeline discussions on changing legislation and new business introduction
- Product availability and offering alternative solutions

Stakeholder engagement continued

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 we engage
We actively engage with our suppliers to encourage and support them to instil our own business ethics and values within their organisations. Building strong relationships ensures appropriate cost and quality levels of goods and services, 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
- Compliance with local legal requirements, including modern slavery
- Responsible procurement, trust and ethics
- Shared technological advances and innovation

How we engage
- Established supplier Code of Conduct covering quality, sustainability and compliance criteria; expectations for all approved suppliers to sign up to this Code to ensure that their ESG practices meet our expected standards
- Conduct in-person and virtual supplier meetings and conferences on specific issues, including compliance, quality and efficiency. This includes the Modern Slavery Act, data protection and ESG as a broad subject
- We conduct performance reviews and site audits to ensure suppliers continue to meet our expected standards and to build strong, collaborative relationships

Engagement during FY23
- Developed our supplier sustainable sourcing and procurement charter, quality and sustainability agreement and supplier sustainability questionnaire. To date we have engaged with 300 key suppliers (80% of spend) and have received positive feedback
- From our top 300 strategic global suppliers over 99% have signed the Modern Slavery document, which equates to 80% of the global spend
- We continue 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
- We continued to work closely with our global suppliers to increase the number of supply partners who are fully signed up to our Modern Slavery Statement, which is available on our website **www.trifast.com**

Stakeholder engagement continued

Community

Key metrics
- Charitable donations
- Number of activities

Why we engage
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

Key topics
- Fair treatment
- Good environmental management, especially minimising noise and nuisance
- Support for community organisations and initiatives
- Jobs and economic benefits

How we engage
- 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
- Community communication and complaints are managed by our ISO 14001 environmental management system
- 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
- We encourage staff to undertake fundraising to support local good causes and will be introducing an employee volunteering policy in the coming year

Engagement during FY23
- 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 FY23, refer to our Sustainability Report
- A hardship fund has been set up to support any employee experiencing financial difficulties
- Trifast Foundation will be launching in FY24 to co-ordinate community engagement across all our sites
- TR employees from the West Midlands, UK took part in a Race For Life event in July 2022, raising £1,650 in memory of a colleague
- Christopher Morgan, Trifast Company Secretary, participated in the London Marathon in October 2022, raising over £15,000 for The Back Up Trust

Community stories
Catch up with our latest news and learn more about Trifast on our corporate website at www.trifast.com

Stakeholder engagement continued

Regulators/governments

Key metrics
- Compliance performance

Why we 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
- Regulatory compliance
- Third-party audit and quality assurance

How we engage
- 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 engage with government departments in countries where we operate

Engagement during FY23
- 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)
- Engagement with the Financial Conduct Authority in relation to our Task Force on Climate-related Financial Disclosures (TCFD)
- Continued trade compliance measures particularly as a result of the Ukraine conflict
- Engagement with the UK Export Finance team and incumbent banks to secure an export development grant (EDG)

Focus on ESG

Our people

Introduction

Trifast is proud to be a people-centred business and 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 globally.

Attracting and retaining the best people for our business is a priority. We have new talent management and succession planning software, both of which support our commitment to further develop and implement our learning and development culture. The systems allow us to easily identify skills gaps and create personal learning plans in order for our employees to be equipped for their current roles and for any roles they might progress to in the future.

We continue to offer our employees competitive benefits and engage with our workforce on an ongoing basis. There have been no controversies with regard to anti-competition, business ethics, bribery and corruption, tax fraud, responsible marketing, privacy or wages and working conditions during the financial year.

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.

Read more about our people plan, including staff turnover, succession planning and employee engagement, in our Sustainability Report at www.trifast.com

Policies

Our sustainability practices are governed by our comprehensive Code of Business Conduct which sets out our purpose, vision, mission and core values, alongside the policies and guidance that ensure ethical business practices.

- Anti-Bribery Statement and Policy
- Business Ethics and Responsible Behaviour Policy
- Charitable and Political Donations Policy
- Dignity at Work Policy
- Environmental Policy
- Equal Opportunities Policy
- Equal Pay Policy
- Fair Competition and Anti-Trust Policy
- Freedom of Association and Collective Bargaining Policy
- Harassment Policy
- Health and Safety at Work Policy
- Trade Compliance and Sanctions Policy
- Whistleblowing Policy
- Working Conditions and Human Rights Policy

Also included in our Code of Business Conduct:

- Modern Slavery Statement

We expect all employees to understand and comply with these policies and the Code of Business 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 is audited as part of the Group HR audit process.

Employee engagement

We updated our cultural survey to include one comprehensive annual survey with additional thematic surveys during the year, focusing our activity in the areas that will make a real difference to the working lives of our employees. The results have remained encouragingly stable. Each location and department head receives the breakdown of the results for their team, with suggested actions to improve any low scores.

Our ‘Employee Voice’ programme, which provides all employees with the opportunity to contact us 24/7 365 days per year, was relaunched in February 2023. This programme is anonymous but has been enhanced by the inclusion of a feedback loop for employees who require a specific response. The Employee Voice system is regularly monitored so that we can act swiftly and appropriately.

Trifast Chair, Jonathan Shearman, is the designated Non-Executive Director, supported by Claire Balmforth, Non-Executive Director, and Helen Tate, Global HR & Sustainability Director.

Read more about our employee engagement within the Section 172 statement on pages 24 and 25

Focus on ESG continued

Our people continued

Learning 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.

Read more about our learning and development, including STEM careers, and early career support, student opportunities and apprenticeships, in our Sustainability Report at www.trifast.com

Diversity, equity and inclusion

As a global business, we are committed to treating everyone fairly and recognise the strengths that a diverse workforce can bring. 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 33 locations in 18 countries and this provides us with many opportunities to understand and value those cultures.

Read more about diversity, equity and inclusion in our Sustainability Report

Read our gender pay gap report on page 34

Health, safety and wellbeing

We are committed to looking after our people and have excellent health, safety and employee wellbeing practices in place. 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.

Read more about health, safety and wellbeing, including our mental health first aiders, in our Sustainability Report at www.trifast.com

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 Code of Business 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.

We remain committed to eradicating all forms of slavery or human trafficking and expect the same standards from our suppliers, customers, distributors, contractors and other suppliers of goods and services around the world.

Trifast's full statement on modern slavery and human trafficking can be found on the Company's website at www.trifast.com

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.

Whistleblowing

We have recently relaunched our campaign to ensure all employees are aware of the global, external, independent whistleblowing service, available to them in their own language. This service allows employees to anonymously report any activity or behaviour that they do not feel is appropriate. The confidentiality of those who raise concerns is protected and employees may come forward without fear for their position. During the year being reported and up to the date of this publication, one report has been submitted to the hotline.

Focus on ESG continued

Our people 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 2022.

Pay and bonuses

(female compared to male)

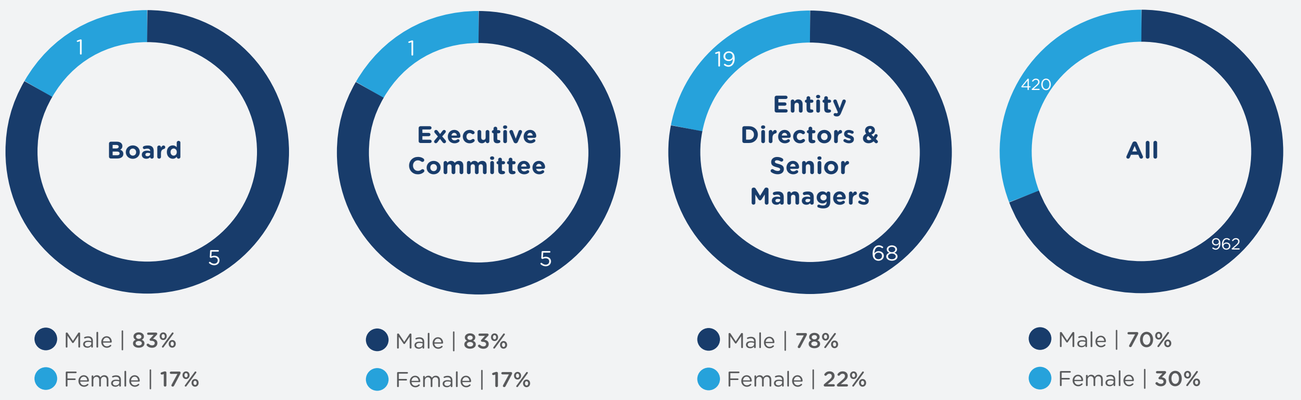
	Median	Mean
Hourly pay	+5.0%	-1.0%
Bonus pay	0.0%	0.0%

The table shows that based on a median average, our female employees are paid 5.0% more than our male employees. The mean average displays our male employees as being 1.0% higher paid than our female employees. This result represents a change in the mean average from 3.0% in FY21 and the median average is now +5.0% compared to +7.0% in favour of female employees from FY21.

These results compare very favourably when compared with the national average of male employees being paid 8.3% more than female employees. Note that interpreting average earnings data is still slightly impacted by Covid-19, but this is now levelling off. Among full-time employees the gender pay gap in April 2022 was 8.3%; this was 7.7% in April 2021 and 9.0% in April 2019 (pre-coronavirus).

The bonus difference mean figure in the table shows equal data for mean bonus payments.

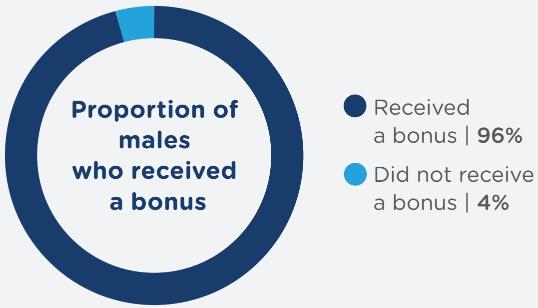
Gender diversity

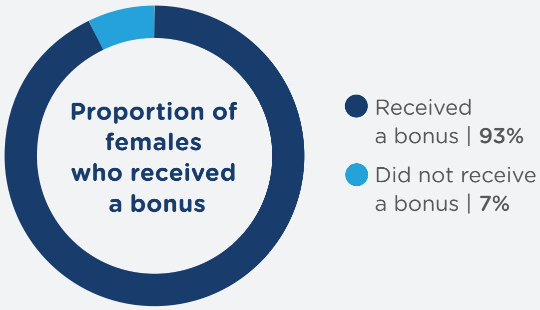


Focus on ESG continued

Our people continued

Proportion of colleagues awarded a bonus in FY22

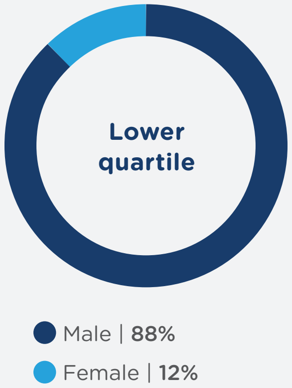


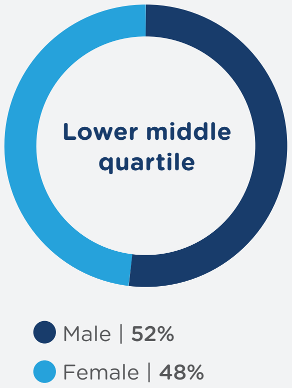


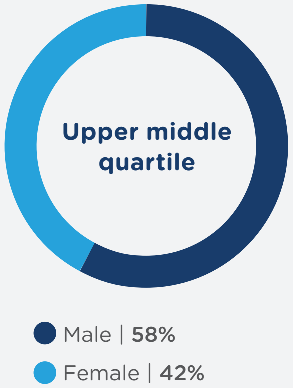
These charts illustrate that the number of men and women paid a bonus are primarily in line. As a Company we continue to reward all our employees where applicable. The only reason the statistics do not show 100% is due to eligibility criteria based on start and finish dates of employees.

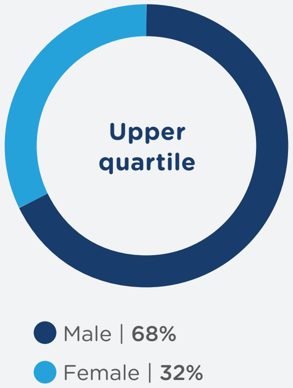
Quartiles

The following charts illustrate the construction of each quartile.









Gender pay gap continued

Pay and bonuses continued

This is our sixth year of reporting on the gender pay gap, and we continue to see improved results, and parity across the UK business, TR Fastenings, as all the entities within the Trifast Group demonstrate our absolute commitment to all aspects of equality, fairness and equal pay in the workplace.

Diversity on our Board

Trifast is aware that the current composition of its Board does not comply with the new FCA proposed targets for gender and diversity. A process is underway to address this and anticipate this to be completed before the end of 2023.

Focus on ESG continued

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 ISO 14001 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 FY23.

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 have been following up on recommendations from our previous energy assessments and look forward to having new assessments completed in FY24.

Carbon emissions

Trifast is committed to acting to combat climate change and reporting on its approach and performance. For FY23 we have continued to utilise the Carbon Trust 'Footprint Manager' software. Due to some errors in invoicing and data from FY22, we have recalculated our emissions for FY22, which can be seen in the tables below. Our total carbon emissions have increased from 6,163 tonnes CO_2e in FY22, to 6,299 tonnes CO_2e in FY23; however, in comparison with our turnover they have slightly reduced from 28.19 kg CO_2e per £1,000 turnover to 25.78 kg CO_2e per £1,000.

Our main area of energy use is within our manufacturing facilities, followed by fuel use for distribution. We have continued to monitor our Scope 3 business travel data, and next year we look forward to sharing our Scope 3 supply chain data utilising the Greenhouse Gas Protocol spend-based analysis methodology.

In line with our sustainability strategy we have set our target for CO_2e reduction. We have aligned this target with the requirements of the Science-based Targets initiative and, once we have completed consolidation of our Scope 3 data, will submit our letter of intent. Our target is to reduce our Scope 1 and 2 carbon emissions by 67.2% by FY35. Our base year is FY19 with a footprint of 8,160 tonnes CO_2e, with our end target for FY35 being 2,676 tonnes CO_2e. Our target for FY23 was 6,789 tonnes CO_2e, which we more than achieved with our result of 5,974.66 tonnes of CO_2e for the year.

We have continued to respond to requests from customers and investors on our carbon emissions and management approach over the year. We have completed CDP (supplier and investor) and EcoVadis submissions during FY23 and will continue to do so annually.

	FY23	FY22
Total Scope 1 emissions	**1,723.20**	1,963.65
Purchased fuels	**1,127.39**	1,327.37
Company vehicle use	**595.81**	636.28
Fugitive emissions	**0.00**	0.00
Total Scope 2 emissions	**4,251.46**	3,942.73
Purchased electricity	**4,251.46**	3,942.73
Total Scope 3 business travel	**324.61**	256.91
Air	**314.90**	225.11
Road	**9.23**	31.77
Rail	**0.48**	0.03
Total emissions	**6,299.27**	6,163.29

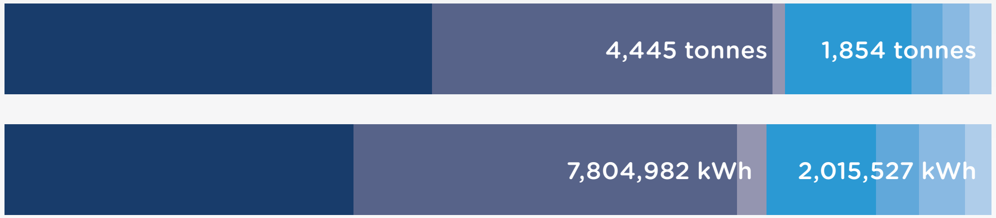
For more information on our sustainability KSIs, KPIs, water use and carbon emissions reduction, please see the separate Sustainability Report 2023

Focus on ESG continued

Environment and climate change continued

Carbon emissions continued

Manufacturing **Distribution** **Total**



6,299 tonnes
Trifast plc tonnes
(FY22: 6,163 tonnes)

9,820,509 kWh
Trifast plc kWh
(FY22: 10,974,018 kWh)

Asia manufacturing
2,435 tonnes
(FY22: 2,488 tonnes)
4,126,955 kWh
(FY22: 5,166,291 kWh)

Europe manufacturing
1,941 tonnes
(FY22: 2,028 tonnes)
3,417,575 kWh
(FY22: 3,772,009 kWh)

UK manufacturing
69 tonnes
(FY22: 86 tonnes)
260,452 kWh
(FY22: 276,253 kWh)

UK distribution
1,133 tonnes
(FY22: 1,015 tonnes)
975,176 kWh
(FY22: 911,522 kWh)

Asia distribution
287 tonnes
(FY22: 213 tonnes)
381,273 kWh
(FY22: 281,126 kWh)

Europe distribution
241 tonnes
(FY22: 268 tonnes)
404,113 kWh
(FY22: 403,488 kWh)

USA distribution
193 tonnes
(FY22: 64 tonnes)
254,966 kWh
(FY22: 163,329 kWh)

	kgs CO_2e per £1k turnover		
	FY23	FY22	% change
Trifast plc	**25.78**	28.19	(8.55)
Asia	**52.83**	59.31	(10.9)
USA	**6.52**	3.66	78.1
Europe	**25.56**	29.26	(12.6)
UK	**15.44**	14.29	8.0

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 CO_2e (carbon dioxide equivalent). Reports are calculated in the following ways:

- Tonnes of CO_2e
- Tonnes of CO_2e per FTE (full-time equivalent)
- Tonnes of CO_2e per SQM (square metres of floor space occupied by the Company)

Our main source of emission factors is BEIS (2022), with other data selected to fill gaps or because it is deemed to be more accurate. IEA (2022) data is used for calculating emissions of non-UK, location-based electricity. For market-based electricity, a mix of AIB (2022), BEIS (2022) and EPA (2022) 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.

Task Force on Climate-related Financial Disclosures (TCFD)

Trifast recognises that climate change poses a significant risk to people, ecosystems and economies around the world

In accordance with the requirements of Listing Rule 9.8.6R, Trifast has provided commentary or disclosures against the 11 disclosure recommendations, and the level of compliance can be seen in the table. Further explanation on reasons for non-compliance, future steps, plans and timelines to comply can be seen in the relevant sections of this report.

Please refer to the table on page 47 that shows signposting to other relevant areas of both the Annual Report and Sustainability Report that further supports our commentary and disclosure.

Recommended disclosure	Compliance	Timeline for compliance
Governance a) Describe the board's oversight of climate-related risks and opportunities	Partial	FY24
Governance b) Describe management's role in assessing and managing climate-related risks and opportunities	Full	N/A
Strategy a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Partial	FY24
Strategy b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Not compliant	FY24
Strategy c) Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	Not compliant	FY28
Risk management a) Describe the organisation's processes for identifying and assessing climate related risks	Partial	FY24
Risk management b) Describe the organisation's processes for managing climate related risks	Not compliant	FY24
Risk management c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Partial	FY24
Metrics and targets a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Not compliant	FY24
Metrics and targets b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Partial	FY24
Metrics and targets c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Partial	FY24

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

Trifast recognises that climate change poses a significant risk to people, ecosystems and economies around the world.

- Since FY21 we have been creating the foundations to begin to understand the impacts of climate change. We also introduced sustainability as one of our four corporate strategy pillars
- We established an ESG Committee and ESG framework during FY22, alongside publishing our first two Sustainability Reports
- In FY23 we increased the members of the ESG Steering Committee to include representation for supply chain and innovation in line with our sustainability strategy. We set our first climate-related target and our third Sustainability Report was published alongside this Annual Report
- During FY24 we intend to further embed the TCFD recommendations into our business processes

Sustainability, including the impacts of climate change, is one of four pillars of the Group's corporate strategy. In turn, we consider climate change within both our sustainability and risk management frameworks. We continue to collaborate with suppliers and customers to explore potential new materials, processes and innovations to support our sustainability strategy.

As a global company, we are conscious that our local facilities and operations could be affected by localised climate-related changes. This is also true for our suppliers and customers.

We are mindful of regulations that could affect us in the future, including carbon taxes, such as the Carbon Border Adjustment Mechanism (CBAM), a carbon tariff on carbon-intensive products imported by the European Union. This forms part of our consideration to on/near shore part of our supply chain, where possible.

Governance

Disclose the organisation's governance around climate-related risks and opportunities

a. Describe the board's oversight of climate-related risks and opportunities

Compliance level – partial due to not currently linking targets and objectives with risks, financial planning and business model

The Board is directly responsible for climate-related issues and is supported by the ESG Committee and Audit & Risk Committee.

The ESG Committee is chaired by Louis Eperjesi, Independent Non-Executive Director. Committee meetings focus specifically on reviewing the progress of the sustainability strategy and ongoing ESG projects, as well as increasing the Company's focus on matters relating to climate-related risks and opportunities. The Committee will work with the Board and its other Committees during FY24 to ensure climate-related issues are considered.

The ESG Steering Committee (Steering Committee) is an operationally focused committee and membership comprises the Global HR & Sustainability Director (Chair), Global Sustainability Manager, Head of Governance, Global Supply Chain Director and Director of Engineering. The Committee meets twice a month to action day-to-day ESG regulations, requirements and initiatives. The Group Head of Financial Reporting and Head of Risk are also invited to join specific Steering Committee meetings.

The Steering Committee reported back to the ESG Committee twice during FY23, setting the agenda for the meetings to ensure that the Board are apprised of all operational sustainability and climate-related developments and initiatives.

During the year our risk management and internal controls framework was established and includes specific climate-related risks and the potential impact on our business. The Head of Risk attends all Audit & Risk Committee meetings.

The Remuneration Committee discuss the importance of linking climate-related targets to executive remuneration. In FY23 we set a carbon emission reduction target which is now linked specifically to the Executive Directors' bonus incentives.

During FY21 our Group strategy evolved to include improved focus on sustainability. In FY24 we will review our business model, which has not previously considered climate-related issues specifically.

The following climate-related topics were discussed by the Steering Committee in FY23 and brought forward for consideration and review by the ESG Committee:

Emerging technologies

Recent changes in the markets have included focus on electric and hybrid vehicles, increases in energy technology and infrastructure and the recent legislation, the Right to Repair Regulations, moving society from a throwaway to a repair mindset. All of these create opportunities for the Company, that will allow us to play our part in reducing global emissions.

SBTi aligned reduction target

During FY23 we established a net-zero target aligned to the Science-Based Targets initiative for our Scope 1 and 2 emissions in line with our sustainability strategy commitment; this target also forms part of the performance element of the executive bonus. At this stage we have not yet linked this target to our risks, budgets or business plans, but will aim to do so in FY24.

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

Governance continued

a. Describe the board's oversight of climate-related risks and opportunities continued

Scope 3 business travel data

This data has now been collated in conjunction with our external travel provider. We have discussed the potential to offset travel GHG emissions but are aware that this distracts from emissions reduction by the Company and, as such, discussions are ongoing.

To increase our Scope 3 reporting

We have agreed the expansion of our Scope 3 data reporting and in FY24 we will conduct analysis of our supplier GHG emissions utilising the spend-based analysis method.

Life cycle calculations

Our engineering team have begun to determine their methodology in calculating our 'cradle to gate' product life cycle and associated GHG emissions and will be working on this initiative with our manufacturing plant in Italy during FY24.

Energy-saving opportunities

Energy-saving analysis conducted at one of our sites showed that simple on-site energy initiatives could provide significant reduction in energy use. As a result of this analysis, the Steering Committee asked our Network of ESG Champions to implement energy-saving initiatives at their sites and promote energy-saving to support our strategy of reducing our Scope 1 and 2 GHG emissions.

Energy-saving initiatives

Following the installation of solar panels at our sites in Hungary and Malaysia, the Steering Committee has discussed various initiatives that we could implement across the Group.

These include further solar panel projects, energy contract reviews, EV charging points, LED lighting and de-gassing of sites. These projects are ongoing for some of our sites; however, in the UK, discussions have been put on hold due to the new National Distribution Centre (NDC) plans.

Carbon monitoring software

During the year we commenced discussions for the potential to move providers of our carbon footprinting software to enhance our reporting capabilities. Whilst no decisions have been confirmed, discussions are ongoing to ensure that we have a system that is fit for purpose.

The ESG and Audit & Risk Committees will commence working towards embedding and aligning climate-related issues in our business, financial and risk planning during FY24. It is our expectation that this alignment will strengthen our processes to ensure that climate-related issues are considered when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets and business plans, as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions and divestitures.

Climate related issues are ever evolving, and we look forward to reporting our continued progress on this in our next Annual Report.

Last year we established our sustainability strategy and during FY23 we were pleased to set our first net zero target, which has been aligned with the Science-Based Targets initiative. This aims to reduce our Scope 1 and 2 GHG emissions by 67.2% by 2035 (with a rolling target of 4.2% reduction p.a.) using a baseline of 2019.

The ESG Committee were informed by the Steering Committee in December 2022 on the reduction levels that had been achieved and were pleased to inform that the performance criteria have been met.

We will continue to review further targets that may be appropriate to our business. The Board, supported by the various committees, will continue to monitor and oversee progress against our goals and targets for addressing climate-related issues.

b. Describe management's role in assessing and managing climate-related risks and opportunities

Compliance level – full

During FY23, and following the departure of our CEO, who was Chair of both our ESG Committee and Steering Committee, we increased the members of the Steering Committee with the addition of our Global Supply Chain Director and Director of Engineering, to further align with our sustainability strategy and commitments. Our colleagues from the Risk and Group Finance departments are also included regularly in meetings as appropriate.

The Steering Committee is responsible for assessing, monitoring and managing climate-related issues and, along with the Head of Risk, assigns ownership of climate-related issues, risks and opportunities to management and heads of functions.

This Committee currently reports twice a year to the Board on its progress with the sustainability strategy, climate-related issues and emerging requirements. Feedback is also given by the Head of Risk through the Audit & Risk Committee.

The Head of Risk continues to develop the Group risk management and internal controls framework. We recognise the challenges in embedding new risks into the Company's risk culture, but the management team clearly understand the importance of climate risk and its potential impact on our business.

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

Governance continued

b. Describe management's role in assessing and managing climate-related risks and opportunities continued

In addition to the Steering Committee meeting twice a month, they are supported by functional and regional management and meet regularly to review and assess climate-related risks and opportunities through the ESG Management Working Group (Management Working Group).

Our ESG governance framework also includes a Network of ESG Champions (Network of Champions), comprising employee representation from each of our global sites. These employees are involved in the day-to-day local implementation of projects and initiatives.

We have reviewed the role of the Network of Champions. We recognise their role will continue to evolve and there are opportunities to further embed their role into our wider governance framework.

For FY24, climate-related issues are a standing agenda item at each level of our ESG governance framework – ESG Committee, Steering Committee, Management Working Group and Network of Champions. This will ensure that every level of our ESG framework is aware of our climate-related issues, developments and initiatives along with required actions. In addition, the ESG Committee Chair will meet with the ESG Steering Committee on a quarterly basis to share strategy-related updates, climate-related issues and appropriate actions.

Climate-related issues are also a standing agenda item at the Audit & Risk Committee meetings.

The Global HR & Sustainability Director, Head of Governance and Global Sustainability Manager, who are all members of the ESG Steering Committee, attend meetings at all levels of the ESG governance framework, as shown on page 76. This is to ensure consistent understanding and effective implementation of the sustainability strategy across the business and to support effective monitoring of climate-related issues.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Compliance level – partial
due to current CDP time horizons being out of alignment with our adopted time horizons and climate-related risks and opportunities not yet fully assessed or mitigation actions agreed

During FY23, the Management Working Group identified a broad range of climate-related risks from which we carried out a scenario mapping exercise to understand the time horizon in which each risk or opportunity was most likely to develop. As we completed this work, we realised that there were a number of different time horizons in use across the Company and a decision was made to bring these into alignment.

The horizons we have adopted are:

Short term	0-3 years
Medium term	3-15 years
Long term	15-25+ years

We have now updated these horizons to provide consistent reporting throughout our Enterprise Risk Management System, considering not just climate-related risks, but the entire risk register, and the links to our going concern and viability statement.

During our next CDP submission in July 2023, we will update data from this Annual Report, and align our CDP time horizons, which were not previously aligned to TCFD. This Annual Report will be used as our documented evidence of the adopted time horizons.

As a business that operates globally with manufacturing and distribution sites around the world, supplying a variety of products into a wide range of market sectors, we have found the unpredictable and rapidly changing nature of climate-related risks and opportunities very challenging to define with any certainty. This has significantly influenced our decision to create our own scenario maps and explore the links between aspects of climate change and business activities, resulting in three specific scenarios:

- The impact of carbon taxes on import and export of fasteners globally
- The impact of natural disasters on our operations sites and supply chain models
- The impact of increased average temperature on our operational sites and anticipated associated developments

The Management Working Group reviewed the risks within the scenarios, identified specific risks within each time horizon, and identified where there could be an impact on revenue, profit or overheads. Climate change is currently identified as an emerging risk, and none of the emerging risks have been considered for modelling in the viability statement.

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

Strategy continued

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term continued

In total, the Management Working Group identified 23 separate climate-related risks and eight climate-related opportunities. Although these risks have been identified, categorised and assigned to business owners, they have not yet been fully assessed and mitigation actions have not been agreed. We aim to complete this in FY24.

We reviewed the changing impact of carbon taxes using the Network for Greening the Financial System (NGFS) data for various climate scenarios, and as our Scope 3 data is not yet fully developed, we have used the data that we have as the starting point for understanding the anticipated changes in carbon pricing.

Based on FY22 emissions data, Scope 1, 2 and 3 (for business travel only as per the Annual Report 2022), we have used a constant emissions total of 6,909 tonnes CO_2e and considered examples of the projected carbon pricing in the short, medium and long term for each NGFS scenario.

Development of Scope 3 emissions data is critical to understand fully the risk this poses on the business, and this is something that we will expand during FY24. We will be analysing our Scope 3 supply chain data using the GHG Protocol spend-based analysis method.

We used the NGFS temperature rise predictions to understand the variation predicted, relative to the location of our operational sites.

We were unable to find any tangible predictions relating to natural disasters so, for the purpose of the scenario mapping, we assumed that the nature of any current susceptibility (such as flooding or typhoons etc.) would be generally constant, with higher frequency and intensity anticipated according to the success of any global action to limit or slow climate change.

We have identified two emerging risks relating to climate change:

- Climate change impact
- Climate change legislation

Due to the inter-connected nature of these risks, and their shared causes and effects, we have summarised the key points below:

Physical risks

Increased temperature could result in natural disasters and other acute climate change effects, there may be disruption to our global transport infrastructure which would lead to service disruption and increased logistics costs in the short and medium term.

If there is a global failure to reduce the effects of climate change, we would expect this disruption to intensify long term and any increasing frequency of natural disasters and severe weather would be expected to impact our sites or assets to some degree.

Transition risks

As a result of increasing climate change legislation, taxation (including CBAM) and requirements for financial disclosures, there is an increased risk of reputational damage if we fail to respond effectively to climate change challenges in the short term, which may lead to inappropriate strategy, metrics and targets for changing market sectors and customer requirements.

In the medium term we anticipate changes to traditional products due to increased market regulation and carbon taxes which would lead to increased needs for capital and financing to support product development and testing.

In the long term we have identified potential changes to customer manufacturing models which may increase the rate of change away from traditional supply chain models.

Opportunities

In the short term we have identified opportunities based on increased customer demand for products supplied to developing market sectors as well as opportunities to use renewable energy within our own infrastructure.

In the medium term we see opportunities linked to replaceable parts through the 'right to repair' philosophy, new products, resource efficiencies, investment to support onshoring of the supply chain through our own factories and the development of automation.

Long-term opportunities are expected to include new materials and coatings for fasteners as well as further customer product developments and resource efficiencies.

We plan to extend the analysis of these risks further over the next financial year, to consider the specific geographical impact to our locations, and the impact on our key revenue sectors.

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

Strategy continued

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Compliance level – not compliant due to not currently having a carbon management plan or linking specific risk impacts to strategy or financial planning

We have performed some initial analysis of the impact of climate-related issues on the organisation's business strategy and financial planning, as seen in Trifast's CDP disclosures; however, we have relied on a more general awareness of climate-related risks and opportunities within the business teams and committees to influence strategy and financial planning.

The touch points between strategy and climate-related risks are:

- The flexible nature of our products, across a range of materials and all market sectors, allows us to work with our customers to support their changing products and the changing needs of end customers
- To create a sustainable supply chain, we need a shared commitment with both suppliers and customers in adhering to good environmental, social and governance practices

As a Company we are accelerating our progression to on/near shoring our global supply chain and focused efforts are being made to develop supply chains closer to the customer. This has many benefits including reducing carbon emissions, reduction of lead times, and the reduction of charges levied via CBAM.

During the year, an engineering university student joined us on a year's placement as a Junior Sustainability Analyst. He worked on research projects including sustainable packaging sources and CO_2e life cycle assessment of products.

FY24 will see us open our new National Distribution Centre (NDC) in the UK. Our Global Sustainability Manager is part of the Steering Committee for this project and following the success of our sustainable premises in Hungary, we are pulling this good practice through to the NDC. The premises will include six EV charging points, energy efficient lighting and heating, bicycle storage, increased recycling options and separate fuel generator to ensure continuity of supply. We will continue to assess sustainable options available to us and promote best practice throughout our operations.

The wider NDC project will also include the closure of some of our existing carbon inefficient warehouses.

Part of our access to capital is to have the ability to invest in on/near shoring, to reduce CO_2e of logistics, energy efficiency and regional specific investments to localise manufacturing closer to the customer.

As part of our planning process, it is inherent to look for cost-saving efficiencies through reduction in energy usage across our manufacturing and distribution sites. As part of our current business transformation roll out, we will continue to look for opportunities to make our processes more efficient and effective.

We currently do not have a carbon management plan to describe our plan for transitioning to a low-carbon economy. However, this is a key project in our strategy, and we will aim to develop this carbon management plan during FY24.

We have commenced an initiative with our customers to focus more of our supply chain closer to our customers to both reduce logistics costs and carbon footprint of the product.

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Compliance level – not compliant due to strategy not being specifically based on mitigation of any climate-change risks or opportunities and the strategy has not been evaluated against any of the Paris Accords scenarios

As we continue on our journey to better understand climate change and the climate-related risks and opportunities that we may face over the coming years, the work of meaningfully assessing those risks in the context of the Paris Accords and related average temperature scenarios has not yet been carried out. We will start this analysis once we have completed further work on our Scope 3 data.

Trifast is committed to securing a sustainable future. Our sustainability strategy is helping us to play our part in shaping a sustainable economy. We are well placed to deliver transformational change across our operations, with our customers and supply chain, and in the way we design products.

As a global importer and exporter of fasteners, an agile supply chain strategy has always been an integral part of Trifast's success. As customers progressively change their strategic decision-making to accept the costs of carbon footprint in the products they purchase, we will be able to accelerate the implementation of our supply chain initiatives that directly impact our carbon emissions reduction.

For our own operations, we are building on our track record of robust compliance, emissions reductions and solar energy. For further information please refer to our Sustainability Report.

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

Strategy continued

c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario continued

We continue to evaluate our strategy against the rapidly changing external context linked to climate change, particularly our global supply chain strategy, in light of the introduction of carbon taxes on the import of fasteners to Europe.

As referenced above, we are accelerating our progression to on/near shoring our global supply chain and focused efforts are being made to develop supply chains closer to the customer.

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks

a. Describe the organisation's processes for identifying and assessing climate-related risks

Compliance level – partial
due to risks identified but not fully assessed

This year the Steering Committee has worked with the Management Working Group, and the Risk team, to identify climate-related risks across the Company. Our risk review schedule for the Group is based on regional, functional and compliance groups and we also plan to review risk themes (including climate change) as part of the developing ERM framework.

Our risk framework taxonomy is based on HM Government Orange Book (2020) risk classification, and we also identify risk type (Hazard, Control, Compliance and Opportunity).

We use tools to identify and analyse risk including brainstorming, scenario development, best and worst-case mapping, controls-based reviews and materiality assessments.

Once identified, all risks are categorised and assigned to business owners. They are then assessed and scored for impact and likelihood, and mitigation actions are agreed and tracked to completion. Climate-related risks are managed within the wider risk management framework.

We conduct biannual reviews of compliance with laws and regulations. These reviews are undertaken by the Audit & Risk Committee and will include existing climate-related law and regulations within this process.

b. Describe the organisation's processes for managing climate-related risks

Compliance level – not compliant
due to risks identified but not yet managed

In FY23 our climate-related risks and opportunities were identified and assigned to business owners, but further work is required to fully assess the risks and agree appropriate mitigation actions with the business owners.

Once in place, the effectiveness of the actions taken will be reviewed by the Risk department and reported to the Audit & Risk Committee

c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

Compliance level – partial
due to ongoing development of the risk management framework to include climate-related risk reporting

During FY23 we continued to develop our risk framework and the identification, assessment and management of climate-related risks now fall within the risk management framework.

A detailed review of risk management is presented to the Group Risk Committee and Audit & Risk Committee once a year and updates are presented twice a year. From FY24 these reports and updates will include climate-related risks and opportunities.

A review of the effectiveness of the risk management and internal controls systems is presented to the Group Risk Committee and Audit & Risk Committee twice a year.

Climate-related risks are a standing agenda item for the ESG Committee and Steering Committee. The ESG Committee will work with the Board and its other Committees during FY24 to ensure climate-related issues are considered.

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

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management

Compliance level – not compliant due to metrics not linked to measurement and management of risks

We do not currently have metrics in place to measure and manage climate-related risks.

Historically, we have collected data about our water, energy and waste from our operational sites as well as tracking and setting reduction targets for our Scope 1 and 2 GHG emissions.

Last year we established our sustainability strategy and during FY23 we were pleased to set our first net zero target, which has been aligned with the Science-Based Targets initiative. This aims to reduce our Scope 1 and 2 GHG emissions by 67.2% by 2035 (with a rolling target of 4.2% reduction p.a.) using a baseline of 2019.

The ESG Committee were informed by the Steering Committee in December 2022 on the reduction levels that had been achieved and were pleased to inform that the performance criteria have been met.

At this stage we have not yet linked this target to our climate scenarios, risks and opportunities, budgets or business plans, but will aim to do so in FY24.

We currently measure and report on our carbon emissions for Scopes 1 and 2, as well as Scope 3 business travel. Details can be found on pages 36 and 37 and include prior year comparison.

For FY24 we will be increasing our Scope 3 reporting. These metrics have been used to set carbon emission reduction targets, which also now form part of performance-based Executive bonus calculations.

We also measure our energy usage, water use and discharge, and monitor our waste management routes. We have not set targets against these monitors at this stage but hope to set meaningful objectives in the future.

The Management Sustainability Working Group identified three climate scenarios developed for climate change:

- Carbon tax
- Natural disasters
- Increased average temperature

We have examined the changing impact of carbon taxes and considered projected carbon pricing in the short, medium and long term. Data is critical to understand the risk this poses on the business, and to determine options for paying and passing on carbon taxes to customers which is linked into our scenario analysis; please refer to the above strategy section for more detail.

We were unable to find any tangible predictions relating to natural disasters so, for the purpose of the scenario mapping, we assumed that the nature of any current susceptibility, such as flooding or typhoons etc., would be generally constant, with higher frequency and intensity anticipated according to the success of any global action to limit or slow climate change.

As we continue on our journey to better understand climate change and the climate-related risks and opportunities that we may face over the coming years, the work of meaningfully assessing those risks in the context of the Paris Accords and related average temperature scenarios has not yet been carried out. We will start this analysis once we have completed further work on our Scope 3 data.

We continue to review potential additional metrics and targets for assessing climate-related risks and opportunities and will implement any that we feel are appropriate for the Company.

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

Metrics and targets continued

b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Compliance level – partial

due to not yet developing our full Scope 3 emissions along with lack of links to related risks

Our carbon emissions data falls within Scopes 1 and 2 as well as Scope 3 business travel and can be found on pages 36 and 37.

We utilise various intensity factors to assess our GHG data including tonnes of CO_2e per full time equivalent, per square meters of floor space occupied by the Company and per £1k turnover.

Our main source of emission factors is BEIS (2022), with other data selected to fill gaps or because it is deemed to be more accurate. IEA (2022) data is used for calculating emissions of non-UK, location-based electricity. For market-based electricity, a mix of AIB (2022), BEIS (2022) and EPA (2022) 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.

Any changes in reported emissions or changes in methodologies or restatements, will be clearly stated on pages 36 and 37 of the environment and climate change section.

During the coming year we will increase our Scope 3 reporting to include a spend based analysis of our supply chain carbon footprint in line with the GHG protocol methodology, it is our intention to also gather historical (Scope 3) data where possible to allow for trend analysis. We aim to continue expanding our Scope 3 data collation activities in the future to gain a clear picture of our full organisation footprint.

We will continue to develop a comprehensive programme to achieve our emissions targets and enhance our resilience to climate related risks - further information can be found in Risks on pages 58 to 63.

c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Compliance level – partial

due to key metrics not being fully defined and lack of links to related risks

Last year we established our sustainability strategy and during FY23 we were pleased to set our first net zero target, which has been aligned with the Science-Based Targets Initiative. This aims to reduce our Scopes 1 and 2 GHG emissions by 67.2% by 2035 (with a rolling target of 4.2% reduction p.a.) using a baseline of 2019.

This carbon emission target was set at 4.2% reduction of our Scope 1 and 2 emissions each year until 2035. For FY23, this target was 16.8%, we have seen a reduction of 26.8% since 2019. For detailed performance and historical data please refer to page 34 of our Sustainability Report. Meeting these targets will be achieved by energy and carbon reduction within our own operations, indirect emissions from travel and logistics and our supply chain. The reporting boundary of this metric includes the Scope 1 and 2 emissions of all active companies within the Trifast plc Group.

Our definition of net zero is where GHG's from human activity are in balance with emission reductions. Although, those emissions are still generated, an equal amount is removed from the atmosphere. Our intention in FY24 is to commence an Eliminate, Reduce, Protect plan for net zero. For our definitions and methodologies of our metric and target please refer to Metrics and targets disclosure b.

Continuing with our sustainability strategy we will increase our Scope 3 reporting next year and also begin to develop Scope 3 targets.

The executive remuneration annual bonus performance conditions now include an element relating to 5% weighting of the maximum bonus opportunity that is reliant on achieving the annual carbon emission reduction target. Further information can be found in the Directors' remuneration report on pages 82 to 103.

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

Recommended disclosures	This Annual Report	Sustainability Report
Compliance statement	• Strategy – focus on sustainability – pages 14 and 15 • Where we operate – page 3	• Build a sustainable supply chain – pages 38 to 43 • Enable sustainable innovation – pages 44 to 53
Governance		
a) Describe the board's oversight of climate-related risks and opportunities	• ESG Committee report – pages 76 and 77 • Audit & Risk Committee report – pages 78 to 81 • Risks – pages 58 to 63 • Strategy – pages 8 to 15 • Directors' remuneration report – pages 82 to 103 • Our sectors – pages 22 and 23 • Focus on ESG – environment and climate change – pages 36 and 37 • Stakeholder engagement – Section 172 statement – pages 24 and 25 • Key strategic indicators – pages 18 and 19	• Sustainability governance – Introduction – page 11
b) Describe management's role in assessing and managing climate-related risks and opportunities	• ESG Committee report – pages 76 and 77 • Risks – pages 58 to 63	• Sustainability governance – Introduction – page 11
Strategy		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	• Risks – emerging risks – pages 59 to 63 • Risks – materiality definition – pages 58 and 59 • Viability statement – pages 64 and 65 • Strategy – focus on sustainability – pages 14 and 15	• Sustainability governance – Managing risks and opportunities – page 14
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning		• Build a sustainable supply chain – pages 38 to 43 • Enable sustainable innovation – pages 44 to 53
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	• Strategy – securing a sustainable future – page 14 • Viability statement – pages 64 and 65	• Building a sustainable supply chain – pages 38 to 43

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

Recommended disclosures	This Annual Report	Sustainability Report
Risk management		
a) Describe the organisation's processes for identifying and assessing climate-related risks	• Risks – pages 58 to 63 • Audit & Risk Committee report – pages 78 to 81	
b) Describe the organisation's processes for managing climate-related risks	• Risks – pages 58 to 63 • Audit & Risk Committee report – pages 78 to 81	
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	• Risks – pages 58 to 63 • Audit & Risk Committee report – pages 78 to 81	
Metrics and targets		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	• Focus on ESG – environment and climate change – pages 36 and 37 • Risks – pages 58 to 63	
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	• Focus on ESG – environment and climate change – pages 36 and 37 • Risks – pages 58 to 63	
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• Key strategic indicators – pages 18 and 19 • Directors' remuneration report – pages 82 to 103	• Act on Environment and Climate Change – Science-based targets initiative – page 36

Non-financial and sustainability reporting information statement

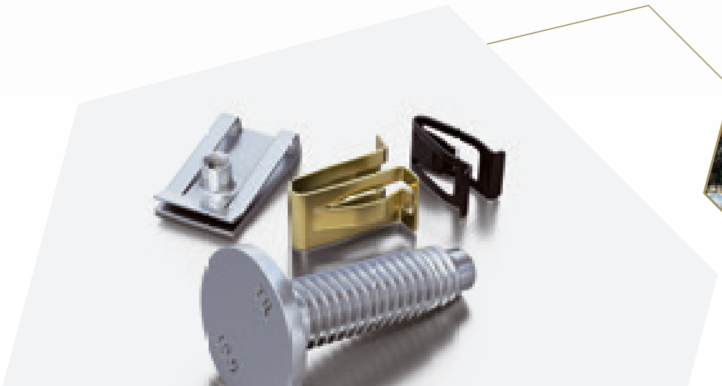
We aim to comply with the non-financial reporting requirements contained in Sections 414CA and 414CB of the Companies Act 2006. The table below, and the information it refers to, is intended to help stakeholders understand our position on key non-financial matters. This builds on existing reporting that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

Non-financial reporting matter	Policy/code	This report	Sustainability report
Environmental matters	• Environmental Policy • Climate-related financial disclosures	Page 32 Pages 38 to 48	Page 15
Employees	• Code of Business Conduct • Business Ethics and Responsible Behaviour Policy • Harassment Policy • Whistleblowing Policy • Health and Safety at Work Policy • Privacy Notice • Freedom of Association and Collective Bargaining Policy • Equal Opportunities Policy	Page 32	
Social matters	• Supporting charities • Charitable and Political Donations Policy	Pages 32 and 120	
Respect for human rights	• Modern Slavery Statement • Supplier Code of Conduct • Working Conditions and Human Rights Policy	Pages 32 and 33	Pages 15 and 27
Anti-corruption and anti-bribery matters	• Anti-Bribery Statement and Policy • Fair Competition and Anti-Trust Policy • Whistleblowing Policy • Trade Compliance and Sanctions Policy	Pages 32 and 33	Page 15
Policy embedding, due diligence and outcomes		Page 32	
Description of principal risks and impact of business activities		Pages 58 to 63	Page 14
Description of business model		Pages 16 and 17	
Non-financial key performance indicators		Page 21	

Financial review

Darren Hayes-Powell
Chief Financial Officer

> After a challenging period, we are now focused on continuing our momentum to deliver profitable growth and our medium-term aspirations



FY23 presented well-documented challenges for the Group, however, our focus on our immediate priorities in Q4 showed a positive boost. This, combined with robust growth in the second half, enabled us to deliver revenues up 9.1% CER to £238.5m (AER: 11.8% to £244.4m; FY22: £218.6m). 7.3% of that growth was organic, with the remaining 1.8% reflecting five months' trading from TR Falcon.

By the end of FY23, we had successfully achieved most of our price increase programme, incorporating a flexible pricing mechanism with our key customers, and we are pleased to report that in March 2023 our margins improved.

This growth reflected persistent demand in most of our underlying markets and was achieved through focused sales initiatives across a number of sectors.

Gross profit has reduced to 25.3% (AER: 25.3%; FY22: 26.7%) as the positive impact of higher revenues has been offset by the lag in pass-through of cost factors due to freight, higher electricity and raw material cost deltas. During the final quarter of 2023 the flexible pricing mechanisms with key customers were agreed to ensure costs were fairly passed on to our end customer. Supply chain and energy challenges are now stabilising across most of the world allowing a normalisation of our cost deltas we have faced in HY1, although this is still working its way through stock holdings in the first half of FY24.

Unless stated otherwise, amounts and comparisons with prior year are calculated at constant currency (Constant Exchange Rate (CER)). Where we refer to 'underlying' this is defined as being before separately disclosed items (see notes 32 and 2).

Financial review continued

Underlying operating profit reduced by £3.5m to £11.2m (AER: £12.0m; FY22: £14.7m) due to investments in overheads relating to recruitment, Project Atlas (Microsoft D365) BAU costs as well as inflationary cost impacts. As a result of the increased overhead levels, we commenced a strategic review of operations and function costs that is anticipated during FY24 to start delivering savings in excess of £5m per annum.

Gross inventory levels at c.£97m (AER: c.£99m; FY22: c.£98m) are back in line with FY22, reflecting a more balanced trade position and a significant reduction from HY1 levels of £107m. The continued reduction in gross stock levels will remain a key focus in FY24. The inventory provision in FY23 was c.£8m (FY22: c.£9m).

Adjusted net debt has risen to £38.0m (HY23: £40.4m; FY22: £23.8m) as underlying cash inflow of £11.5m has been more than offset by a reduction in creditors (£11.7m), capex, Atlas investments (£7.3m) and other amounts including interest, tax, dividends and FX.

Following these cash movements, our leverage ratio, calculated in line with the banking agreement, at 31 March 2023 was 2.19x (FY22: 1.27x). Whilst this is higher than historically, it remains within our covenant range of < 3.0x and therefore continues to provide flexibility. Facility headroom as of 31 March 2023 was £10.2m (FY22: c.£29.3m), as stated before an additional £40m accordion option.

Our Group performance

Underlying measures	**CER FY23**	CER change	**AER FY23**	AER change	AER FY22
Revenue	**£238.5m**	9.1%	**£244.4m**	11.8%	£218.6m
Gross profit %	**25.3%**	(140)bps	**25.3%**	(140)bps	26.7%
Underlying operating profit (UOP)[1]	**£11.2m**	(24.1)%	**£12.0m**	(18.7)%	£14.7m
Underlying operating profit %[1]	**4.7%**	(200)bps	**4.9%**	(180)bps	6.7%
Underlying profit before tax[1]	**£8.6m**	(37.7)%	**£9.3m**	(32.4)%	£13.8m
Underlying diluted earnings per share[1]	**–**	–	**5.13p**	(36.9)%	8.13p
Adjusted leverage ratio[1,3]	**–**	–	**2.19x**	0.92x	1.27x
Adjusted net debt[1,2]	**–**	–	**£(38.0)m**	£(14.2)m	£(23.8)m
Return on capital employed (ROCE)[1]	**–**	–	**5.4%**	(290)bps	8.3%
GAAP measures					
Operating (loss)/profit	**–**	–	**£(0.0)m**	(100.1)%	£11.6m
Operating (loss)/profit %	**–**	–	**(0.0)%**	(530)bps	5.3%
(Loss)/profit before tax	**–**	–	**£(2.7)m**	(125.4)%	£10.6m
Diluted (loss)/earnings per share	**–**	–	**(2.12)p**	(132.3)%	6.56p

1. Before separately disclosed items (see notes 2 and 32)
2. Adjusted net debt is stated excluding the impact of IFRS 16 Leases. Including right-of-use lease liabilities, net debt increases by £(15.8)m to £(53.8)m (FY22: net debt increases by £(13.7)m to £(37.5)m)
3. Adjusted leverage ratio is calculated using adjusted net debt against adjusted underlying EBITDA (see note 32)

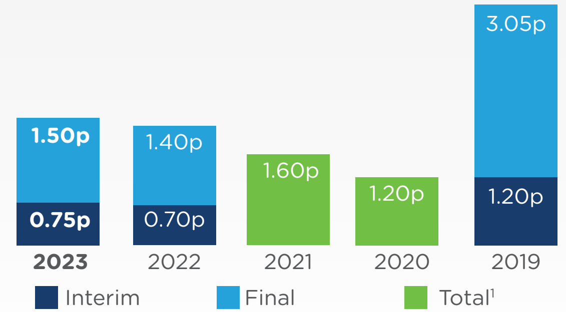
Financial review continued

Dividend policy

As a Board we are proposing to raise the final dividend in FY23 to 1.50p (FY22: 1.40p). This, together with the interim dividend of 0.75p (paid on 14 April 2023), brings the total for the year to 2.25p per share, an increase of 7.1% on the prior year (FY22: 2.10p). The final dividend, subject to shareholder approval at the AGM, will be paid on 13 October 2023 to shareholders on the register at the close of business on 29 September 2023. The ordinary shares will become ex-dividend on 28 September 2023.

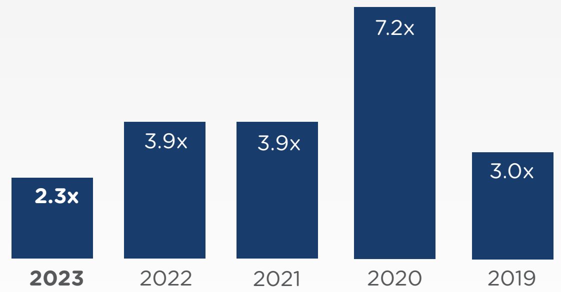
The dividend cover is currently 2.3x, however the Board continues to consider that an appropriate future level of dividend cover is in the range of 3.0x to 4.0x.

Dividend progression

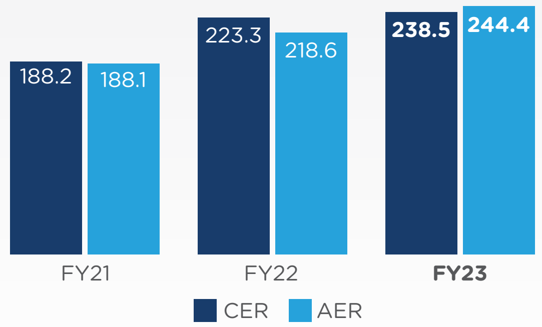


1. In FY20 and FY21, one dividend payment was made, rather than an interim and final, due to the impact of Covid-19

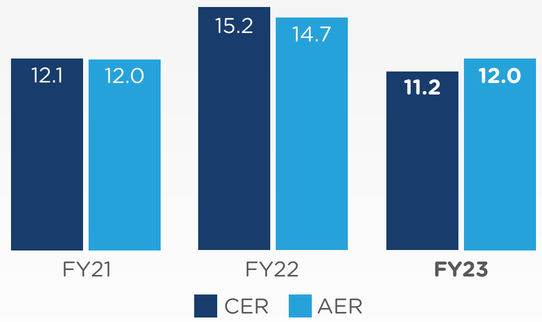
Five-year dividend cover



FX effects on revenue (£m)



FX effects on underlying operating profit (£m)

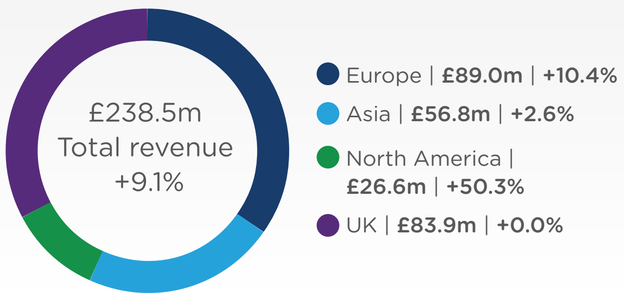


Financial review continued

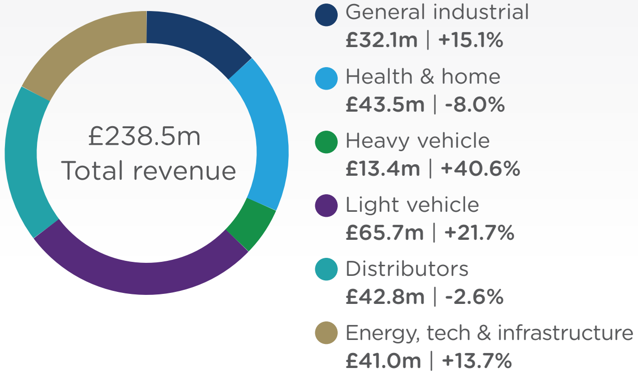
Revenue

We have seen a mixed performance across the region with Europe and North America showing strong growth whilst the UK remains flat and Asia has shown small growth. Across our key market sectors, the majority have seen strong growth, most notably in light vehicle, with only distributors and health & home showing reductions year-on-year.

Revenue by region FY23 (CER) and growth %[1]



Revenue by sector FY23 (CER) and growth % vs FY22



Europe has seen a 10.4% increase to £89.0m (AER: 9.8% to £88.4m; FY22: £80.6m). This was driven by strong growth across the heavy vehicle sector, predominantly in our Swedish operation, as well as robust growth in light vehicle driven by our entities in Holland and Spain. Germany continues to grow strongly in the general industrial sector supported by transfer of business from the UK in the distributors sector. TR VIC, Italy, has seen a reduction in revenue year-on-year, mostly from the health & home sector due to the downturn in customer sentiment and the indirect impact the Ukraine conflict is having on some of our customers.

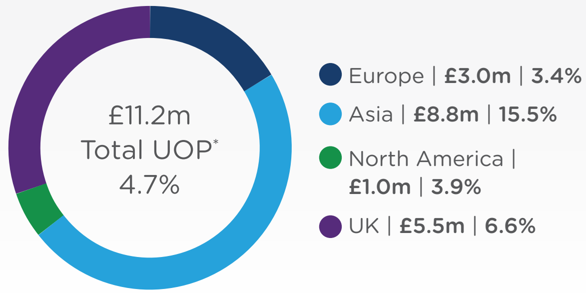
In Asia, we have seen a revenue increase of 2.6% to £56.8m (AER: 9.1% to £60.4m; FY22: £55.4m). Growth in the region was hampered by China imposing Covid-19 lockdowns at the start of FY23, impacting our operations in Shanghai, a key health & home customer in our Singaporean entity undertaking a significant de-stocking exercise which resulted in a flat year-on-year position for the sector. The light vehicle sector has shown a significant uplift in business in Malaysia and Thailand.

Trading levels in the UK businesses have been impacted differently, with light vehicle showing strong growth, offset by a reduction in distributors due to the transfer of business to TR Kuhlmann, Germany. In our biggest trading entity, TR Fastenings, UK, we have seen strong growth in energy, tech & infrastructure and general industrial offset by a fall in health & home.

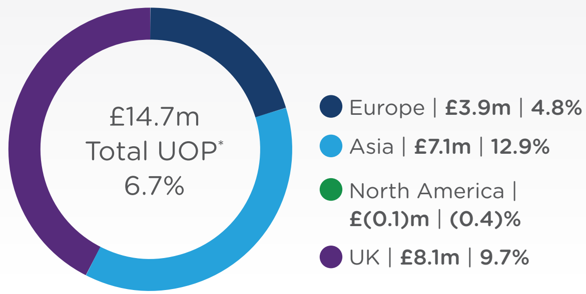
We have seen the highest growth from our North American business, 50.3% to £26.6m (AER: 68.8% to £29.9m; FY22: £17.7m) with investment in new leadership quickly helping to co-ordinate our legacy and acquired businesses. Organic growth has driven 28.5% of this as new platform builds in the light vehicle sector come online and energy, tech & infrastructure sales gain momentum. TR Falcon has provided 21.8% acquisition growth to the region. It has also performed well organically in the period, with revenues running ahead of expectation. Whilst this has started from a low base, the ability to now take advantage of global customers has enabled this business to perform.

Underlying operating profit

2023 (CER)



2022



1. Revenue by regions include intercompany sales
2. After deducting central costs

Financial review continued

Underlying operating profit

Underlying operating margins reduced by 200bps, to 4.7% (FY22: 6.7%) resulting in operating profit of £11.2m (AER: £12.0m; FY22: £14.7m).

As a Group we have been impacted by the macroeconomic environment, most notably raw material, freight and energy deltas, but as we finished FY23 the positive impact of stronger sales and aligned pricing gives us a good base moving forward. Key investments include Project Atlas business-as-usual costs now roll-out is underway (including amortisation of £0.5m), further investments into our Group functions and targeted recruitment into our commercial and compliance teams.

Towards the end of FY23 we commenced a strategic review of operations and functions to identify specific measures that could support profitability without adversely impacting our growth momentum or customer service levels.
The output of this review shows expected savings during FY24 rising to an annualised saving in excess of c.£5m.

In North America we have seen an improvement in year-on-year margins from a negative position of (0.4)% in FY22 to a positive margin of 3.9% (AER: 4.2%), as very strong sales growth has driven operational gearing gains, and following the acquisition of TR Falcon in August 2021.

Our European region has fallen, recording a reduction of 140bps to 3.4% margin (AER: 3.3%; FY22: 4.8%), as sales growth gains are more than offset by gross margin pressures due to the delays in the pass-through of inflationary cost pressures, most notably energy. Cost increases have impacted underlying operating profits across all regions and are now stabilising as pricing negotiations are becoming an everyday and key part of doing business.

The UK businesses fell by 310bps to 6.6% margin (FY22: 9.7%) as it has been impacted greatly by the macroeconomic slowdown combined with stock write downs and the transfer of distribution business to Germany. As the inventory is coming back to lower levels, we do not expect this to continue. We anticipate the margin recovering towards the medium term target as costs reduce due to operational improvement programme.

All of our regions are showing underlying operating profits, with Asia continuing to bring in the highest returns at 15.5% (AER: 15.7%; FY22: 12.9%). The majority of this improvement has come from trading and efficiencies in our distribution and contract business.

Operating profit (at AER)

At a Group level, operating profit reduced by £11.6m to a loss of <£0.1m (FY22: £11.6m). Outside of the factors mentioned in underlying operating profit (£2.7m), the reduction is caused by the recognition of a restructuring and related charges (£4.2m), the impairment of goodwill in TR VIC (£2.9m), settlement for loss of office (£1.1m) and an increase in Project Atlas costs (£0.7m).

The restructuring and related charges relates to the centralisation of multi-site distribution centres into a national distribution centre (NDC) in the Midlands and the closure of our UK manufacturing site in Uckfield, for TR Fastenings, our largest subsidiary. Costs within the figure of £4.2m include redundancy costs in respect of a downsizing of personnel and impairment of non-current assets due to the closure of certain offices and warehouses. This was approved by the Board in March 2023 and is expected to be completed by March 2024. We have excluded these costs from our underlying results, to reflect the size and one-off nature of this project.

For further details on the other separately disclosed items, see note 2.

Financial review continued

Net financing costs (at AER)

Net interest costs have increased to £2.7m (FY22: £1.0m) as average gross debt (including IFRS 16) has increased to £80.9m (FY22: average £44.4m). Net marginal interest rates (net of commitment fees) have increased. Post year-end the Group has signed a new revolving credit facility (RCF) agreement, supported by a UK export finance – export development guarantee (UKEF – EDG) agreement to allow the Group flexibility on future cash investments.

This combined facility limit of £120m, with the same lenders, provides strength and support to enable the Group to meet its future strategic growth plans. Interest margins have increased in line with market conditions and will now be within a range of 2.10-3.60% compared to 1.10-2.20% under the previous RCF.

Taxation (at AER)

The underlying effective tax rate (ETR) is higher at 25.6% (FY22: underlying effective tax rate: 19.1%). The main reason for this is an increase in the amount of tax on dividends.

Despite recording a loss before tax at statutory level, there still remains a tax charge as some significant accounting entries in the year (e.g. TR VIC impairment of goodwill and aborted acquisition costs) have no tax credit associated to them. Removing these one-off accounting entries, the effective tax rate is 35.7%, which is still high due to the low profit before tax relative to the increase in the amount of tax on dividends.

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.

GAAP measures: Operating profit by region (AER)[1]

	FY23		FY22	
	Profit/(loss) £m	**Margin %**	Profit/(loss) £m	Margin %
UK	**1.5**	**1.8%**	7.7	9.1%
Europe	**(1.2)**	**(1.3)%**	2.8	3.5%
Asia	**9.4**	**15.5%**	7.1	12.8%
North America	**0.9**	**2.9%**	(0.3)	(1.6)%
Central costs	**(10.6)**	**N/A**	(5.7)	N/A
	0.0	**0.0%**	11.6	5.3%

1. After allocating separately disclosed items

Financial review continued

Underlying diluted earnings per share (AER)

Reflecting the challenging performance as explained above, our underlying PBT at AER is down 32.4% to £9.3m (FY22: £13.8m). This, coupled with the increase in our underlying effective tax rate, has resulted in a reduction in underlying diluted earnings per share (EPS) of 36.9% to 5.13p at AER (FY22: 8.13p).

Net debt (AER)

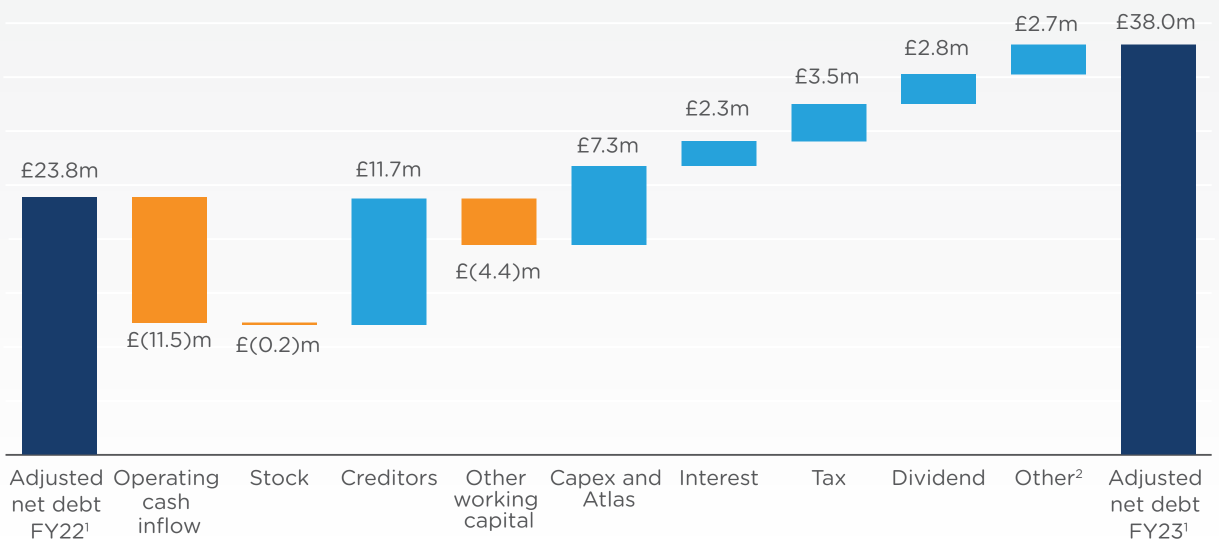
The Group's adjusted net debt has increased by £14.2m to £38.0m (FY22: £23.8m).

An increase in working capital contributed to £7.2m of this as a decrease in creditors, due to ongoing stock reductions, was only partially offset by other working capital movements. A major focus will remain on working capital management, reducing the inventory levels and managing debtors accordingly.

Capital expenditure in the period amounted to £7.3m (FY22: £6.3m), including £3.0m in relation to increasing capacity at our Italian operations as well as £2.6m on Project Atlas.

Including the impact of IFRS 16 Leases, the Group's net debt position was £53.8m (FY22: £37.5m).

Adjusted net debt bridge



1. Adjusted net debt is stated excluding the impact of IFRS16 Leases. Including right-of-use lease liabilities, net debt increases by £15.8m to £53.8m (FY22: net debt increases by £13.7m to £37.5m) and operating cash inflow before changes in working capital increases by £4.2m (FY22: £3.0m)
2. Mainly relating to FX

Financial review continued

Our established customer relationships, expertise in engineering and innovation, and our strategies for growth put us in a great position to make the most of the organic and acquisition opportunities to achieve our medium-term objectives

Return on capital employed (at AER)

As at 31 March 2023, the Group's shareholders' equity decreased to £135.9m (FY22: £139.1m). The £(3.2)m reduction reflects a decrease in retained earnings of £(6.1)m, a movement on own shares held reserve of £0.5m, and a foreign exchange reserve gain of £2.4m.

With this reduced asset base and lower profits, our ROCE has reduced by 290bps to 5.4% (FY22: 8.3%).

At 31 March 2023, the number of ordinary shares held by the Employee Benefit Trust (EBT) to honour future equity award commitments was 1,896,098 shares (FY22: 2,194,470 shares).

Outlook

There can be no doubt that this has been a very challenging year, particularly with macro-level supply chain issues and inflationary cost pressures. However, the recent performance, together with renewed focus, starts to give us confidence on achieving our plans in FY24.

In Q4 FY23, the Group achieved its key immediate priorities together with robust future orders received. Our record-breaking order book of £25.6m together with a focused, customer engagement programme allows us to work towards our medium-term objectives.

Our price increase programme for some of our key customers ensures price mechanisms are in place to manage future key cost drivers as our ongoing way of doing business. This, combined with our focused drive on working capital, especially inventory management, ensures we manage our customer expectations at controlled and appropriate levels. Our target for FY24 is to achieve a balanced inventory level with a continued focus to reduce further through innovative tools.

We have prepared for the future by renegotiating debt facilities, which will allow us to grow through organic and acquisition investments. This is in two forms: first, renegotiation of our RCF to £70m; and second, with a new UKEF-EDG supported debt facility of £50m. This combined facility will allow us the flexibility to invest and grow the business in the key sectors on a global basis.

In support of our ongoing growth journey and developing the foundations for the future we are targeting our capex on sustainable opportunities combined with short financial payback periods. FY24 is key to complete the revised roll-out for our business transformation D365 project by the end of the year.

As a result of this we are confident in the medium term that we can return to our KSI targets for both UOP% and ROCE.

There can be no doubt that the macroeconomic, finance markets and geopolitical environment continue to present challenges in the short term. Notwithstanding this, we are confident with the fundamentals of the business and our position across the globe to deal with macro-level issues, while continuing to invest for growth for the medium term. Consequently, the Board remains committed to the Group's strategic journey and medium-term profitable growth aspirations.

Darren Hayes-Powell
Chief Financial Officer

Risks

Risk management

In FY23 we continued to develop our risk management and internal controls framework. We recognise it takes time to embed a risk culture in a company but we are committed to empowering our teams to develop their understanding of risk by setting the tone from the top, and by engaging with stakeholders throughout the Group. Following the detailed review of risks across the Group last year, we have implemented key mitigation actions reducing our residual risk significantly in some areas, and through cross-functional review and risk analysis we have identified emerging risks and incorporated them in our enterprise risk management (ERM) system.

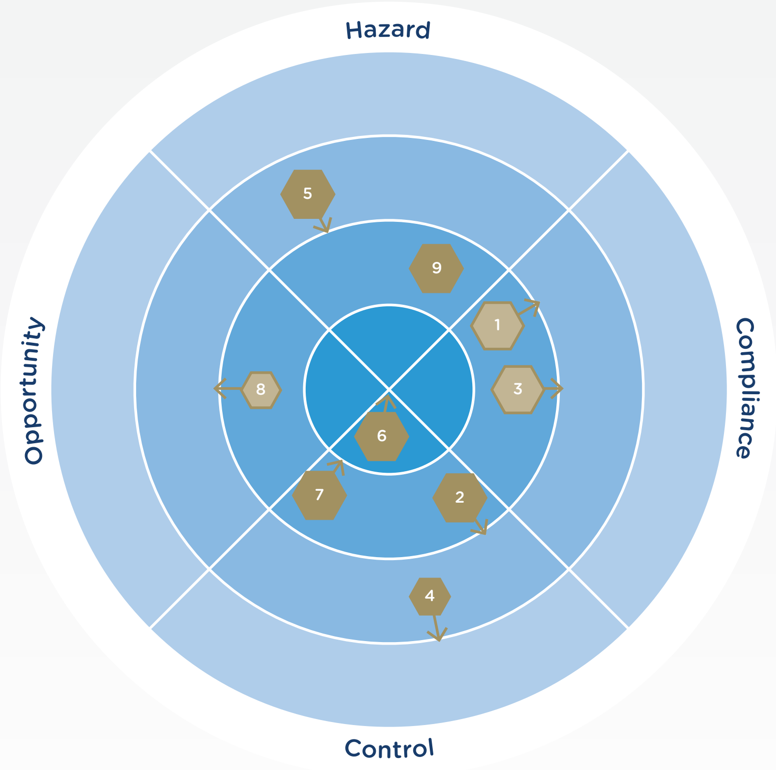
Risk management and controls framework

Our risk management and controls framework is based on a system of ERM which considers all the different types of risk across the business and how those risks are interconnected. Our framework has been designed to meet our corporate requirements and the requirements of the business assurance standards against which we are certified (ISO 9001, IATF 16949, EN 9120, ISO 14001 and ISO 27001).

How the Board monitors risk

The Board has overall responsibility for risk, and reviews the effectiveness of risk management and internal controls systems through the Audit & Risk Committee. A detailed review of risk is carried out, and the principal risks and the effectiveness of the framework are monitored throughout the year.

This year, as part of the framework development, we have established a Group Risk Committee to support risk assessment and risk reporting activities. The current members of this committee are: Head of Risk and Internal Audit, CFO, Company Secretary and CEO. The Group Risk Committee is responsible for ensuring that risk assessment and risk reporting is proportionate, aligned, comprehensive, embedded, and dynamic (PACED).



Principal risks

1 Controls effectiveness
2 Global economic environment
3 Product failure
4 Inventory
5 Geopolitical risks
6 Supply chain
7 Business transformation
8 Acquisitions
9 Cyber security

Risks continued

How the Board monitors risk continued

Risk reviews are carried out with business owners and stakeholders throughout the year based on a schedule covering five key risk groups:

1. Regional
2. Functional
3. Compliance and governance
4. Risk themes
5. Principal risks

Due to the enterprise nature of our risk framework, we can see linked and associated risks across the Group, which informs our scoring of risk and supports prioritisation of mitigation plans.

Through the development of the framework, we have refined our risk scoring and classification, and we have also extended our risk scoring to include inherent and residual scores (where 'inherent score' refers to risk score prior to risk treatment, and 'residual score' refers to risk score after risk treatment). These changes, along with best and worst scenario mapping, are helping us to develop our risk culture and appetite.

We use an extended 'bow-tie' analysis format to review our principal risks and their associated controls, this allows us to identify preventive and corrective type controls and provides a detailed view of causes and effects of risk within our business. As part of our ongoing development of the framework, In FY24 we will carry out an in-depth review of our controls based on our significant and principal risks.

The Board is responsible for setting the risk appetite and this is also an area that we plan to develop further in FY24.

Key risk management activities that have taken place in FY23:

- Set-up and configuration of the risk management information system (RMIS) and migration of legacy risk data into the system
- Development of the Group risk register
- Group Risk Committee established to support the Audit & Risk Committee
- Deep dive reviews carried out to support business activities e.g. stock, whistleblowing, supply chain, trade compliance
- Publication of the risk management handbook
- Introduction of three lines of defence model for risk reporting

Development and continuous improvement plan for FY24

- Development of risk reporting dashboards using our RMIS
- Extended stakeholder engagement in risk reviews across our functional, regional and compliance teams
- Development of our risk appetite model linked to scenarios and key indicators
- Continued in-depth review of controls
- Introduction of a risk materiality scale linked to revenue, profit and overhead value

Emerging risks

We use a risk life cycle model that helps us define the context of new risks, carry out risk theme reviews with cross-functional teams, as well as horizon scanning to identify emerging risks and opportunities and we categorise emerging risks on the basis of new or existing context.

Climate change impact (existing risk, new context)	There is a risk that the rate of change in climate change transition requirements may exceed the rate at which our supply chain structures, and cost models, can adapt to change
Climate change legislation (new risk, new context)	There is a risk that the impact of new and changing climate change legislation is underestimated
Compliance and controls infrastructure (new risk, new context)	Changes to the Corporate Governance Code may impact our internal timeline for controls mapping as part of our D365 implementation journey
Leadership and internal culture (existing risk, new context)	Significant changes in the leadership team and planned restructuring exercises, where employee retention has previously been significantly above average, may negatively impact the organisational culture
Data (new risk, new context)	The impact of geopolitical tensions on data governance, and the emergence of AI, may bring changes to the way data is shared and stored around the Group
Liquidity and debt covenants	There is a risk of breach of covenants (predominantly interest cover) due to increasing base rates for SONIA, SOFR and EURIBOR

Climate risk

We recognise the importance of climate risk and its potential impact on our business, and we identify and monitor both direct and indirect risks within our framework.

Direct risks include the effect of temperature rise on product storage, the effect of drought on transport infrastructure, and the risk of flooding and wildfires on our operations, as well as our own carbon footprint.

Indirect risks include the increase in taxes and duties linked to climate change, the risk of electricity blackouts linked to increased temperatures and the increase in energy prices linked to fossil fuels.

Risks continued

Principal risk	Risk trend	Key mitigation + owner	Comments
Controls effectiveness			
Due to a lack of internal audit function, there is a risk that we may not be able to fully assess our controls effectiveness	Decrease from 2022	• Review of legacy health check criteria across all functions • Review of current functional compliance assessment activities linked to controls • Mapping of controls to principal and significant risks • Review of independent internal audit implementation options • Development of controls and risk understanding within the business **Owner: Chief Financial Officer**	This risk was exacerbated by pandemic-related travel restrictions, which prevented some of the previously relied upon visits to locations by the Group Finance team A new internal audit function has been established and audits will commence in July 2023 following Audit & Risk Committee approval of the audit framework and development plan As we continue on our journey of D365 implementation, we will further develop our controls mapping, and in due course the team will be extended as part of our shared services network
Global economic environment			
There is a risk that the unsettled global economic environment may extend beyond the medium term	Decrease from 2022	• Manage our key global customers on a regional basis • Identify and implement business tools to enhance/automate dynamic forecasting and scenario planning capabilities • Introduction of negotiated pricing mechanisms to recover increased costs in line with competition • Top customer support for specific inventory on-hand, goods in transit or purchase orders, given lead times **Owner: Chief Operating Officer**	This risk continues to challenge the business in terms of existing customer behaviour in a slowdown period, or recession. It is also the risk that provides the most significant opportunities both externally in a changing market and internally to address unprofitable business and challenge legacy structures and cost models In an prolonged unsettled period, joint ventures and acquisitions may not be as attractive as initially perceived

Key to risks: Increase from 2022 | No change | Decrease from 2022

Risks continued

Principal risk	Risk trend	Key mitigation + owner	Comments
Product failure			
There is a risk of product failure in the field due to unclear product specifications	Decrease from 2022	• Data cleanse and validation prior to migration onto D365 • Introduction of 'Coastguard' monitoring for live product data integrity • Centralised repository for new product requests • End-to-end process reviews • Engineering support and website resources for product specifications **Owner: Chief Operating Officer**	Our product risk reflects not only the quality of the product itself, but also the way in which it is incorporated into an application by our customers
Inventory			
There is a risk of increased exposure to customer-specific obsolete stock (inventory)	Decrease from 2022	• Targets for reducing high stock levels back to historic norms • Enforcement of customer contractual obligations to purchase stock • Robust internal controls to manage stock ordering • Continued focus to reduce inventory further through innovative tools **Owner: Chief Operating Officer**	Inventory was a major focus in FY23 which reinstated effective management control at entity level. This ensures management of appropriate inventory levels to meet customer requirements

Key to risks: Increase from 2022 | No change | Decrease from 2022

Risks continued

Principal risk	Risk trend	Key mitigation + owner	Comments
Geopolitical risks			
There is a risk that regional conflict and dispute escalation could disrupt the supply chain	Increase from 2022	• Supply chain diversification based on geography and product type • Explore on-shoring and near-shoring activities to support sustainability initiatives and increase supply chain resilience **Owner: Chief Operating Officer**	Throughout FY23 there has been continued and increased global geopolitical tensions, and last year we experienced an effective export blockage from Taiwan. We continue to monitor the various global situations and evaluate any possible impact on the fastener industry
Supply chain			
There is a risk that the current supply chain is not sufficiently diversified to support the growth strategy and changing market expectations	Increase from 2022	• Identify opportunities to move towards a regional supply chain model • Diversify the supply chain for more near/onshoring, addressing an over-dependency in a single territory • Development of KSIs/KPIs to drive internal behaviour change **Owner: Global Supply Chain Director**	We continue to work with our customers to identify opportunities to improve the diversity, efficiency and effectiveness of the supply chain
Business transformation			
There is a risk that the business transformation benefits case may not be fully achieved	Increase from 2022	• Wide-ranging Board review • Project-based business transformation activities • D365 implementation • Strategic review of operations and functions **Owner: Global Business Transformation Director**	Our business transformation model was originally established to support the roll out of D365; this provides a basis for implementing the planned restructuring activities in the UK

Key to risks: Increase from 2022 | No change | Decrease from 2022

Risks continued

Principal risk	Risk trend	Key mitigation + owner	Comments
Acquisitions			
There is a risk that a future acquisition opportunity may be lost due to a reduction in available funds	Decrease from 2022	• Better cash management across all regions • Review acquisition ambition and strategy **Owner: Chief Financial Officer**	The risk that is considered here is specifically related to future acquisition risk and our ability to act in an agile manner when there is a reduction in available funds, however the ability to maximise opportunities when additional funding becomes available is also expected to become important
Cyber security			
There is a risk of cyber intrusion into our network	No change	• Group-wide cyber security training and internal communications • Cyber Essentials and Cyber Essentials+ certification • Office 365 connections blocked from rogue territories and anonymous proxy servers blocked from accessing Trifast Office 365 environment • Flow down of Cyber security information to suppliers via the supply chain team • Regular penetration tests across our sites globally • Group IT policies **Owner: Chief Financial Officer**	Our resilience to cyber intrusion relies on good user training, constant vigilance and adherence to our Group policies and procedures

Key to risks: Increase from 2022 | No change | Decrease from 2022

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 1 to 65. The financial position of the Group, its cash flows and liquidity are highlighted in the financial review on pages 50 to 57, the Group's assessment on going concern is detailed on page 139 and the Group's principal risks are detailed on pages 58 to 63.

The assessment period

The Directors have carried out this viability assessment over a period of three years as this aligns with the Group's forecasts, the term of the RCF and availability period of the UKEF – EDG facility (see banking facilities section). Three years is considered an appropriate period of time for the Group given the recent Board changes, along with it striking 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 FY24 which has been approved by the Board and a more top-down view aligned to the Group's strategic objectives for FY25 and FY26.

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 12 and 13). The Group's main £80m revolving credit facility has been refinanced and a new agreement signed on 1 June 2023. The facility limit reduces to £70m and is for a term of three years with annual extensions thereafter for up to two years. In addition to this, a new £50m UKEF – EDG facility was signed on 1 June 2023 with a five-year term and three-year availability period. Repayment of the facility starts 3.5 years after signing (i.e. outside of the assessment period). 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.

The Group's financial covenants, tested on a quarterly basis, for its banking facility are:

- Leverage: net debt to Adjusted EBITDA, excluding IFRS 16, of less than 3.0x
- Interest cover: Adjusted EBITDA to interest (excluding IFRS 16) greater than 4.0x

At 31 March 2023, the Group had adjusted net debt of £38.0m, with leverage of 2.19x and interest cover of 7.8x. Facility headroom was £10.2m, which increased to c.£50m on 1 June 2023 after signing the new facilities agreement.

The covenant that we are most sensitive to looking forward into FY24 is interest cover, as interest rates continue to rise. For further details on their calculation, see note 32.

Principal risks and uncertainties

In conducting the assessment, the Directors have considered the principal risks outlined 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. To understand mitigations for these principal risks, see pages 58 to 63.

1) Global economic environment

There is a risk that the unsettled global economic environment may extend beyond the medium term which could impact negatively on our ability to continue to grow and invest as a business. In addition, increased trading levels and uncertain market conditions could lead to higher debtor balances, raising our exposure to customer failure and bad debt write downs

2) Geopolitical risks

Any risk of increased tension in Asia (or elsewhere) could escalate and impact trade across this region, resulting in reduced trading levels at our own facilities and also wider supply chain issues

3) Supply chain

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

4) Inventory

There is a risk of increased exposure to customer-specific obsolete stock (inventory) which could lead to significant one-off write downs of stock values

5) Cyber risk

A significant cyber attack, 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

Viability statement continued

Downside sensitivities

The viability base case has been subjected to downside sensitivity analysis involving flexing several of the underlying main assumptions and sensitivities, considering the principal risks and uncertainties set out on page 64.

These scenarios above are hypothetical and intentionally more severe for the purpose of creating outcomes that have the ability to threaten the viability of the Group. It is considered severe but plausible, 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. In line with the reverse stress testing below, we have assumed no bonus payments/pay rises in these scenarios. No further actions are assumed in our current scenario modelling.

Scenarios

Scenario	Related principal risk
Reduced volume/loss of a key customer (33% reduction of a specific revenue stream)	Global economic environment Geopolitical risks
Reduction in trading levels across Asia of 20% and higher Group stock holdings as a result of supply chain issues	Geopolitical risks Supply chain Inventory
Reduced margins in the automotive sector	Global economic environment
Significant one-off expenditure (line stop and obsolete stock)	Inventory Cyber risk
Increase in working capital by ten working days for all sectors (due to supply chain issues)	Global economic environment Supply chain Inventory

None of the above scenarios resulted in a breach in either our leverage or interest cover covenant, however a combination of any of the above would put significant strain on our financial position

Reverse stress testing

Reverse testing has been applied to our viability base case which helps determine the level of downside that would be required before the Group would be at risk of breaching its debt covenants. The reverse stress test was focused on 31 March 2024 as that is where the key sensitivity is with rising interest rates (given interest cover is calculated on a rolling 12-month basis). It was conducted on the basis that some of the mitigating actions that could be undertaken would be undertaken to reduce overheads (i.e. no bonus payments/pay rises) during the period as sales and/or margin declined. On this basis, a fall of c.9.0% in revenue or a fall in underlying operating profit to below 5% would be required before a breach in the interest cover covenant at 31 March 2024. Our FY23 underlying operating margin requires improvement and is being positively impacted by the actions already agreed and are in the process of being implemented. These should provide the necessary improvement.

The Board considers the possibility of such a scenario to be severe but plausible. Further mitigation, such as recruitment freezes, travel bans, headcount reductions, reduction in planned capital expenditure, suspension of dividend payments and more radical working capital reductions could be available if future trading conditions indicated that such an outcome were possible. However, this scenario does not consider any further interest rate rises. If the EURIBOR, SONIA & SOFR continue to increase, it increases the sensitivity within our reverse stress testing model and require stronger financial performance to avoid a covenant breach.

Conclusion

After considering the risks identified and based on 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 and it is appropriate to continue to adopt the going concern basis in preparing the Group financial statements.

The strategic report was approved by the Board of Directors on 10 July 2023 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

Jonathan Shearman
Chair

> I remain confident that our corporate governance framework will continue to support the Group in delivering value for all stakeholders

On behalf of the Board, I am pleased to present the Company's corporate governance report for the year ended 31 March 2023.

Governance continues to be at the forefront of everything the Company does and, as I have stated previously, good governance is the bedrock to the success of a strong business.

The Board recognises the continuing focus given to all aspects of governance from our stakeholders, including regulatory, audit and risk and ESG. It is also important to ensure that corporate governance and regulation are balanced and aligned with the size, nature and complexity of the Company. It remains critical we ensure our corporate governance related actions and communications are transparent and understood by all stakeholders. We continue to work hard through stakeholder meetings, engagement and communications to ensure the reasons and purpose of key governance decisions demonstrate this.

The UK Corporate Governance Code 2018 remains our governance baseline. As a member of the Quoted Companies Alliance, we also receive excellent guidance and support, both in terms of policy, best practice and corporate governance, that aligns with the size of our business.

I remain confident that our corporate governance framework will continue to support the Group in delivering value for all stakeholders. Our AGM will be held on 15 September 2023 in London, and I hope that as a shareholder in Trifast plc, you will be able to attend and meet with the Board and staff to discuss matters you feel are important to the continued success and development of the Group.

Chair’s introduction to governance continued

Compliance with the UK Corporate Governance Code 2018

Throughout the year ended 31 March 2023, the Company complied with the UK Corporate Governance Code 2018 (the ‘Code’), with the exception of provision 10. The Board recognises that Jonathan Shearman has been an independent Director since July 2009 and Chair since April 2020. The Board applies a stringent test in assessing each Director’s independence and still considers that Jonathan remains independent despite his tenure. As a result of the CEO change in February 2023, the Board requested that Jonathan provide additional support to the Company and management during this transition. This has been reflected in his remuneration fee and further details are set out on page 95. The forthcoming AGM on 15 September 2023 is the final time Jonathan Shearman will be seeking re-election.

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.

Section	Compliance	Read more
Board leadership and Company purpose	The Board has established a clear purpose, set of values and strategy and through its governance framework ensures these and the Company’s culture are aligned	Pages 66 to 70
Division of responsibilities	The structure of the Board and its Committees brings balance, expertise and a comprehensive understanding of the business at all levels	Pages 71 to 73 and 76 to 77
Composition, succession and evaluation	The Board is sufficiently well equipped to ensure that the Group continues to be governed by suitably qualified people with a combination of skills, experience and knowledge to effectively lead the business	Pages 74 and 75
Audit, risk and internal control	The Board has established clear policies and procedures to ensure the integrity and compliance of the financial and narrative information. Our established risk management and internal controls framework continues to be developed and we have implemented key mitigation actions lowering our residual risk significantly in some areas	Pages 58 to 63
Remuneration	There is a clear policy on executive remuneration that is aligned to the Company’s strategy and includes measures on the Company’s ESG targets	Pages 82 to 103

The Board

Jonathan Shearman
Independent Non-Executive Chair

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

Formerly Independent Non-Executive Director and Chair of the Remuneration Committee (2009-2020)

Key areas of expertise
M&A, strategic planning and forecasting, with a focus in smaller companies fund management, stockbroking and investment banking. Jonathan understands the Trifast culture at Board and operational level

Other directorships
Independent Non-Executive Director at The Character Group plc (appointed June 2022)

Scott Mac Meekin
Interim Chief Executive Officer

Length of service
10 years; appointed interim CEO on 20 February 2023

Formerly Independent Non-Executive Director from 25 April 2013 to 19 February 2023

Key areas of expertise
Over 30-year career in both commercial and corporate sectors with focus on investment, build, turnaround and restructuring. Experienced in logistics and high-quality industrial supply solutions, from manufacturing to distribution, finance, M&A and technology

Other directorships
None

Darren Hayes-Powell
Chief Financial Officer

Length of service
Appointed to the Board on 1 December 2022

Key areas of expertise
Darren joined the Company in December 2022 after a successful career with Rolls-Royce and Goodyear Tire & Rubber. Darren has a track record in transformation and successfully established the Global Shared Service Centre in Manila and new factory developments in China and Mexico. Darren has significant international financial experience

Other directorships
None

Clive Watson
Senior Independent Non-Executive Director

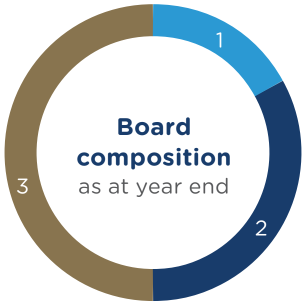
Length of service
3 years; appointed to the Board on 30 July 2020

Key areas of expertise
Chartered accountant with extensive experience in industry both in the UK and internationally. Retired in 2019 as Group Finance Director at Spectris plc

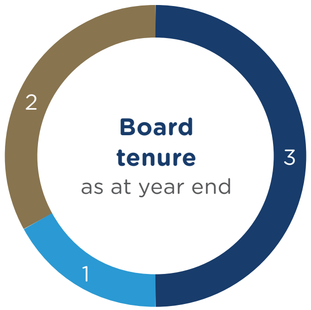
Other directorships
Senior Independent Non-Executive Director at Breedon Group plc (Audit & Risk Chair), Non-Executive Director at discoverIE Group plc (Audit & Risk Chair) and Kier Group plc (Audit & Risk Chair)

Committee memberships
- Nomination Committee
- Audit & Risk Committee
- Remuneration Committee
- ESG Committee
- Ⓒ Committee Chair

Mark Belton resigned as Chief Executive Officer on 18 February 2023
Clare Foster left as Chief Financial Officer on 30 August 2022



- Chair | **17%**
- Executive | **33%**
- Independent NED | **50%**



- <3 years | **50%**
- 3-9 years | **17%**
- 9+ years | **33%**

Average Board tenure
as at year end: **five years**

The Board continued

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

Key areas of expertise
Extensive experience and 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 People and Remuneration, and Retail Committees), FRP Advisory Group plc (Remuneration Committee Chair)

Length of service
Appointed to the Board on 3 January 2023

Key areas of expertise
Louis has had an executive career within the building industry both in the UK and internationally. He has significant commercial knowledge of manufacturing and supply, strategic planning and M&A. Louis was previously CEO at Tyman plc (2010-2019), and prior to that held senior management roles with Kingspan Group plc, Baxi Group Ltd, Lafarge SA and Caradon plc

Other directorships
Non-Executive Director at Accys Technologies plc, Ibstock plc and Howden Joinery Group plc (appointed June 2023)

Length of service
1 year; appointed as Company Secretary on 4 April 2022

Key areas of expertise
Christopher is a Fellow of the Chartered Governance Institute and a solicitor. He has held senior governance, legal and compliance roles at FTSE listed/equivalent companies in Europe and Asia, working across sectors in energy, engineering and automotive

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 and deep understanding of the business at both Board and operational levels

Board skills and attributes (updated April 2023)
The Board skills and attributes matrix, as detailed below, is reviewed by the Nomination Committee annually, taking into account the future requirements of the Board.

	Jonathan Shearman	Scott Mac Meekin	Darren Hayes-Powell	Clive Watson	Claire Balmforth	Louis Eperjesi	Christopher Morgan (CoSec)
Independence	●			●	●	●	
Industrial/ engineering		●	●	●		●	●
Distribution operating model		●					
ESG	●	●	●	●	●	●	●
Banking & finance	●	●	●	●		●	
Audit & risk			●	●			●
International	●	●	●	●	●	●	●
Leadership	●	●	●	●	●	●	
Remuneration					●		●
People/HR					●		●
Strategy/ business transformation & change		●	●	●	●	●	

Executive Committee

Members
- Scott Mac Meekin (Chair)
- Darren Hayes-Powell[1]
- Christopher Morgan
- Dan Jack
- Helen Tate
- Stevie Meiklem

To support the Executive Directors, the Company has established an Executive Committee. This team's focus includes:

- Implementing the strategy as set out/agreed by the Board
- Overseeing all commercial operations of the Group, ensuring good and effective communication in key areas and alignment of business objectives to the strategic direction at Group level
- Assessment of growth opportunities, both organic and potential acquisition opportunities
- Talent management and succession planning
- Product quality
- Health and safety
- Financial control and systems, including IT infrastructure and development
- Risk management, compliance and governance

Scott Mac Meekin
Interim Chief Executive Officer

Darren Hayes-Powell
Chief Financial Officer

Christopher Morgan
Company Secretary

Scott Mac Meekin (as Chair), Darren Hayes-Powell and Christopher Morgan all sit on the Executive Committee.
To read their biographies see pages 68 and 69

Dan Jack
Chief Operating Officer

Length of service
3 years; appointed to the Executive Board on 1 December 2022

Key areas of expertise
Dan has gained 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

Helen Tate
Global HR & Sustainability Director

Length of service
13 years; appointed to the Executive Board on 1 December 2022

Key areas of expertise
Helen has 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

Helen also has experience in the development and execution of HR strategy, dispute resolution, training, development, employee relations and legal compliance

Stevie Meiklem
Global Business Transformation Director

Length of service
31 years; appointed to the Executive Board on 1 December 2022

Key areas of expertise
Stevie has procurement and supply chain experience. He was UK Operations Director and Managing Director of Hungary for ten years and became the Project Atlas Lead as a result of his understanding of the global business processes

1. Appointed 1 December 2022

Corporate governance report

The Board

One of the Board's principal responsibilities is the creation and delivery of sustainable shareholder value by promoting the long-term success of the Company and ensuring robust corporate governance.

The Board also determines the strategic direction of the Group along with their continued review of financial and operational matters. The Board has a formal schedule of matters specifically reserved for it which includes:

- Development and approval of the Group's strategic aims and objectives
- Approval of annual operating and capital expenditure budgets
- Oversight of the Group's operations
- Approval of the Group's announcements and financial statements
- Approval of new bank facilities or significant changes to existing facilities
- Declaration and recommendation of dividends
- Approval of major acquisitions, disposals and capital expenditure
- Succession planning and appointments to the Board and its Committees
- Review of the Group's corporate governance arrangements and reviewing the performance of the Board and Committees
- Maintenance of internal control and risk management systems
- Approval of the division of responsibilities between the Chair, Chief Executive and other Executive Directors and the terms of reference of the Board Committees

Chair

Jonathan Shearman is Chair of the Board. The Chair sets the Board's agenda and promotes a strong culture of engagement, challenge and debate. Jonathan plays an important role in investor relations and regularly liaises with shareholders.

The Chair's terms of reference are:

- Chairing Board meetings, setting agendas in consultation with the Chief Executive Officer and encouraging the Directors to participate actively in Board discussions
- Leading the performance evaluation of the Board, its Committees, and individual Directors
- Promoting high standards of corporate governance
- Ensuring timely and accurate distribution of information to the Directors
- Ensuring effective communication with shareholders
- Periodically holding meetings with fellow Non-Executive Directors without the Executive Directors being present
- Establishing an effective working relationship with the Chief Executive Officer by providing support and advice whilst respecting executive responsibility

Chief Executive Officer

Scott Mac Meekin is responsible for the day-to-day management of all the Group's activities and the implementation and delivery of the Board's strategic objectives. He promotes strong cultural values and standards and maintains good relationships and communications with investors and other stakeholders.

Company Secretary

Christopher Morgan is the Company Secretary and, as such, is responsible for governance, regulatory and legal compliance as well as assisting the Chair in preparation for, and the effective running of, Board and Committee meetings.

Senior Independent Director

Clive Watson, as the Senior Independent Director and Chair of the Audit & Risk Committee, acts as a conduit for all Directors, providing support, advice and guidance when required.

Board composition

The Board comprises an independent Non-Executive Chair, two Executive Directors and three other Non-Executive Directors. Details of the Directors' remuneration and terms of appointment are set out in the Directors' remuneration report on pages 82 to 103.

Biographical details of the Directors are included on pages 68 and 69.

The Executive Directorships are full-time positions. The role of Chair requires a commitment of approximately eight days per month (this was increased from four days per month in February 2023), and Non-Executive Directors commit two days per month. All the Non-Executive Directors have confirmed their ability to meet such commitment. Each Non-Executive Director is required to inform the Board of any changes to their other appointments.

Corporate governance report continued

Board composition continued

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

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 continues to review this situation and determines that Jonathan remains independent and performs his duties effectively and with integrity, as well as having significant depth of understanding of the business. Jonathan has informed the Board that he will not seek re-election to the Board at the 2024 AGM. The Board recognises his critical role during this period of the Company's transition, both in terms of operations and senior management, and are aligned with this approach.

In our FY22 Annual Report, we acknowledged that Scott Mac Meekin had served as an Independent Non-Executive Director for nine years in April 2022. Given his invaluable industry expertise, Scott agreed to serve for the remainder of FY23, with his retirement set for 31 March 2023. However, following the resignation of Mark Belton in February 2023, Scott moved to Executive Director and stepped in as interim CEO.

Board meetings

There were nine formal Board meetings during the year. All meetings were attended by all eligible Directors.

Formal meetings are supplemented, when circumstances dictate, by other meetings, often making use of secure online facilities. In addition, the Chair and Non-Executive Directors have met during the year without the Executive Directors.

	Apr 22	May 22	Jun 22	Jul 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Attendance[1]
Jonathan Shearman	●	●	●	●	●	●	●	●	●	●	●	100%
Mark Belton[2]	●	●	●	●	●	●	●	●	●			100%
Scott Mac Meekin	●	●	●	●	●	●	●	●	●	●	●	100%
Clare Foster[3]	●	●	●	●								100%
Darren Hayes-Powell[4]								●	●	●	●	100%
Clive Watson	●	●	●	●	●	●	●	●	●	●	●	100%
Claire Balmforth	●	●	●	●	●	●	●	●	●	●	●	100%
Louis Eperjesi[5]									●	●	●	100%

1. Attendance percentage of meetings attended whilst serving on the Board
2. Mark Belton resigned on 18 February 2023
3. Clare Foster left on 30 August 2022
4. Darren Hayes-Powell was appointed on 1 December 2022
5. Louis Eperjesi was appointed on 3 January 2023

Corporate governance report continued

Re-election

All Directors of the Board are subject to election by the shareholders at the first AGM following their appointment by the Board and all Directors will also stand for re-election annually at the AGM.

Committee responsibilities

The Board formally delegates responsibility to four Committees: the Audit & Risk, Remuneration, Nomination, and the ESG Committees. Full terms of reference for each Committee can be found on our website.

Status reports from each of these Committees are found later in this report.

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.

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. However, the Board and Audit & Risk Committee agreed to formally establish an internal audit function for the business, and this was set up in May 2023.

Following the formation of the Risk department in 2022, we have continued to further develop our risk management and controls framework to support our risk appetite and culture. Working with the operational owners of risk, we have continued to build on the comprehensive risk review that was carried out in January 2022, to ensure mitigation actions are effective, and we continue to undertake this review going forward to include our functional, regional and compliance teams.

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.

By order of the Board

Christopher Morgan
Company Secretary

10 July 2023

Nomination Committee report

Jonathan Shearman
Chair of the Nomination Committee

This Committee is responsible for ensuring that the Group continues to be governed by suitably qualified people with the breadth and depth of experience required to effectively lead the business.

The Committee recommends and reviews nominees for the appointments of new Directors to the Board and ensures that there is due process used in selecting candidates. Membership of the Committee complies with the UK Corporate Governance Code 2018, as all members are Independent Non-Executive Directors.

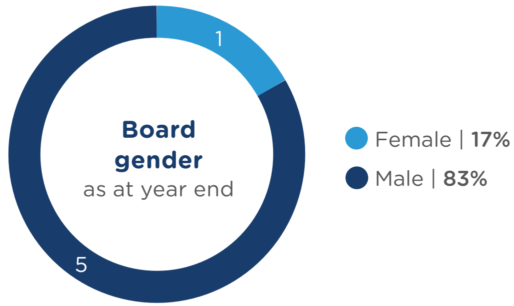
Members

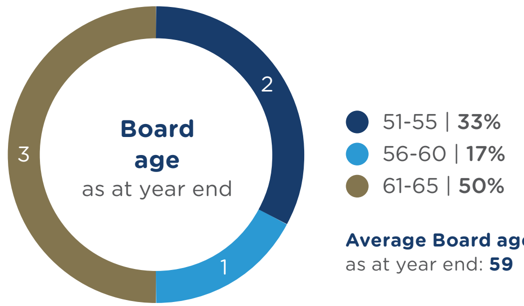
- Jonathan Shearman (Chair)
- Claire Balmforth
- Clive Watson
- Louis Eperjesi[2]

Nomination Committee composition and attendance

	Jun 22	Aug 22	Oct 22	Nov 22	Dec 22	Jan 23	6 Feb 23	23 Feb 23	Attendance
Jonathan Shearman	●	●	●	●	●	●	●	●	100%
Clive Watson	●	●	●	●	●	●	●	●	100%
Claire Balmforth	●	●	●	●	●	●	●	●	100%
Scott Mac Meekin[1]	●	●	●			●	●		71%
Louis Eperjesi[2]						●	●	●	100%

1. Scott Mac Meekin was unable to attend the meetings in November and December 2022 due to prior personal commitments. Scott was not a member of the Committee from 20 February 2023 when he became interim CEO
2. Louis Eperjesi was appointed as a Non-Executive Director on 3 January 2023





Average Board age
as at year end: **59**

Nomination Committee report continued

During FY23, the Nomination Committee discussed succession planning at both Board and Senior Management levels, diversity and inclusion in the context of the Company's culture, and reviewed the feedback from the Board evaluation, which was supported by an external company for the first time.

Trifast is aware that the recent changes to the composition of its Board and Committees creates a temporary gender imbalance. A process is underway to address this and we anticipate this to be completed before the end of 2023. In addition, the Committee is well advanced with a recruitment process that will allow the incumbent Chair to be replaced in a timely and appropriate manner (see Board composition and process of recruitment section below).

Board composition and process of recruitment

There were a number of changes to the Board and Committee composition during the year. Darren Hayes-Powell joined us in December 2022 as Chief Financial Officer, with Clare Foster leaving the Company in August. We also had the benefit of a very experienced interim CFO during the three-month period before Darren joined us.

Dan Jack, who joined us in 2020 as Global Sales & Commercial Director, was appointed as Chief Operating Officer in November 2022. This allows him to increase his impact across sales, procurement, marketing and overall customer relationships.

Scott Mac Meekin was due to retire from the Board at the end of FY23, but given the resignation of Mark Belton in February 2023, we were incredibly fortunate that Scott, with his wealth of fastener experience, was able to step in as interim Chief Executive immediately. This has proved to be an excellent interim appointment and Scott's pace and customer-facing expertise have immediately started to demonstrate positive returns.

As I mentioned in last year's report, we had commenced a process to replace Scott, and we concluded that process with the appointment to the Board of Louis Eperjesi in January 2023. Louis brings both operational and sector experience and further strengthens our skills matrix (see page 69).

A recruitment process is underway with regard to our search for a Chief Executive and Chair Designate and we expect to be able to update on these later during 2023. The Company have instructed Russell Reynolds Associates to support on these appointments.

Board effectiveness and evaluation

The Board undertakes an annual evaluation of its performance and that of its Committees, the Chair, individual Directors and external auditors. It is critical that the Board works efficiently and effectively.

This year's evaluation was supported by an external company, which provided valuable independent feedback and benchmarking. The evaluation highlighted strengths in the agility of the Board in making tough decisions, the honest and open debate environment, engendered by the Chair, and the professional company secretarial function. Areas for further development this year include strategy execution and a greater engagement with Senior Management across all locations.

The Committee collectively agree on the value of the independent evaluation, which will allow the Company to maintain the focus on key areas.

Knowledge and learning

Each newly appointed Director is provided with an induction programme given by the Company Secretary. The induction comprises visits to Group locations, meetings with key personnel and introductions to the Group's advisers. Care is taken to ensure each new Director has a good understanding with regard to the Group's strategy, risks, challenges and control and governance procedures.

In addition, the training needs of Directors are discussed with the Company Secretary and appropriate arrangements put in place where required.

The Chair is responsible for ensuring that each Director is supplied with timely and relevant information of a quality, and in a form, which enables them to discharge their duties.

There is a policy in place by which a Director may obtain independent professional advice at the Group's expense where their duties so require.

Diversity, equity and inclusion

The Board is committed to treating everyone fairly and recognises the strengths that a diverse workforce can bring. Attracting and retaining the best people to fulfil our strategic aspirations is a priority. Our culture recognises the need for thought diversity arising from a wide spectrum of factors including experience, skills and potential, ethnicity, disability, sexual orientation and gender.

Appointment and advancement are based on merit. We recognise that further strengthening our diversity as and when opportunities arise is important to our future wellbeing as a global company. The Committee remains focused on continuing to appoint the best people with the right skills and potential, and that all employees have an equal chance of not only being included, but have the opportunity to develop and realise their full potential.

See our gender pay gap report on page 34

ESG Committee report

Louis Eperjesi
Chair of the
ESG Committee

Members

- Louis Eperjesi (Chair)[1]
- Jonathan Shearman
- Scott Mac Meekin
- Darren Hayes-Powell[2]
- Clive Watson
- Claire Balmforth

ESG Committee composition and attendance

	Jun 22	Dec 22	Attendance[1]
Mark Belton (former Chair)[2]	●	●	100%
Louis Eperjesi (Chair for FY24)[3]			N/A
Jonathan Shearman	●	●	100%
Scott Mac Meekin[4]	●		50%
Darren Hayes-Powell[5]		●	100%
Clare Foster[6]	●		100%
Clive Watson	●	●	100%
Claire Balmforth	●	●	100%

1. Attendance percentage of meetings attended whilst serving on the Board
2. Mark Belton resigned on 18 February 2023
3. Louis Eperjesi was appointed as a Non-Executive Director on 3 January 2023 and as ESG Committee Chair in May 2023
4. Scott Mac Meekin was unable to attend the December 2022 meeting due to a prior personal commitment
5. Darren Hayes-Powell was appointed as Chief Financial Officer on 1 December 2022
6. Clare Foster left on 30 August 2022

The role of the ESG Committee is to ensure the understanding and effective implementation of the sustainability strategy and how it relates to the broader corporate purpose, vision and mission as well as forming part of the Group's culture. The Committee also works and liaises with other Board Committees to integrate sustainability in everything we do.

- Audit & Risk Committee – to oversee risk management and opportunity and to ensure the sustainability strategy connects with the corporate risk register
- Nomination Committee – ensuring good succession planning taking into consideration diversity, equity and inclusion
- Remuneration Committee – ensuring executive remuneration and incentives link specifically to the Company's sustainability targets

The Committee believes that improving sustainability performance enhances the drivers of long-term value creation. Through stakeholder engagement and communications, the Company promotes the vision of the sustainability strategy to all interested parties.

Performance and progress against sustainability strategy targets are regularly reviewed with commitment to any changes needed.

Read more about our achievements, commitments and key projects in our Sustainability Report

ESG Committee report continued

To support the Committee, we have a robust sustainability governance framework of committees and global networks.

Led by the ESG Steering Committee, we have also established a Management ESG Working Group and a Network of ESG Champions, with representatives from across the Group.

The ESG Steering Committee, comprising senior managers from human resources, sustainability, governance, supply chain and innovation, meet frequently to discuss the day-to-day ESG regulations, requirements and initiatives. In addition, the Steering Committee facilitate regular meetings with the Management Working Group and Network of Champions to drive forward initiatives and best practice.

The ESG Steering Committee attend meetings with the Board ESG Committee twice a year to update on progress, agree funding and resource requirements.

Audit & Risk Committee report

Clive Watson
Chair of the
Audit & Risk Committee

Members

- Clive Watson (Chair)
- Claire Balmforth
- Louis Eperjesi[2]

Audit & Risk Committee composition and attendance

	Jun 22	Nov 22	Jan 23	Attendance
Clive Watson	●	●	●	100%
Scott Mac Meekin[1]	●		●	67%
Claire Balmforth	●	●	●	100%
Louis Eperjesi[2]			●	100%

1. Scott Mac Meekin was unable to attend the November 2022 meeting due to a prior personal commitment
2. Louis Eperjesi was appointed as a Non-Executive Director on 3 January 2023

The Committee consists of three Independent Non-Executive Directors. The external auditor, Board Chair, Chief Executive Officer, Chief Financial Officer, Group Financial Controller, Head of Risk and the Company Secretary are also invited to attend meetings. The Audit & Risk Committee meets formally three times a year with the Group's auditor and as otherwise required. In addition to this, and in accordance with best practice, the Committee Chair meets separately with the Audit Engagement Leader to provide an opportunity for any issues or concerns to be raised directly with him.

The duties of the Committee are to:

- Monitor the integrity of the financial statements
- Review the quality and effectiveness of the Group's internal controls, ethical standards and risk management systems
- Review the Group's procedures for detecting and preventing bribery and fraud, corruption, sanctions and whistleblowing
- Ensure that the financial performance of the Group is properly reported on and monitored, including reviews of the annual and interim accounts, results announcements and accounting policies
- Oversee the relationship with the Group's external auditor

During the year, the Audit & Risk Committee discharged its responsibilities by:

- Reviewing the Group's draft financial statements, preliminary announcements and interim results statement prior to Board approval and reviewing the external auditor's reports thereon
- Reviewing the external auditor's plan for the audit of the Group financial statements, confirmations of auditor independence and proposed audit fee and approving terms of engagement for the audit
- Considering the effectiveness and independence of the external auditor and recommending to the Board the re-appointment of BDO as external auditor

Audit & Risk Committee report continued

- Considering the review of material business risks
- Monitoring of reporting and follow-up of items reported by employees
- Considering the significant risks and issues in relation to the financial statements and how these were addressed, including: revenue recognition; impairment of inventory; impairment reviews of goodwill; impairment of investments and intercompany receivables; going concern; and tax
- Considering the adequacy of accounting resource and the development of appropriate systems and control
- Engaging with external providers to assist with certain aspects of accounting disclosure
- Review of progress in introducing best practice systems and procedures Group-wide
- Considering policies on non-audit engagements for the Company's auditor

Committee competence and governance

The Committee operates within its terms of reference, which define the requisite experience and requirements of the Committee. The terms of reference are reviewed on an annual basis by the Committee and can be viewed on the Company's website.

The Board and Committee have a continued focused on the governance requirements and guidance issued by regulators and stakeholders throughout the year.

The Committee considers that the FY23 Annual Report is fair, balanced and understandable, with appropriate and required references being made throughout the various sections.

The Board is also satisfied that the members of the Committee have both recent and relevant breadth of financial knowledge and experience to effectively fulfil their responsibilities. This is assessed as part of the Board evaluation process, where areas for further development are also highlighted.

All Committee meetings are held to coincide with key financial reporting and audit cycle dates. As Committee Chair, I also meet with the Chief Financial Officer regularly and wider management on an ad-hoc basis.

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') conducted as part of the cycle (more details of this process are given in the section 'internal audit' on page 81).

The Committee has continued to focus on the integrity, completeness and clarity of financial reporting, the areas where judgements and estimates are required in the financial statements and the quality and effectiveness of audit processes to complement the other risk management activities.

The Committee conducts in-depth reviews 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

External auditor

The Annual Report has been audited independently by BDO LLP, who were appointed as auditor in November 2019. James Fearon replaced Anna Draper as the Group Audit Partner in December 2022. The appointment of BDO LLP is subject to ongoing review.

The Committee robustly assesses the effectiveness of the external auditor and makes a recommendation to the Board in relation to the appointment, re-appointment or removal of the external auditor. Following the Committee's assessment this year, both the Committee and Board have concluded that BDO provide an effective audit and have recommended their re-appointment at the 2023 AGM.

The external audit is a continuous process, and each year BDO present their audit strategy, identifying their assessment of the key audit matters for the purposes of the audit and scope of their work. In FY23, these risks were recoverability of customer-specific inventory and goodwill impairment.

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.

Audit & Risk Committee report continued

Viability statement, going concern and principal risks continued

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 review and approval of these forecasts and as a result of that work, is satisfied that the going concern basis of preparation remains appropriate for the Group and the Company.

TCFD, which considers the risks and opportunities as a result of climate change, is an area of importance for the Committee and climate risks and wider ESG financial and risk-related matters are now a standing item at each Committee meeting.

More information concerning the viability and going concern statements, and the TCFD reporting, can be found on pages 64 to 65, 73 and 38 to 49 respectively and within the principal and emerging risks on pages 59 to 63.

The Committee assessed 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. The Committee is satisfied that, following the impairment of £2.9m recognised in the year as a result of rising discount rates, the year end goodwill balance is appropriately valued.

Non-audit services provided by auditor

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 review, an evaluation of both the Audit & Risk Committee and external auditor was conducted during FY23.

For the external auditor, the review process was conducted primarily by way of a 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 LLP provide an effective audit and have recommended their re-appointment at the 2023 AGM.

The evaluation of the Audit & Risk Committee was independently conducted by an external party via an online questionnaire, completed by all Board members and a number of those interacting with the Committee. The review was well received and immensely helpful and 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 strong competences relevant to the sector in which the Group operates.

Internal controls and risk management

The Committee is responsible for the Group's system of internal control. However, such a system is designed to manage, rather than eliminate, the risk of failures to achieve business objectives and can provide only reasonable and not absolute assurance against misstatement or loss.

The key elements within the Group's system of internal control are as follows:

- Regular Board and Audit & Risk Committee meetings to consider matters reserved for Directors' consideration
- Regular management reporting
- Regular Board reviews of corporate strategy, including a review of material risks and uncertainties facing the business
- Established organisational structure with clearly defined lines of responsibility and levels of authority
- Documented policies and procedures
- Regular review by the Board of financial budgets, forecasts and covenants with performance reported to the Board monthly
- Detailed investment process for major projects, including capital investment analysis

Audit & Risk Committee report continued

Internal controls and risk management continued

The UK 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.

Having now had the benefit of our Head of Risk focused on this area for 12 months, the Committee has benefited from her detailed reviews and analysis. This has enabled the Committee to undertake an in-depth review of the Group's risk management and internal controls framework. The review focused primarily on:

- Review of existing risk management and internal control activities, identifying gaps and establishing mitigation actions
- Enhancements to the risk management processes and reporting
- Comprehensive review of principal risks and uncertainties
- Increased interaction/ownership of risk with key stakeholders across all business functions
- Identification of key activities for ongoing framework development and continued best practice

The Committee acknowledges that this is an evolving area within the Group, but also feels confident that the work is focusing on the right areas and will continue to develop to enhance the risk framework across the Company.

Operating policies and controls are in place and are regularly reviewed. These cover 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.

Internal audit

Throughout the year, the Company carries out an internal review process on selected business areas. These 'health checks' are made on a rotational basis, and performed by senior Group Finance and Head Office staff, who are unconnected from the operational activities subject to the review. All health checks are presented by the Chief Financial Officer to the Committee and remedial actions agreed where required.

The Company has continuously assessed the need for an internal audit function, and following on from the commitment made in last year's Annual Report, appointed a Head of Internal Audit in May 2023, with the intention to grow this function as the business needs require. This position reports to the Audit & Risk Committee and administratively to the CFO.

Fair, balanced and understandable

One of the key governance requirements of the Committee is for the Annual Report, 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 FY23 Annual Report 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 FY24

The Committee's focus for the next 12 months will be on four specific areas.

- Continue to develop and embed the risk management function across the Group and continue wider discussions at Board level about risk appetite of the Group
- Support and assess the newly appointed internal auditor, both in terms of her function, audit reporting and review, and recruiting to the team as business needs require
- Elevate the review and scrutiny of climate change and ESG related risks across the Group, ensuring these are 'connected' into the business model and Group strategy
- Ensuring the Company is ready to adopt revisions made to the UK Corporate Governance Code (currently in consultation) and legislative changes following the UK Government's May 2022 White Paper on Restoring Trust in Audit and Corporate Governance

Clive Watson
Chair of the Audit & Risk Committee

10 July 2023

Directors' remuneration report

Claire Balmforth
Chair of the Remuneration Committee

> The Company's achievements would not have been possible without the flexibility and dedication demonstrated by our employees during the past year

Members

- Claire Balmforth (Chair)
- Clive Watson
- Louis Eperjesi[2]

Remuneration Committee composition and attendance

	Jun 22	Aug 22	Nov 22	Jan 23	Feb 23	Mar 23	Attendance
Claire Balmforth	●	●	●	●	●	●	100%
Scott Mac Meekin[1]	●	●		●			75%
Clive Watson	●	●	●	●	●	●	100%
Louis Eperjesi[2]				●	●	●	100%

1. Scott Mac Meekin became interim CEO on 20 February 2023, previously Non-Executive Director. Scott was unable to attend the November 2022 meeting due to a prior personal commitment
2. Louis Eperjesi was appointed as a Non-Executive Director on 3 January 2023

Introduction

On behalf of the Remuneration Committee (the 'Committee'), I am pleased to present the Directors' remuneration report for the year ended 31 March 2023. The sections contained in this report are:

- The annual statement from the Chair of the Remuneration Committee
- The annual report on remuneration
- The proposed New Policy

As set out in the Annual Report, this has been a year of change for Trifast which has significantly impacted the Committee's implementation of the Directors' Remuneration Policy (the 'Policy'). Therefore, this report sets out the key decisions taken by the Committee in the year ended 31 March 2023, including those relating to the directorate changes. In addition, given that the current Policy will expire at the 2023 AGM, the Committee is required to present an updated Policy (the 'New Policy') for shareholder approval at this meeting.

Given the recent Board changes, current levels of corporate performance and noting that the Company's strategy remains unchanged, the Remuneration Committee determined that it was not the right time to perform a detailed review of the Policy and is therefore seeking to extend the current Policy for an additional three years with only a handful of changes.

Directors' remuneration report continued

Directorate changes

Chief Executive Officer role

Mark Belton resigned on 18 February 2023 and stepped down from the Board. Scott Mac Meekin assumed the role of interim Chief Executive Officer on 20 February 2023, relinquishing his NED responsibilities, including membership of the Remuneration Committee.

In line with the Policy regarding loss of office payments, the Remuneration Committee determined that Mark would receive 12 months' fixed pay in respect of his notice period and appropriate additional payments. There will be no entitlement to a FY23 annual bonus payment and all in-flight LTIP awards lapse. See page 100 for further details.

In relation to Scott, the Committee determined his remuneration package in line with Policy as follows:

- Six months' notice period from both parties
- Salary of £400,000
- Benefits in line with Policy
- 150% of salary maximum FY24 annual bonus opportunity with any bonus above 100% of salary deferred into shares for three years
- Relocation allowance of £10,000, in line with Policy on recruitment

Given the interim nature of the role, the Committee determined that Scott will not participate in the LTIP.

Jonathan Shearman will also spend additional time supporting Scott during this period. Therefore, to ensure Jonathan is fairly remunerated for this, his annual fee will be increased to £270,000 during this period.

Chief Financial Officer role

Clare Foster stepped down as Chief Financial Officer on 30 August 2022 and was replaced by Darren Hayes-Powell on 1 December 2022.

In line with the 2020 Remuneration Policy regarding loss of office payments, the Remuneration Committee determined that Clare be treated as a good leaver. She received:

- 12 months of fixed pay in respect of her notice period and additional payments in line with Policy
- Annual bonus pro-rated for time served during FY23, subject to the achievement of performance targets
- In-flight 2020 and 2021 LTIP awards pro-rated for time served during the vesting period, subject to the achievement of performance targets

See page 100 for further details.

In line with our recruitment policy, the Committee determined that Darren's starting salary would be broadly in line with that received by his predecessor at £300,000. The Committee approved that Darren's annual bonus and LTIP opportunity would each be set at 125% of salary, which is below the maximum allowed under the current Policy.

Shareholder engagement

At our 2022 AGM, the Committee was disappointed that the Directors' remuneration report was passed with only 68% support from shareholders. Given this level of support, soon after the AGM I engaged with some of our largest shareholders to better understand their views on remuneration at Trifast. The key themes that emerged from these discussions were as follows:

1. **Approach to increasing the salaries of the Executive Directors:** While shareholders were broadly comfortable with the need to pay the Executive Directors a more competitive salary, there was a strong preference to stagger the increases over a longer time frame
2. **Approach to long-term incentives:** There were differing views in relation to the most appropriate long-term incentive arrangement to align the interests of shareholders and executives

The Remuneration Committee is still of the opinion that the rebalancing of the Executive Director remuneration packages for FY23 was the right thing to do.

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. The main activities of the Committee were as follows:

- Engaging with major shareholders given the 2022 AGM voting outcome
- Determination of implementation of Policy in light of directorate changes
- Determination of the final remuneration outcomes for the year to 31 March 2023
- Determining the appropriate annual bonus targets and LTIP measures for FY24
- Oversight of the remuneration aspects of Senior Management and wider workforce pay and policies
- Consideration of our gender pay reporting summary
- Review the Remuneration Committee's terms of reference

Directors' remuneration report continued

Role and activities of the Committee continued

As noted above, Scott Mac Meekin relinquished his membership of the Remuneration Committee on 20 February 2023. Louis Eperjesi became a member of the Committee on 3 January 2023 on joining Trifast.

Company performance

Due to global uncertainties surrounding industrial markets and macroeconomic conditions contributing to volatility in demand patterns, FY23 proved challenging for Trifast. During the year, the Board was focused on taking steps to improve performance through a mix of price increases, cost efficiencies and working capital (primarily inventory) improvements. Whilst progress has been made, the benefits to operating profit were unfortunately offset by significant destocking from one of our Asian manufacturing customers. Gross inventory levels at CER (£97m) reduced during the second half of the year, and we achieved the targeted reduction by 31 March 2023. Consequently, whilst adjusted net debt is reducing, it currently stands at an elevated level of around £38m.

As a result, the Group's financial performance was significantly below budget and the market's original expectations for the year ending 31 March 2023 with an underlying PBT of £9.3m. Despite this, there were a number of positive highlights during the year that are worth noting:

- Trifast secured new contract wins totalling £25.6m
- In January 2023, we concluded negotiations with significant customers resulting in contractual pricing uplifts
- Revenue overall increased year on year by 11.8% to £244.4m led by our European and North American businesses

Whilst the short-term shortfall in the Group's performance is disappointing, given ongoing contract wins, pricing increases, and the roll out of key initiatives, the Board continues to believe in the medium-term potential of the Group.

FY23 remuneration outcomes

Annual bonus

Given the difficulties set out above, threshold performance was not achieved against the underlying organic operating profit or cash conversion rate targets. In line with Policy, the Committee was unable to consider payment of any bonus from the strategic and operational element as threshold performance was not met for the profit-based metric. Therefore, no FY23 annual bonus is payable to the Executive Directors. Although disappointing, the Committee felt comfortable that the formulaic bonus outcome reflected overall Company performance during FY23 and, as a result, determined that no overriding discretion should be applied.

Long-Term Incentive Plan (LTIP)

Vesting

The three-year performance period of LTIP awards granted to Clare Foster on 25 November 2020 ended on 31 March 2023 (Mark Belton's award lapsed on resignation). Performance was below the threshold level against the EPS (70% weighting) and relative TSR (30% weighting) targets, resulting in nil vesting. The Committee noted that the 2020 LTIP awards vesting outcome was aligned with Company performance as well as shareholders' experience. Full details of Trifast's performance against the LTIP targets is provided on page 98.

Grant

In line with the remuneration package rebalance implemented during FY23, the Committee granted a reduced LTIP award equivalent to 150% of salary to Mark Belton on 6 September 2022.

In line with Policy, the awards have 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 9% p.a. and 29% p.a. at maximum performance with straight-line vesting between these points. 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 108.

The award lapsed on Mark Belton's resignation in February 2023.

Overall

The Committee is comfortable that the current Policy operated as intended and that the overall FY23 remuneration paid to Executive Directors was appropriate. Therefore, the Committee did not exercise any discretion.

Wider workforce considerations

In terms of wider workforce salary increases for FY24, given the current business performance the Board determined to postpone the review until later in the year. However, to protect our lower-paid colleagues we are increasing salaries for those individuals to ensure that they are above minimum wage legislation in each appropriate jurisdiction.

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

Directors' remuneration report continued

Wider workforce considerations continued

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 32.

We also published our sixth gender pay gap report in March 2023 (relating to the report for April 2022). We were encouraged to see that our median gender pay gap of +5% (i.e. our female employees are paid 5% 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**

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 now has c.140 participants and I am pleased to report that we made a further grant of awards in September 2022, which is subject to the same EPS performance condition as the Executive Director LTIP awards.

Implementation for FY24

We set out the implementation of Policy for FY24 opposite:

Salary

Given FY23 financial performance, the Committee has determined that the CFO will not receive an increase in base salary for FY24. The interim CEO will receive a salary of £400,000 as set out above.

Pension

The pension contribution for FY24 for the CFO will continue to be 5% of salary, in line with the rate available to the majority of the workforce. The interim CEO will not receive a pension contribution.

Annual bonus

The Committee determined to maintain the maximum annual bonus opportunity at 150% of salary for the interim CEO and 125% of salary for the CFO. In line with standard market practice, the New Policy has been updated such that the Committee has the flexibility to determine the appropriate bonus measures, weightings and targets each year. The performance measures for the FY24 annual bonus will be 70% based on underlying profit before tax (UPBT) targets, 20% on average working capital percentage targets and 10% based on strategic and operational targets (5% weighting will be based on a carbon emissions reduction target aligned with the Company's ESG strategy). Additionally, no bonus payment can be made under the average working capital % element or the strategic and operational element unless threshold UPBT performance has been achieved. 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

As set out above, the interim CEO will not participate in the LTIP, whereas the CFO will receive an award equivalent to 125% of salary. The New Policy has been updated such that the Committee has the flexibility to determine the appropriate LTIP measures, weightings and targets each year.

The performance measures for the FY24 LTIP will be 75% based on relative TSR targets versus the FTSE Small Cap index (excluding Investment Trusts) with the remaining 25% based on underlying operating margin targets. The calibration of the operating margin performance targets has been delayed given the difficulty of setting robust targets at the current time. These targets will be determined closer to the grant date and disclosed in the RNS on the grant of the award.

Non-Executive Director fees

As set out above, the Chairman's fee will be temporarily increased to £270,000 p.a. as he will be spending additional time supporting the interim CEO during FY24. In line with the approach for the Executive Directors, there will be no increase to all other Non-Executive Director fees for FY24.

Looking ahead

The Committee is comfortable that the operation of the Policy in FY23 and the implementation of Policy for FY24 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 and the binding vote on the New Policy at the forthcoming AGM.

Finally, I want to recognise that the Company's achievements would not have been possible without the flexibility and dedication demonstrated by our employees during the past year. 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

10 July 2023

Directors' remuneration report continued

Annual report on remuneration

This section of the remuneration report contains details as to how the Company's current remuneration policy was implemented during FY23. The Committee is satisfied that the Policy operated as intended in FY23 and its implementation did not deviate from the approved Policy. It also covers how the New Policy will be implemented in FY24 on the basis it is approved by shareholders at the 2023 AGM. 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 engagement 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 proposed Directors' Remuneration Policy

The key elements from the Directors' Remuneration Policy which will be put forward for shareholder approval at the 15 September 2023 AGM, and how it will be implemented for FY24, are summarised below. The Committee does not intend to deviate from the New Policy in FY24.

The full New Policy is set out on pages 104 to 117.

Element	Policy summary	Implementation for FY24
Base salary	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 strategic imperatives have progressed, a material change in the role and responsibilities and when an Executive Director has been appointed either internally or externally at below the market level to reflect experience The Committee also considers the impact of any base salary increase on the total remuneration package	Given FY23 financial performance, the Committee has determined that the CFO will not receive an increase in base salary for FY24. FY24 salaries are therefore as follows: • Scott Mac Meekin (interim CEO): £400,000 • Darren Hayes-Powell (CFO): £300,000

Directors' remuneration report continued

Annual report on remuneration continued

Summary of the proposed Directors' Remuneration Policy continued

Element	Policy summary	Implementation for FY24
Pension and benefits	Executive Directors will receive a pension contribution, in line with the rate available to the majority of the workforce The Company will provide market-competitive benefits to Executive Directors and reimburse any necessary and reasonable business expenses	The pension contribution for FY24 for the CFO will be 5% of salary, in line with the rate available to the majority of the workforce. The interim CEO will not receive a pension contribution No change to benefit provision
Annual bonus	Maximum opportunity of 150% of salary. Any bonus in excess of 100% of salary will be paid in shares deferred for three years Performance measures, weightings and targets will be set by the Committee each year Payout for threshold performance at 25% of maximum, and payout for on-target performance at 50% of maximum 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	The Committee awarded a FY24 bonus with a maximum opportunity of 150% and 125% of salary to the interim CEO and CFO respectively The Committee determined that the performance measures and weightings will be as follows: • 70% based on underlying profit before tax (UPBT) targets • 20% based on average working capital % targets • 10% based on strategic and operational targets (5% weighting will be based on a carbon emissions reduction target aligned with the Company's sustainability strategy) • Additionally, no bonus payment can be made under the average working capital % element or the strategic and operational element unless threshold UPBT performance has been achieved Targets are deemed commercially sensitive and will be disclosed in the FY24 Annual Report In line with Policy, payout for threshold performance is 25% of maximum, and payout for on-target performance is 50% of maximum

Directors’ remuneration report continued

Annual report on remuneration continued

Summary of the proposed Directors’ Remuneration Policy continued

Element	Policy summary	Implementation for FY24
Long-Term Incentive Plan (LTIP)	Maximum opportunity of 175% of salary Three-year vesting period plus two-year holding period Malus and clawback provisions apply Performance measures, weightings and targets will be set by the Committee each year 25% of the award vests for threshold performance and 100% for maximum performance Overriding discretion in line with annual bonus	125% of salary awards for the CFO. The interim CEO will not participate in the LTIP The Committee determined that the performance measures, weightings and targets will be as follows: • 75% based on relative TSR vs. FTSE Small Cap Index (excluding investment trusts) • 25% based on underlying operating margin The calibration of the underlying operating margin performance targets has been delayed given the difficulty of setting robust targets at the current time. These targets will be set closer to the grant date and disclosed in the RNS on award 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
Minimum shareholding requirement	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 Shares beneficially owned and any in-flight LTIP awards at the date of adoption of the 2020 Policy will be exempt from the post-employment requirement	The shareholding requirement in FY24 will be 250% of salary Post-employment shareholding requirement will also apply
Non-Executive Director fees	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. Additional fees may be payable in instances where work performed is outside of the scope of the individual’s role and responsibilities. The Company targets FTSE Small Cap median fees	With the exception of the Chair’s fee, there are no increases to fees in FY24, such that from 1 April 2023 fees are as follows: • Chair: £270,000, including fee for additional responsibilities • SID: £6,000 • NED: £45,000 • Committee Chair fee: £8,000 • Committee membership fee: £5,000/£8,000

Executive Directors are also entitled to participate in the Company’s all-employee share plan (SAYE) operated in the UK.

Directors' remuneration report continued

Annual report on remuneration continued

Linking our remuneration policy with our business strategy

Our current Policy was designed to align with the Group strategy and is being effectively rolled over into the New Policy. Below we have set out how each performance measure within our incentive structure links back to our key objectives.

Our key objectives

- A global leader in attractive markets
- Focus on growth
- Capital allocation framework
- Focus on sustainability

	A global leader in attractive markets	Focus on growth	Capital allocation framework	Focus on sustainability
KSIs				
Organic revenue growth > GDP	■	■	■	
Underlying operating margin	■	■	■	
Underlying ROCE	■	■	■	
Group revenue in North America		■	■	
CO_2e reduction from FY19 baseline			■	■
KPIs				
Underlying cash conversion ratio		■	■	
Working capital as a percentage of revenue		■	■	
Underlying earnings per share (EPS)	■	■	■	
Employee engagement Index			■	■

Annual bonus

Measure	Link to strategy	A global leader in attractive markets	Focus on growth	Capital allocation framework	Focus on sustainability
Underlying PBT	• Focus on organic growth • Focus on sustainable investment	■	■	■	■
Average working capital percentage	• Focus on on inventory improvements • Focus on cash flow management		■	■	
Strategic/ operational	• Focus on organic growth • Focus on innovation • Focus on people/talent • Focus on sustainability • Focus on acquisition	■	■	■	■

LTIP

Measure	Link to strategy	A global leader in attractive markets	Focus on growth	Capital allocation framework	Focus on sustainability
Underlying operating margin	• Aligns with medium-term aspiration to become both a bigger and more profitable company • Focus on operational leverage gains, gross margin improvements and operational efficiencies	■	■	■	
Relative TSR	• Linked to shareholder value • Focus on outperformance	■	■	■	■
Shareholding guidelines	• 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: • 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 89 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 FY23 and FY24 annual bonus demonstrates the Board's determination to drive behaviours in this key area of Company strategy

Directors' remuneration report continued

Annual report on remuneration continued

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 the 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.140 from across 16 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 – cash	Annual bonus – deferral	LTIP	UK employee share scheme (SAYE)
Executive Directors	Y	Y	Y	Y	Y
Senior Management	Y	Y	N	Y	Y
Wider workforce	Y	Y	N	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.

		Pay ratio		
Year	Method	25th percentile	50th percentile	75th percentile
FY23	**Option A**	**19:1**	**15:1**	**10:1**
FY22	Option A	24:1	19:1	13:1
FY21	Option A	17:1	14:1	9:1
FY20	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 96 being the total for the two individuals that held the role during FY23. The remuneration figures for the employee at each quartile were determined as of 31 March 2023. 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 2023 rather than those earned in the same period.

Directors' remuneration report continued

Annual report on remuneration continued

CEO pay ratio continued

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	400	445
Employee at 25th percentile	21	24
Employee at 50th percentile	26	29
Employee at 75th percentile	38	46

We have chosen methodology option A for the calculation, to identify the three UK employees at each of the quartiles as at 31 March 2023. 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.

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 their 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 FY23 CEO pay ratios at the 25th, 50th and 75th percentiles are lower than the equivalent FY22 ratios. This is primarily a result of the previous CEO and interim CEO not receiving any incentive payments in respect of FY23.

Gender pay gap reporting

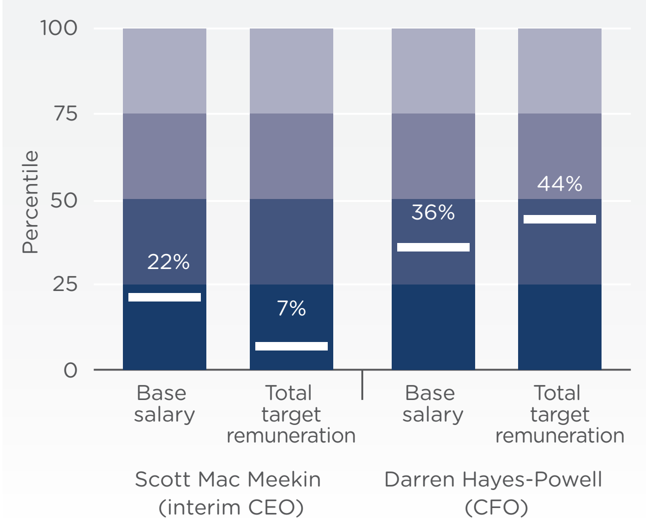
Trifast is committed to the principle of equal opportunities and equal treatment for all colleagues, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. The Company has concluded that the single most 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 5% in favour of women. We are pleased that this remains significantly below the UK average. Our gender pay gap report can be found on our corporate website at www.trfastenings.com

External benchmarking

The chart below shows the relative positioning of Trifast's interim CEO and CFO remuneration in relation to the percentiles of the FTSE Small Cap Index. The chart is based on the Executive Directors' FY24 remuneration opportunity under the New Policy.



We note that the interim CEO will not participate in the LTIP.

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 the New Policy.

Directors' remuneration report continued

Annual report on remuneration continued

How executive remuneration is communicated with stakeholders – shareholders and employees

Given the disappointing level of support for the Directors' remuneration report, soon after the 2022 AGM the Committee Chair engaged with some of our largest shareholders to better understand their views on remuneration at Trifast. The key themes that emerged from these discussions are set out in the Committee Chair's statement. The Committee is grateful for the time that shareholders have taken to consider proposals and provide feedback during FY23.

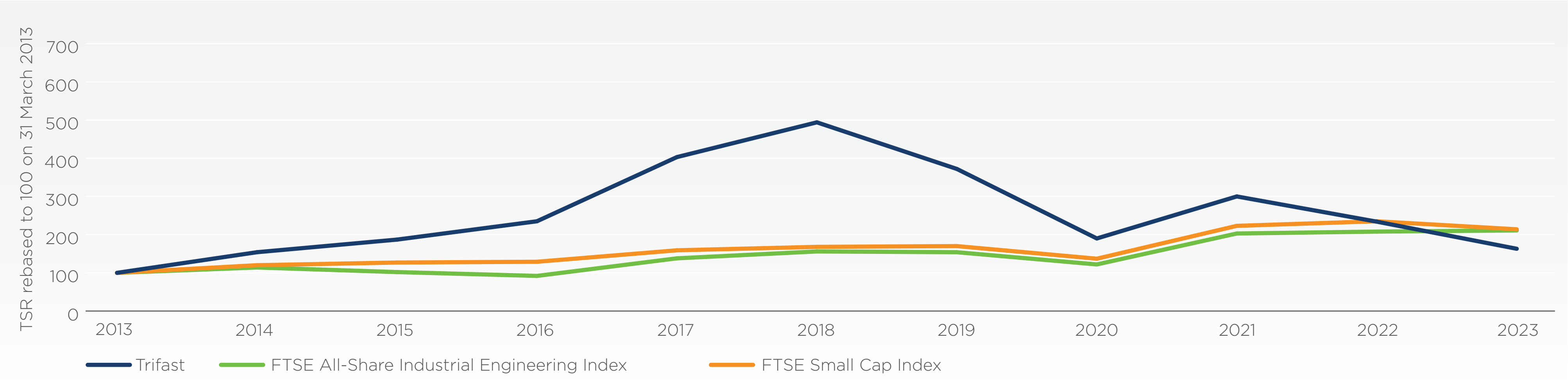
The Company's approach to engagement has also allowed our employees to discuss a wide range of subjects, as detailed on page 26 with our designated people NED, Jonathan Shearman, supported by Non-Executive Director, Claire Balmforth and Global HR & Sustainability Director, Helen Tate. The feedback gathered as part of this engagement with employees was considered by the Committee. In particular, it helped the Company to review resource capacity and to develop a strategy for improving communication. See page 32 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 2013. The Remuneration Committee believes it is appropriate to monitor the Company's performance against these indices as the Company is a constituent of both.

Ten-year TSR graph



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
2023	**445[2]**	**0%**	**0%**
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%[3]
2016	641[1]	50%	100%[3]
2015	766	100%	100%[3]
2014	643	80%	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. Includes a full year of CEO remuneration; including remuneration paid to Mark Belton from 1 April 2022 to 18 February 2023 and remuneration for Scott Mac Meekin (interim CEO) from 20 February 2023 to 31 March 2023
3. This is the vesting of the deferred equity awards under a previous policy

Directors' remuneration report continued

Annual report on remuneration continued

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. Please note that given the significant changes in Executive Directorships during FY23 there are a number of significant increases/decreases as a result of this, which are fully explained in-the notes below.

	% change from 2022 to 2023			% change from 2021 to 2022			% change from 2020 to 2021		
	Salary/ fees	**Taxable benefits**	**Annual bonus[11]**	Salary/ fees[9]	Taxable benefits	Annual bonus[11]	Salary/ fees[9]	Taxable benefits	Annual bonus
Scott Mac Meekin (interim CEO, previously NED)[1]	**82.4%**	**n/a**	**n/a**	6.3%	n/a	n/a	(4.6)%	n/a	n/a
Mark Belton (previous CEO)[2]	**11.4%**	**(5)%**	**n/a**	7.1%	33.0%	n/a	(4.6)%	0%	n/a
Darren Hayes-Powell (CFO)[3]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Clare Foster (previous CFO)[4]	**(47.3)%**	**(47.6)%**	**n/a**	7.1%	33.0%	n/a	(4.6)%	0%	n/a
Jonathan Shearman (NED and Chair)[5]	**14.1%**	**n/a**	**n/a**	7.1%	n/a	n/a	216.0%	n/a	n/a
Clive Watson (Senior Independent NED)[6]	**3.2%**	**n/a**	**n/a**	55.0%	n/a	n/a	n/a	n/a	n/a
Claire Balmforth (NED)[7]	**3.6%**	**n/a**	**n/a**	5.7%	n/a	n/a	n/a	n/a	n/a
Louis Eperjesi (NED)[8]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a
Average employee[10]	**17.9%**	**35.0%**	**396.5%**	(5.6)%	12.0%	(39.5)%	27.1%	43.3%	(37.2)%

1. Scott Mac Meekin was appointed interim CEO on 20 February 2023. NED fees only paid to 20 February 2023. Therefore, change from 2022 to 2023 reflects change in role
2. Mark Belton resigned from the Board on 18 February 2023
3. Darren Hayes-Powell was appointed to the Board on 1 December 2022
4. Clare Foster stepped down from the Board on 30 August 2022
5. 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. The increase in fees between 2022 and 2023 is due to the Chair fee being temporarily increased while spending additional time supporting the interim CEO, as set out above
6. Clive Watson was appointed to the Board on 30 July 2020. The increase from 2021 to 2022 reflects the fact that he only served for eight months as a Director during FY21
7. Claire Balmforth was appointed to the Board on 1 April 2020
8. Louis Eperjesi was appointed to the Board on 3 January 2023
9. Salary/fees for Directors who remained in the same role for FY20 and FY21 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 FY21. Therefore, the increases between 2021 to 2022 are higher than the FY22 salary and fee increases awarded given the temporary reduction in FY21 pay
10. In line with the regulations, the average employee percentage changes only include employees of Trifast plc, excluding Directors (26 employees as at 31 March 2023). The annual bonus increase has been calculated based on bonus paid in the year rather than those earned in the same period
11. Annual bonus increase is n/a for 2021 to 2022 due to £nil comparator in FY21 and FY22

Directors' remuneration report continued

Annual report on remuneration continued

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 2023	Year to 31 March 2022	Change
Dividend distributions	**£3.02m**	£2.81m	7.5%
Group spend on pay (including Directors)	**£41.57m**	£35.66m	16.6%
Other pay	**£7.69m**	£8.69m	(11.6)%
Total remuneration[1,2]	**£49.26m**	£44.36m	(11.1)%

1. The costs above are shown gross of income from government support schemes, totalling £nil (FY22: £0.1m)
2. Total remuneration excludes IFRS 2 Share-based payments of <£0.1m (FY22: £0.8m). Including this, total remuneration would be £49.3m (FY22: £45.1m)

The following section, until page 101, is auditable.

Executive Director remuneration for the year ended 31 March 2023

Executive Director single figure of remuneration

					Annual bonus[5]					
	Salary/fees £000	Taxable benefits[3] £000	Pensions[4] £000	Total fixed £000	Cash £000	Shares £000	LTIP[6] £000	Other £000	Total variable £000	Total £000
Scott Mac Meekin[1]	93	2	—	95	—	—	—	10	10	105
Prior year	51	—	—	51	—	—	—	—	—	51
Mark Belton[7]	353	19	16	388	—	—	—	—	—	388
Prior year	317	20	55	392	113	—	—	—	113	505
Darren Hayes-Powell[2]	100	7	5	112	—	—	—	5	5	117
Prior year	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Clare Foster[8]	128	11	20	159	—	—	—	—	—	159
Prior year	243	21	42	306	86	—	—	—	86	392
Totals	674	39	41	754	—	—	—	15	15	769
Prior year totals	560	41	97	698	199	—	—	—	199	897

Directors' remuneration report continued

Annual report on remuneration continued

Executive Director remuneration for the year ended 31 March 2023 continued

Executive Director single figure of remuneration continued

1. Scott Mac Meekin was appointed to the role of interim CEO on 20 February 2023. His salary/fees in FY22 and FY23 include his fees for services when he was a Non-Executive Director. 90% of Scott Mac Meekin's salary was paid in Singaporean $ and 10% in GBP, in line with his service contract
2. Darren Hayes-Powell was appointed to the role of CFO on 1 December 2022
3. Taxable benefits consisted of the cost of providing a company car (or car allowance), private medical insurance and critical illness cover
4. Mark Belton, Darren Hayes-Powell and Clare Foster were members of the Company's non-contributory pension plan in FY23. This is an HMRC-approved defined contribution scheme. From 1 April 2022 the rate of Company contribution to this scheme was reduced to 5% of base salary from 20% of base salary in FY22. From 1 April 2016, the Executives were provided the option to take pension payments in the form of a cash allowance, after a deduction for Employer's National Insurance. In FY23, Mark Belton and Clare Foster chose to take a proportion of their pension as a cash allowance
5. No annual bonus was earned for FY23. See additional details in relation to the annual bonus element of remuneration below
6. The performance period of the LTIP award granted on 25 November 2020 ended on 31 March 2023 and therefore its value (nil) is included in the LTIP column for FY23. See additional details on the performance outcomes of the 2020 LTIP and the LTIP award granted in the year below on page 98
7. Mark Belton resigned as CEO on 18 February 2023
8. Clare Foster stepped down as CFO on 30 August 2022

Additional details for variable pay element of remuneration

(i) Annual bonus for year ended 31 March 2023

As set out in the Chair's statement, Mark Belton had a maximum annual bonus opportunity of 150% of salary (on resignation his entitlement to any payment lapsed). Clare Foster also had a maximum annual bonus opportunity of 150% of salary which was pro-rated for time served in the year in line with her status as a good leaver. On joining, Darren Hayes-Powell had a maximum annual bonus opportunity of 125% of salary which was pro-rated for time served in the year.

The annual bonus measures were based 70% on underlying organic operating profit, 20% on cash conversion rate and 10% on strategic/operational targets. In line with policy, the strategic and operational measures will only pay out if the threshold underlying organic operating profit performance target has been achieved, to ensure alignment between the annual bonus outturn and underlying corporate performance. The table below provides information on the targets for each measure, actual performance and resulting bonus payments:

		Performance required			Actual performance		Darren Hayes-Powell		Clare Foster	
Measure	Weighting	Threshold	On target	Maximum	Actual	% of element payable	Achievement as % salary	Bonus value £000	Achievement as % salary	Bonus value £000
Underlying organic operating profit	70%	£17.5m	£20.0m	£22.5m	£11.8m	0%	0%	0	0%	0
Underlying cash conversion rate	20%	80%	100%	120%	48.9%	0%	0%	0	0%	0
Strategic/operational targets	10%	Objectives based on strategic/operational			See below	0%	0%	0	0%	0
Total bonus achieved in FY23							**0%**	**0**	**0%**	**0**

Directors' remuneration report continued

Annual report on remuneration continued

Additional details for variable pay element of remuneration continued

(i) Annual bonus for year ended 31 March 2023 continued

2023 annual bonus outcomes: strategic/operational objectives

Given that the threshold target under the underlying organic operating profit measure was not achieved, the payout from the strategic and operational measures is automatically set at nil, such that the Remuneration Committee was not required to test their achievement for FY23. However, in line with our commitment to provide transparency in relation to the strategic and operational bonus element we set out below a summary of these measures and their achievement for FY23.

Objective	FY23 achievements
ESG – GHG emissions	26.8% carbon emission reduction since 2019 against a target of 16.8%

Overall, there is no FY23 annual bonus payable for any Executive Director. The Committee determined that it should not exercise its discretion to adjust the formulaic bonus outturn as it was aligned with the underlying performance of the Company.

(ii) LTIP performance period ending in the year ended 31 March 2023

2020 LTIP awards were granted to Mark Belton and Clare Foster on 25 November 2020. Mark Belton's award lapsed on his resignation and the awards granted to Clare Foster will vest on 25 November 2023 on a pro-rata basis in line with her good leaver status. The three-year performance period for these awards ended on 31 March 2023 and they were granted subject to the achievement of certain EPS (70% weighting) and relative TSR (30% weighting) targets. We set out the targets and outcomes in the table below:

Underlying diluted EPS (70% weighting)				TSR growth[1] vs FTSE Small Cap excl. IT Index (30% weighting)				
Trifast underlying diluted EPS[2]	EPS required for 25% vesting	EPS 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**
5.48p	10.55p	13.28p	nil%	(49.1)%	25.2%	49.2%	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. FY23 underlying diluted EPS before IFRS 2 Share-based Payments and related costs reclassification (5.48p) was used to be consistent with the FY20 underlying diluted EPS from which the targets were calibrated

The following table presents the number of 2020 LTIP awards that will vest on 25 November 2023 based on the assessment of the performance conditions and the resulting value of awards using the average Q4 FY23 share price:

	Number of 2020 LTIP awards granted	Number of 2020 LTIP awards (pro-rated)	Number of 2020 LTIP awards vesting on 25 November 2023	Value of vested awards	Value of vested awards attributable to share price growth
Clare Foster	291,666	194,444	nil	nil	nil

The Committee acknowledged that the 2020 LTIP outcome was aligned with Company performance as well as shareholders' experience and as a result did not apply any overriding discretion.

The Committee is comfortable that the current policy operated as intended.

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 2023

An LTIP award was granted to Mark Belton on 6 September 2022 (the awards lapsed on his resignation). Clare Foster stepped down from her role as CFO before the LTIP grants were made, therefore she was not eligible to receive an award during the year. However, it should be noted that this award has lapsed and the terms are included for completeness only.

The normal vesting date of the LTIP awards will be the third anniversary of their award date and, once vested, shares will be subject to a two-year holding period. No consideration was paid for the awards, which were structured as a nil-cost option.

The table below sets out further details of the LTIP awards granted in the year to 31 March 2023 where vesting will be determined according to the achievement of appropriate performance measures.

	Date of grant	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	6 September 2022	Nil-cost option	150%	£600,000	£150,000	623,960	3 years

1. For Mark Belton, this was calculated using a share price of £0.9616, being the average share price for the five days up to and including 5 September 2022 (the last business day prior to the grant). The awards lapsed on his resignation

The awards will 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 2022	Below 9% p.a. growth	nil
		9% p.a. growth (threshold)	25%
		29% 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 2022	Below index return	nil
		Equal to index return (threshold)	25%
		8% p.a. in excess of index return (maximum)	100%

1. For the EPS measure, 25% vests for 9% p.a. growth and 100% vests for 29% p.a. growth, with vesting on a straight-line basis between these points. Vesting between threshold and maximum for the relative TSR measure is on a straight-line basis
2. Underlying diluted EPS will be calculated after IFRS 2 Share-based payment charges and related costs, in line with the published FY22 base year underlying diluted EPS from which these targets were calibrated
3. 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 FY23.

Directors’ remuneration report continued

Annual report on remuneration continued

Payment for loss of office

Mark Belton resigned on 18 February 2023 and stepped down from the Board. In line with current Policy regarding loss of office payments, the Remuneration Committee determined that Mark would receive the following:

- 12 months of fixed pay in respect of his notice period (£400,000 base salary, pension contribution of £20,000 less Employer’s NIC, £33,240 in relation to benefits and a payment for 1.5 days of accrued holiday entitlement)
- In line with Policy, an additional payment of £93,878
- There will be no entitlement to a FY23 annual bonus payment and all in-flight LTIP awards lapsed on resignation

Clare Foster stepped down as Chief Financial Officer on 30 August 2022. In line with the 2020 Remuneration Policy regarding loss of office payments, the Remuneration Committee determined that Clare be treated as a good leaver. Therefore, she will receive:

- 12 months of fixed pay in respect of her notice period (£308,000 base salary, pension contribution of £15,400 less Employer’s NIC, £34,000 in relation to benefits and a payment for four days of accrued holiday entitlement)
- Annual bonus pro-rated for time served during FY23, subject to the achievement of performance targets (as set out above, Clare Foster’s FY23 annual bonus was £nil)
- In-flight 2020 and 2021 LTIP awards pro-rated for time served during the vesting period and vesting on their normal dates subject to the achievement of performance targets (as set out above, there was nil vesting under the 2020 LTIP)
- In line with Policy, an additional payment of £99,588

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[1]	146	—	—	—	146
Prior year	128	—	—	—	128
Clive Watson	45	8	5	6	64
Prior year	43	8	5	6	62
Claire Balmforth	45	8	5	—	58
Prior year	43	8	5	—	56
Louis Eperjesi[2]	11	—	2	—	13
Prior year	—	—	—	—	—
Totals	247	16	12	6	281
Prior year totals	257	16	18	6	297

1. Jonathan Shearman’s Chair fee temporarily increased in March 2023 while spending additional time supporting the interim CEO during FY24
2. Louis Eperjesi was appointed to the Board on 3 January 2023

Directors’ remuneration report continued

Annual report on remuneration continued

Statement of Directors’ shareholdings

	Shareholding requirement[1]	Current beneficial holding[2]	Vested but unexercised options
Executive Directors			
Scott Mac Meekin	1,285,347	14,388	n/a
Mark Belton (as at 18 February 2023)[6]	n/a	442,736	310,536
Darren Hayes-Powell	964,010	11,158	n/a
Clare Foster (as at 31 August 2022)[5]	n/a	108,352	n/a
Non-Executive Directors			
Jonathan Shearman	n/a	23,571	n/a
Clive Watson	n/a	58,625	n/a
Claire Balmforth	n/a	n/a	n/a
Louis Eperjesi	n/a	n/a	n/a

	LTIP awards subject to performance conditions[3]	SAYE options	Total of all interests on 31 March 2023	Current shares which count toward shareholding requirements[4]	Shareholding requirement met?[1]
Executive Directors					
Scott Mac Meekin	n/a	n/a	14,388	14,388	No
Mark Belton (as at 18 February 2023)[5]	n/a	n/a	753,272	n/a	n/a
Darren Hayes-Powell	n/a	n/a	11,158	11,158	No
Clare Foster (as at 31 August 2022)[6]	319,224	n/a	427,576	n/a	n/a
Non-Executive Directors					
Jonathan Shearman	n/a	n/a	23,571	n/a	n/a
Clive Watson	n/a	n/a	58,625	n/a	n/a
Claire Balmforth	n/a	n/a	n/a	n/a	n/a
Louis Eperjesi	n/a	n/a	n/a	n/a	n/a

1. Under the existing policy, there is a 250% of salary shareholding requirement for 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 or date of joining if later. The number of shares shown is based on the 31 March 2023 share price of £0.778
2. Includes options exercised in the year. Mark Belton exercised a nil-cost option over 192,233 shares which had a total value of £97,270 as at the date of exercise. No other Executive Director exercised nil-cost options during the year
3. The LTIP awards subject to performance conditions column includes the 2020 LTIPs which will lapse on 25 November 2023 because of not achieving the attaching performance conditions
4. Total of current beneficial holding, SAYE options, and vested but unexercised options on a net-of-tax basis
5. In line with the 2020 Policy, Mark Belton is subject to a two-year post-employment shareholding requirement
6. In line with the 2020 Policy, Clare Foster is subject to a two-year post-employment shareholding requirement

Between 31 March 2023 and 10 July 2023 there were no further movements in the Directors’ shareholdings from those disclosed in the table above.

Directors’ remuneration report continued

Annual report on remuneration continued

Service contracts for Executive Directors

The service contract for Darren Hayes-Powell is not fixed term. The service contract for Scott Mac Meekin is fixed for 12 months with the option to extend for a further 12 months. The service contracts terminable by either the Company or the Director on the following bases:

	Notice period	Date of signing
Scott Mac Meekin	6 months	20 February 2023
Darren Hayes-Powell[1]	12 months	9 November 2022

1. Although signing his contract prior to appointment, Darren Hayes-Powell was appointed as Chief Financial Officer on 1 December 2022

The Directors’ contracts are kept and can be viewed at the Company’s registered office.

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. Louis Eperjesi was appointed for an initial three-year term on 3 January 2023. 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 the 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
Claire Balmforth[2]	3 months	26 March 2020
Clive Watson[2]	3 months	20 April 2020
Louis Eperjesi[2]	3 months	22 November 2022

1. Jonathan Shearman was appointed as a Non-Executive Director on 17 June 2009 and as Chair on 1 April 2020
2. Although signing appointment letters prior to the appointment, Claire Balmforth was appointed as a Non-Executive Director on 1 April 2020, Clive Watson on 30 July 2020, and Louis Eperjesi on 3 January 2023

Directors' remuneration report continued

Annual report on remuneration continued

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 on the website **www.trifast.com** or 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 six formal meetings during the year. All Committee meetings were fully attended by members in appointment at the time of the meeting, with the exception of Scott Mac Meekin, who was unable to attend the November 2022 meeting due to a prior personal commitment.

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 can be seen on page 79.

During the year, the Committee received independent advice from PwC in relation to general remuneration matters. PwC was appointed by the Committee and the fees paid by the Company to PwC for all services provided during the financial year were £156,650 (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 & 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 table below shows the actual voting on the 2022 remuneration report at the AGM held on 7 September 2022 and the 2020 remuneration policy at the AGM held on 22 September 2020:

	Votes for	%	Votes against	%	Votes withheld
2022 remuneration report	67,166,808	67.6	32,224,505	32.4	9,553
2020 remuneration policy	95,468,167	89.3	11,410,502	10.7	27,885

Given the disappointing level of support for the 2022 Directors' remuneration report, soon after the AGM the Committee Chair engaged with some of our largest shareholders to better understand their views on remuneration at Trifast. The key themes that emerged from these discussions are set out in the Committee Chair's statement and in light of the feedback, the Committee will consider the Company's long-term incentive arrangements as part of a fundamental review of Policy that will commence when a permanent CEO is appointed.
The Committee is grateful for the time that shareholders have taken to provide feedback.

This report was approved by the Board of Directors and signed on its behalf by:

Claire Balmforth
Chair of Remuneration Committee

10 July 2023

Directors' remuneration policy

This section of the remuneration report contains details of the Directors' Remuneration Policy (the 'Policy') which is being proposed at the AGM on 15 September 2023 and, if approved, will be effective from that date.

Given the recent Board changes, current levels of corporate performance and noting that the Company's strategy remains unchanged, the Remuneration Committee (the 'Committee') determined that it was not the right time to perform a detailed review of the Policy and is therefore seeking to extend the current Policy for an additional three years with only a handful of changes. The Committee took advice from PwC, its external advisers, in relation to the Policy.

Therefore, the Policy will continue on the basis that:

- Overall, the Policy continues to support the Company's strategy and has been constructed such that management are well rewarded if significant value is delivered for shareholders, but payouts are limited if Company performance is below expectations
- It ensures that key components of remuneration are competitive against the market
- It aligns with latest corporate governance best practice principles
- It reinforces pay fairness throughout the Company e.g. consistent fixed pay positioning

The Committee is of the opinion that these principles continue to remain appropriate, noting that external events will impact how it is implemented by the Committee each year and that the Committee will be sensitive to the external environment in making such decisions.

As set out above, the Committee determined to make the following minor changes to the Policy as follows.

Summary of changes to policy versus 2020 policy:

Element	Changes to 2020 Policy
Executive Directors	
Benefits	Minor change to provide the Committee with flexibility in line with standard market practice
Pension	Executive Director pension contribution rates were reduced to the wider workforce rate of 5% of salary from 1 April 2022. The Policy has been amended such that it is clear that Executive Directors will receive this level of pension contribution
Annual bonus	In line with standard market practice, the Committee will have the flexibility to determine the appropriate bonus measures, weightings and targets each year
Long-Term Incentive Plan (LTIP)	In line with standard market practice, the Committee will have the flexibility to determine the appropriate LTIP measures, weightings and targets each year
Non-Executive Directors	
Fees	Explicitly states that fees for additional work outside a Non-Executive's normal role can be paid No other changes

Directors' remuneration policy continued

1) Policy tables – Executives

Purpose	Operation	Maximum opportunity
Base salary		
To provide competitive salary levels recognising the market value of the role and individual's skills, experience and performance as well as their contribution and enable the recruitment and retention of high-calibre Executives	Base salary is set annually on 1 April. Base salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance, and levels of increase for the broader Trifast UK employee population. The Committee will target median salaries within FTSE Small Cap index companies The Committee also considers the impact of any base salary increase on the total remuneration package. Increases awarded each year will be set out in the statement of implementation of Policy	The maximum annual salary increase will not normally exceed the average increase which applies across the wider Trifast UK employee population Larger increase may be awarded subject to performance in the following circumstances: I. A material change in the role and responsibilities of the Executive Director II. Strategic progress and key milestones have been achieved; however, an Executive Director's salary remains below the median of the FTSE Small Cap Index or III. An Executive Director has been appointed either internally or externally at below the market level to reflect experience
Benefits		
To provide a competitive level of benefits and encourage the wellbeing and engagement of employees	The key benefits provided to the Executive Directors include: • Company car (or car allowance) • Private medical insurance • Critical illness cover and life cover • Income protection insurance In addition, the Company pays additional benefits when specific business circumstances require it. Accordingly, the Committee would expect to be able to adopt benefits such as relocation expenses, tax equalisation and support in meeting specific costs incurred by Executive Directors to ensure the Company and the individuals comply with their obligations in the reporting of remuneration Where the Company offers a flexible benefits approach (where the value of one benefit may be exchanged for another) to employees, generally an Executive Director would have the option to participate. Other benefits (in line with those received by the general workforce) may be offered at the discretion of the Committee The Company reimburses all necessary and reasonable business expenses	Capped at the cost of providing the benefits

Directors' remuneration policy continued

1) Policy tables – Executives continued

Purpose	Operation	Maximum opportunity
Pension		
To provide a standard UK market level of retirement funding to enable the Company to recruit and retain Directors with the experience and expertise to deliver the Group's strategy	Executive Directors participate in defined contribution pension arrangements. Executive Directors may request a pension allowance to be paid in cash, after deducting employer National Insurance costs, in place of defined contribution arrangements	Executive Directors will receive a pension contribution in line with the rate available to the majority of the workforce (currently 5% of salary)
All-employee share plan (SAYE)		
Facilitate equity involvement for Executives and UK-based employees	The Trifast Savings Related Share Option Scheme is HMRC approved. The scheme offers three and five-year savings contracts which provide an option to purchase shares after maturity at a discount to the share price on the date the contract is taken out (the maximum discount is 20%)	Annual savings limit in line with HMRC limit

Purpose	Operation	Maximum opportunity
Annual bonus		
To encourage and reward delivery and execution of short-term financial and non-financial performance in line with shareholder interests	Executive Directors are eligible to participate in the annual bonus. Each year the Committee selects the performance measures, assessed over the financial year, which it considers appropriate to support the Company's strategic priorities and the delivery of value to shareholders. The weighting and targets for each measure will also be set annually by the Committee Targets deemed commercially sensitive by the Board will be reported retrospectively in the following year's remuneration report The Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with the underlying performance of the Company. In addition, the Committee has the discretion to adjust targets or performance conditions for any exceptional events that may occur during the year Malus will apply during the bonus year and the share deferral vesting period and clawback will apply for a period of two years post bonus payment and deferred share vesting	The annual bonus will be in the form of cash with a deferred share component The maximum annual award level is 150% of base salary The maximum amount that can be paid in cash is 100% of base salary. Any annual bonus earned above 100% of salary will be deferred into shares for a period of three years The percentage of bonus earned for differing levels of performance is: I. Threshold: 25% of maximum opportunity II. Target: 50% of maximum opportunity III. Stretch: 100% of maximum opportunity

Directors' remuneration policy continued

1) Policy tables – Executives continued

Purpose	Operation	Maximum opportunity
Long-Term Incentive Plan		
To incentivise the delivery of the Group's long-term business strategy and sustainable value for shareholders	The Committee may make an annual award of shares to each Executive Director in the form of nil-cost options under the Long-Term Incentive Plan (LTIP) LTIP awards will have a vesting period of three years followed by a holding period of two years. During the holding period, vested awards cannot be sold, except to meet tax liabilities on the exercise of an option The Committee selects performance measures on an annual basis considering the Company's long-term business strategy. The weighting and targets for each measure will also be set annually by the Committee Where possible, the performance measures, weightings and targets for the following year's LTIP award will be disclosed prospectively in the implementation of Policy section of the annual report on remuneration Malus will apply during the vesting period and clawback will apply during the holding period The Committee will have overriding discretion to change formulaic outcomes of LTIP awards (both downwards and upwards) if they are out of line with underlying performance of the Company	The maximum annual award level for Executive Directors is 175% of base salary On recruitment this limit may be increased to 250% of salary, but only in exceptional circumstances 25% of the LTIP award will vest for threshold performance, increasing to 100% for maximum performance

Operation	Post-employment requirement
Shareholding requirement	
A 250% of salary shareholding requirement for all Executive Directors. This is to be built up over five years from the approval of this Policy for existing Executive Directors and from the date of joining for new Executive Directors Shares beneficially owned, the post-tax value of any vested but unexercised LTIP awards and the post-tax value of any annual bonus deferral shares will count towards the requirement The Committee will annually review the progress against achievement of these guidelines	Post-employment, an Executive Director shall continue to hold shares equivalent to the minimum of their actual shareholding on cessation of employment and their in-employment shareholding requirement for a period of two years following termination of employment For the avoidance of doubt, shares beneficially owned and any in-flight LTIP awards at the date of adoption of the 2020 Policy will be exempt from this post-employment requirement

Directors' remuneration policy continued

1) Policy tables – Executives continued

Legacy incentive awards

Executive Directors are eligible to receive payments under any award made prior to the approval and implementation of the Remuneration Policy set out above under existing incentive arrangements. For the avoidance of doubt, it is noted that the Company will honour any commitments entered that have been disclosed previously to shareholders.

Performance measures and targets

The table below sets out the performance measures chosen in respect of the annual bonus and LTIP in respect of the financial year ending 31 March 2024.

Performance measures and weightings	Performance targets	Why targets were chosen	How targets are set
Annual bonus			
• 70% based on underlying profit before tax (UPBT) targets • 20% based on average working capital % targets • 10% based on strategic and operational targets (5% weighting will be based on a carbon emissions reduction target aligned with the Company's sustainability strategy) • Additionally, no bonus payment can be made under the average working capital % element or the strategic and operational element unless threshold UPBT performance has been achieved	The Board deems the annual bonus targets to be commercially sensitive. Full details of the FY24 targets and their achievement will be disclosed retrospectively in the FY24 Directors' remuneration report	The performance measures that have been selected, in the Committee's view, most appropriately reflect the Company's strategy to: • Focus on generating strong and sustainable profits for the benefit of shareholders • Focus on operational efficiency • Focus on delivering challenging specific strategic and operational targets which aid in long-term value creation	The performance targets are calibrated by the Committee considering the Company's business plan, strategic and operational imperatives, market conditions and external forecasts
LTIP			
• 25% based on underlying operating margin • 75% based on relative TSR vs. FTSE Small Cap Index (excluding investment trusts)	The calibration of the underlying operating margin performance targets has been delayed given the difficulty of setting robust targets at the current time. These targets will be set closer to the grant date and disclosed in the RNS on award 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	The underlying operating margin and relative TSR measures have been selected to reward senior executives for driving margin in line with our aspiration to become both a bigger and more profitable company and the delivery of long-term sustainable value for the benefit of shareholders	The relative TSR targets have been set, in line with standard practice, such that threshold vesting is achieved for performance in line with an appropriate index, with full vesting for significant out-performance of the index The underlying operating margin targets will be calibrated considering the Company's business plan, market conditions and external forecasts

Directors' remuneration policy continued

1) Policy tables – Executives continued

Differences between Executive Directors' and employees' remuneration

The following differences exist between the Company's policy for the remuneration of Executive Directors as set out in the Policy table above and its approach to the payment of employees generally:

- Executive Directors may opt to receive a cash supplement in lieu of pension (reduced for Employer's NI contribution)
- All employees are eligible for a performance-based discretionary bonus scheme. A lower level of maximum annual bonus opportunity applies to employees when compared to the Executive Directors and no employee other than the Executive Directors is required to defer part of their bonus into shares
- Executive Directors participate in the LTIP. Currently c.140 employees within our Senior Management levels are invited to participate in the LTIP at the Remuneration Committee's discretion. All UK employees are eligible to participate in the Company's SAYE scheme

In general, these differences arise from the development of remuneration arrangements that are market competitive for the various categories of individuals. They also reflect the greater emphasis placed on performance-related pay for Executive Directors.

2) Policy table – Non-Executive Directors

Non-Executive Director remuneration is not performance related and is not pensionable. The only other payments made to Non-Executive Directors are mileage allowances at HMRC rates and expenses for items incurred during the fulfilment of their roles. An explanation of the Policy with regard to Non-Executive Directors is set out in the table below:

Objective	Operation	Maximum opportunity
Non-Executive Directors		
To attract and retain individuals with the requisite skills and experience to perform the role	Set annually on 1 April The Company will target median fees within FTSE Small Cap index companies Non-Executive Directors are paid a base fee and additional fees for Committee membership and chairmanship. An additional fee is also payable to the Senior Independent Director The Chair's fee will be determined by the Committee, whilst the other Non-Executive Director fees will be determined by the Chair and Executive Directors	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 UK workforce Larger increases above this may be awarded in certain circumstances, for example in the event of a material change in the time commitment or responsibilities of the Non-Executive Director Additional fees may be payable in instances where work performed is outside of the scope of the individual's role and responsibilities

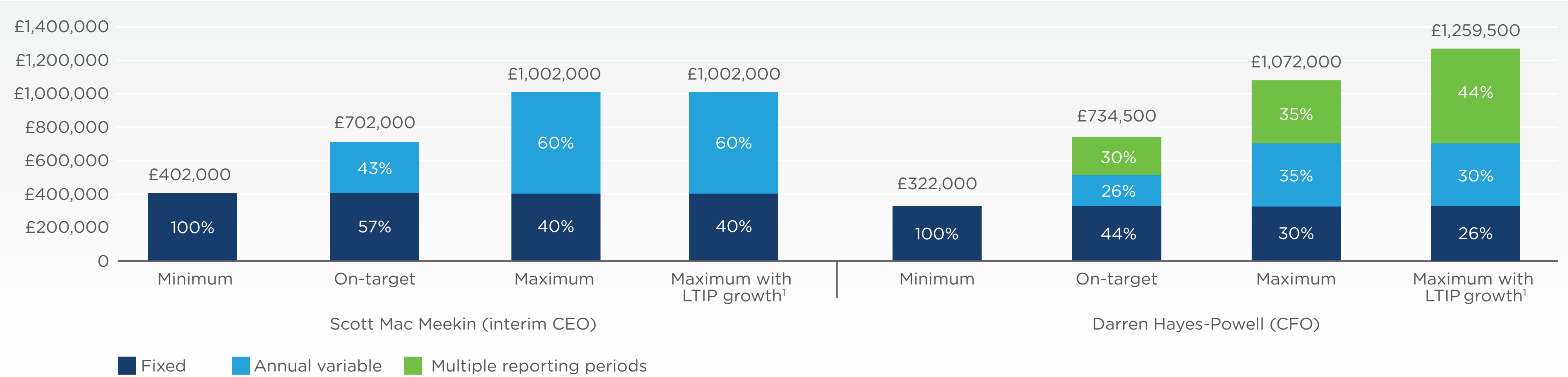
Directors' remuneration policy continued

3) Illustration of Remuneration Policy

The following chart provides an illustration of the FY24 reward package for the Executive Directors under four different performance scenarios: 'minimum', 'on-target', 'maximum' and 'maximum with LTIP share price growth of 50% over three years'. The illustrations are based on the implementation of the proposed Policy for the year ending 31 March 2024.

The assumptions used in determining the remuneration illustrations are set out in the table below the chart.

Performance scenario chart



1. Share price growth of 50% over three years

Scenario	Fixed	Annual variable (annual bonus)	Multiple reporting periods (LTIP)
Minimum	Base salary: As at 1 April 2023 Pension: 5% of base salary for CFO only Benefits: In line with those paid in year ending 31 March 2023	Nil	Nil
On-target		50% of maximum	60% vesting
Maximum		100% of maximum	100% vesting
Maximum with LTIP share price growth of 50% over three years		100% of maximum	100% vesting with 50% share price growth

Notes

- The interim CEO does not receive pension contributions and will not participate in the LTIP
- SAYE not included

Directors' remuneration policy continued

4) Policy on recruitment arrangements

The Committee's approach to Executive Director recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the current Executive Directors, as set out in the remuneration Policy table.

Remuneration element	Treatment under Policy
Base salary, pension and other benefits	The salary level will be set considering a number of factors including: market practice; the individual's experience and responsibilities; and other pay structures within Trifast. The salary level set will be consistent with the salary Policy for existing Executive Directors Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases, subsequent increases in salary may be higher than the general rise for UK employees until the target positioning is achieved The Executive Director shall be eligible to receive pension contributions and benefits in line with Trifast's Policy for current Executive Directors as set out in the Policy table above
Annual bonus and LTIP	The Executive Director will be eligible to participate in the annual bonus and LTIP as set out in the Policy table above. The maximum level of variable remuneration that may be offered is 325% of base salary (annual bonus of 150% and LTIP of 175% of salary) consistent with that of existing Executive Directors The exceptional award limit in the LTIP allows total variable remuneration to be increased to 400% of base salary in the year of recruitment (where the increased LTIP award of 250% of salary is above the normal LTIP maximum of 175% of salary)
Share buy-outs and replacement awards	The Committee's policy is not to provide replacement awards as a matter of course. However, should the Committee determine that the individual circumstances of recruitment justify the provision of a replacement award, the value of any incentives that will be forfeited on cessation of a Director's previous employment will be calculated taking into account the following: • The proportion of the performance period completed on the date of the Director's cessation of employment • The performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied • Any other terms and conditions having a material effect on their value ('lapsed value') The Committee may then grant a replacement award up to the equivalent value as the lapsed value where possible under the Company's incentives plans. Where the circumstances are such that this is not possible, a bespoke arrangement may be used including in accordance with Rule 9.4.2(R) of the Listing Rules
Relocation policies	In instances where the new Executive Director is required to relocate or spend significant time away from his/her normal residence, the Company may provide one-off compensation to reflect the cost of relocation for the Executive Director. The level of the relocation package will be assessed on a case-by-case basis but will take into consideration any cost of living differences/housing allowance, disturbance allowances and schooling
Internal promotions	Where an existing employee is promoted to the Board, the Policy would apply from the date of promotion but there would be no retrospective application of the Policy in relation to subsisting incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's annual report on remuneration

The Company's policy when setting fees for the appointment of new Non-Executive Directors is to apply the Policy which applies to current Non-Executive Directors, which is set out on page 104 to 117.

Directors' remuneration policy continued

5) Policy on payment for loss of office – cessation of employment and change of control

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise the cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation), or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

The following tables show how the Committee would expect to treat Executive Directors on cessation of employment or upon a change of control.

Cessation of employment

Remuneration element	Approach
Notice periods	The notice period for Executive Directors is 12 months or less
Circumstances of departure of Executive Directors	A 'good leaver' is a person whose cessation of employment is for one of the following reasons: • Death • Ill-health • Injury or disability • Redundancy • Retirement • Employing company ceasing to be a Group company • Transfer of employment to a company which is not a Group company • Where the person is designated a good leaver at the discretion of the Committee A participant who is not a 'good leaver' is a 'bad leaver'
Base salary, pension and other benefits	Base salary, pension and benefits are paid in lieu of notice. Neither notice nor a payment in lieu of notice will be given in the event of gross misconduct

Directors' remuneration policy continued

5) Policy on payment for loss of office – cessation of employment and change of control continued

Remuneration element	Approach
Annual bonus	The treatment under the annual bonus is as follows: **Good leavers** • Unless the Remuneration Committee determines otherwise, any bonus payable in respect of the year of cessation will be pro-rated for time, and performance will be tested at the normal date. The bonus will normally be paid in cash on the normal bonus payment date • Unvested deferred share bonus awards will vest on their original vesting date **Bad leavers** • Anyone who is not a good leaver will be a bad leaver • Bad leavers will forfeit any bonus in respect of the year of cessation and any unvested deferred share awards will lapse The Remuneration Committee has the following elements of discretion: • In circumstances where the bonus earned in the year of cessation is greater than 100% of salary, the Committee has discretion to defer the portion of the bonus above 100% of salary into shares for three years • To allow the determination and payment of bonus as at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation • To allow unvested deferred shares to vest on the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation
LTIP	The treatment under the LTIP is as follows: **Good leavers** • Any unvested awards will normally vest on the original vesting date subject to performance over the original performance period and will be pro-rated for time • Vested awards will remain subject to the holding period as stated in the Policy **Bad leavers** • Anyone who is not a good leaver will be a bad leaver • Bad leavers will forfeit all unvested awards and vested awards will remain subject to the holding period as stated in the Policy The Remuneration Committee has the following elements of discretion: • To measure performance over the original performance period or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation • To vest the LTIP award on the normal vesting date or at the date of cessation. The Remuneration Committee will make this determination depending on the type of good leaver reason resulting in the cessation • To determine whether to pro-rate the maximum number of shares to the time from the date of grant to the date of cessation. The Remuneration Committee's normal policy is that it will pro-rate the awards for time. It is the Remuneration Committee's intention to use discretion to not pro-rate in circumstances where there is an appropriate business case which will be explained in full to shareholders
Buy-out award	Where cessation of employment occurs in relation to an Executive Director who has been granted a buy-out award, the treatment would be in line with the terms of the buy-out award

Directors' remuneration policy continued

5) Policy on payment for loss of office – cessation of employment and change of control continued

Remuneration element	Approach
Other contractual obligations	There are no other contractual provisions other than those set out above that could impact the quantum of the payment

Change of control

Remuneration element	Approach
Annual bonus	• Cash bonus for the year in which a change of control event occurs will be pro-rated for time and performance • At the Remuneration Committee's discretion, it may consider whether to dis-apply pro-rating for time • Unvested deferred share awards will vest on change of control • In the event of an internal corporate reorganisation, the Remuneration Committee may decide to replace unvested deferred share awards with equivalent new awards over shares in the acquiring company
LTIP	• Unvested awards will vest early subject to (i) the extent that any applicable performance targets have been satisfied at that time and (ii) pro-rating to reflect the reduced period of time between grant and early vesting as a proportion of the vesting period that has then elapsed • At the Remuneration Committee's discretion, it may consider whether to dis-apply pro-rating for time • In the event of an internal corporate reorganisation, the Remuneration Committee may decide to replace unvested awards with equivalent new awards over shares in the acquiring company
Buy-out award	Where change of control occurs in relation to an Executive Director who has been granted a buy-out award, the treatment would be in line with the terms of the buy-out award

Directors' remuneration policy continued

6) Policy on malus and clawback

Malus provisions apply to the annual bonus and the LTIP. Malus is the adjustment of the annual bonus in the year it is earned, unvested deferred bonus shares or unvested LTIP awards because of the occurrence of one or more circumstances. The adjustment may result in the value being reduced to nil.

Clawback is the recovery of cash payments made or vested deferred shares under the annual bonus or vested LTIP awards as a result of the occurrence of one or more circumstances. Clawback may apply to all or part of a participant's payment under the annual bonus or LTIP awards.

Element	Policy
Annual bonus – cash	• Malus will apply up to the time of payment and clawback will apply for a period of two years post-payment
Annual bonus – deferred shares	• Malus will apply during the vesting period and clawback will apply for a period of two years post-vesting
LTIP	• Malus will apply during the vesting period and clawback will apply for the two year post-vesting holding period

The circumstances in which malus and clawback could apply are as follows:

- Discovery of a material misstatement resulting in an adjustment in the audited accounts of the Group or any Group company
- The assessment of any performance condition or condition in respect of an annual bonus or LTIP award that was based on error, or inaccurate or misleading information
- The discovery that any information used to determine a cash bonus or the number of shares subject to a bonus share deferral or LTIP award was based on error, or inaccurate or misleading information
- Action or conduct of a participant which, in the reasonable opinion of the Committee, amounts to fraud or gross misconduct
- Actions that result in a material failure of risk management of the Company, a Group company or a business unit of the Group
- The Company or any Group company or business of the Group becomes insolvent or otherwise suffers a corporate failure so that the value of shares is materially reduced, provided that the Board determines following an appropriate review of accountability that the participant should be held responsible (in whole or in part) for that insolvency or corporate failure
- Events or the behaviour of a participant have led to the censure of a Group company by a regulatory authority or have had a significant detrimental impact on the reputation of any Group company provided that the Board is satisfied that the relevant participant was responsible for the censure or reputational damage and that the censure or reputational damage is attributable to them

Directors' remuneration policy continued

7) Discretions retained by the Remuneration Committee

The Committee retains discretion, consistent with market practice, in a number of regards to the operation and administration of the annual bonus and LTIP (the LTIP being operated in general terms according to the rules to be approved by shareholders).

The areas where discretion is retained includes, but is not limited to, the following:

- The participants
- The timing of an award
- The size of an award
- The determination of vesting and/or payout
- Discretion required when dealing with a change of control or restructuring of the Group
- Determination of the treatment of leavers based on the rules of the plan and the appropriate treatment chosen
- Adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events and special dividends)

These discretions, which in certain circumstances can be operated in both an upward and downward manner, are consistent with market practice and are necessary for the proper and fair operation of the plans so that they achieve their original purpose.

The Committee has discretion in several areas of policy as set out in this report. In particular, the Committee will have overriding discretion to change formulaic outcomes (both downwards and upwards) if they are out of line with underlying performance of the Company. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval.

8) External directorships

The Board allows Executive Directors to accept one appropriate outside commercial Non-Executive Director appointment provided the aggregate commitment is compatible with their duties as Executive Directors. The Executive Director concerned may retain fees paid for these services, which will be subject to approval by the Board before accepting. The Executive Directors currently hold no external directorships.

9) Service contracts for Executive Directors

The service contract for Darren Hayes-Powell is not fixed term. The service contract for Scott Mac Meekin is fixed for 12 months with the option to extend for a further 12 months. Contracts are terminable by either the Company or the Director on the following bases:

Executive Director	Notice period	Date of signing current service contract
SW Mac Meekin	6 months	20 February 2023
D Hayes-Powell[1]	12 months	9 November 2022

1. Although his contract was signed prior to appointment, Darren Hayes-Powell was appointed as Chief Financial Officer on 1 December 2022

When setting notice periods, the Committee has regard for market practice and corporate governance best practice. For new appointments, the notice period for Executive Directors will be set at 12 months. Executive Directors are subject to annual re-election at the Company's AGM. The Directors' contracts are kept at the Company's registered office.

10) Non-Executive Directors letters of appointment

The Company's policy is to appoint Non-Executive Directors to the Board with a breadth of skills and experience that is relevant to its business. Appointments are made by the Board upon the recommendations and advice from the Nomination Committee (read more about the Nomination Committee on pages 74 and 75). The Non-Executive Directors do not have service contracts but are appointed under letters of appointment.

The Non-Executive Directors were appointed for an initial three-year term and their appointment continues subject to annual re-election at the Company's AGM.

The table below sets out the date that each Non-Executive Director was first appointed (date of signing first 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-Executives' arrangements, set out in the 2014 Directors' Remuneration Policy, this will be extended to 12 months on a change of control. The Directors' contracts are kept at the Company's registered office.

Non-Executive Director	Notice period	Date of signing
JPD Shearman	3 months	26 July 2012
C Balmforth[1]	3 months	26 March 2020
C Watson[1]	3 months	20 April 2020
L Eperjesi[1]	3 months	22 November 2022

1. Although letters were signed prior to appointment, Claire Balmforth was appointed as a Non-Executive Director on 1 April 2020, Clive Watson on 30 July 2020, and Louis Eperjesi on 3 January 2023

Directors’ remuneration policy continued

11) Consideration of conditions elsewhere in the Group

The remuneration policy throughout the Company is based on ensuring that we can attract and retain the most suitable people. This principle is consistent with that applied to the development of our remuneration Policy for Executive Directors. Employee views were not specifically sought in determining this Policy and no comparison metrics were used.

As part of our commitment to fairness across the business, and in line with requirements under the Corporate Governance Code, we have set out in the annual report on remuneration information on the pay and conditions of the wider workforce and comparisons with the Executive Directors. We are committed to transparency internally and externally in relation to developments on these important issues and will continue to consider how our disclosures can be enhanced going forward.

Pay structures across the Group

In making decisions on executive pay, the Committee considers wider workforce remuneration and conditions. We recognise the central importance of all of our teams in delivering success and aim to provide a remuneration package for our employees which is aligned to our values and remuneration principles across the Group. Our remuneration for employees is market competitive and operates the same core structure as for Executive Directors, including employee share and variable pay plans, with pension provision for all Directors and employees.

Prior to reviewing the remuneration outcomes, the Committee will consider a report covering key information such as base pay levels, pension and share scheme participation.

Employee engagement

The Company’s approach to engagement has also allowed our employees to discuss a wide range of subjects, as detailed on page 26, with our designated people NED, Jonathan Shearman, supported by Non-Executive Director, Claire Balmforth, and Global HR & Sustainability Director, Helen Tate. This engagement has helped the Company to review resource capacity, develop a strategy for improving communication and feedback gathered was considered by the Committee.

See page 32 for further information on employee engagement.

12) Statement of shareholder views

At our 2022 AGM, the Committee was disappointed that the Directors’ remuneration report was passed with only 68% support from shareholders. Given this level of support, soon after the AGM the Committee Chair engaged with some of our largest shareholders to better understand their views on remuneration at Trifast. The key themes that emerged from these discussions were as follows:

1) **Approach to increasing the salaries of the Executive Directors:** While shareholders were broadly comfortable with the need to pay the Executive Directors a more competitive salary, there was a strong preference to stagger the increases over a longer time frame.
2) **Approach to long-term incentives:** There were differing views in relation to the most appropriate long-term incentive arrangement to align the interests of shareholders and executives.

The Remuneration Committee is still of the opinion that the rebalancing of the Executive Director remuneration packages for FY23 was the right thing to do. However, these views will be taken into account when the Committee undertakes its next review of Policy.

The Committee would like to thank shareholders who took part in this engagement.

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 2023

Results and proposed dividend

Total Group revenue from continuing operations was £244.4m (FY22: £218.6m) and the loss for the year before taxation was £(2.7)m (FY22: profit for the year before tax £10.6m). Underlying profit before tax for the Group was £9.3m (FY22: £13.8m); see note 2 for breakdown.

The Directors recommend a final dividend of 1.50p (FY22: 1.40p) per ordinary share to be paid on 13 October 2023 to shareholders registered at the close of business on 29 September 2023. This, together with the interim dividend of 0.75p (paid on 13 April 2023) (FY22: 0.70p), brings the total for the year to 2.25p (FY22: 2.10p). The 2023 proposed final dividend has not been included within creditors as it was not approved before the year end. The 2023 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.

Annual General Meeting

The Annual General Meeting will be held at 11.30am on 15 September 2023 at Peel Hunt LLP. 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' remuneration and their interests in share capital are shown in the remuneration report on page 101. All Directors are subject to annual re-election; details can be found in the corporate governance report on page 73. Biographical details can be found on pages 68 and 69.

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
Resigned 18 February 2023

SW Mac Meekin
Interim Chief Executive Officer
Appointed 20 February 2023
Formerly Independent Non-Executive Director from 25 April 2013 to 19 February 2023

CL Foster
Chief Financial Officer
Left 30 August 2022

DM Hayes-Powell
Chief Financial Officer
Appointed 1 December 2022

Independent Directors (Non-Executive)

C Watson
Senior Independent Director
Chair of Audit & Risk Committee

C Balmforth
Chair of Remuneration Committee

LLA Eperjesi
Chair of ESG Committee
Appointed 3 January 2023

Directors' report continued

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 2023	No. of shares held	% of shareholding
Slater Investments Ltd	18,149,422	13.33
Schroder Investment Management Ltd	15,334,370	11.27
Huntington Management LLC	10,848,069	7.97
Hargreave Hale Ltd	9,301,000	6.83
DBAY Advisors Ltd	8,076,824	5.93
Michael Timms	7,000,000	5.14
Threadneedle Asset Management Ltd	5,343,629	3.93

As at 30 June 2023	No. of shares held	% of shareholding
Slater Investments Ltd	18,149,422	13.33
Schroder Investment Management Ltd	16,101,594	11.83
Huntington Management LLC	10,929,101	8.03
DBAY Advisors Ltd	9,446,824	6.94
Canaccord Genuity Asset Management Ltd	7,800,000	5.73
Threadneedle Asset Management Ltd	7,100,626	5.22
Michael Timms	7,000,000	5.14

No Director holds >5% shares in the Company.

Employee Benefit Trust (EBT)

The number of Trifast 5p ordinary shares held by the Trifast EBT (as funded by the Group) at 31 March 2023 was 1,896,098 (FY22: 2,194,470) which represented 1.4% of the fully paid up share capital of the Company as at 31 March 2023 (FY22: 1.6%). During the year, 298,372 shares were transferred out to meet employee share obligations (FY22: 90,337) and no further shares were acquired (FY22: 1,955,720). 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.

Corporate governance

The corporate governance statement on pages 71 to 73 should be read as forming part of the Directors' report.

Directors' report continued

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 73.

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 (FY22: £nil). The Group made £4k of charitable donations in the year (FY22: £3k).

Research and development

The Group had a spend of £90.4K on research and development in the year (FY22: £70.0k).

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 employees is presented in the in-house letters and publications.

For more information on employee engagement see page 32.

Subsequent events

The Group signed new banking facilities on 1 June 2023 and signed a material lease agreement for the new National Distribution Centre on 4 July 2023, see note 29 for further details. Other than this, 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

10 July 2023

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 the financial statements, 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 the financial statements, 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

Scott Mac Meekin
Interim Chief Executive Officer

Darren Hayes-Powell
Chief Financial Officer

10 July 2023

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 2023 and of the Group’s loss 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 2023 which comprise the 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 ended 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ended 31 March 2020 to 31 March 2023.

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.

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 extend 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
- 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.

Independent auditor's report continued

to the members of Trifast plc

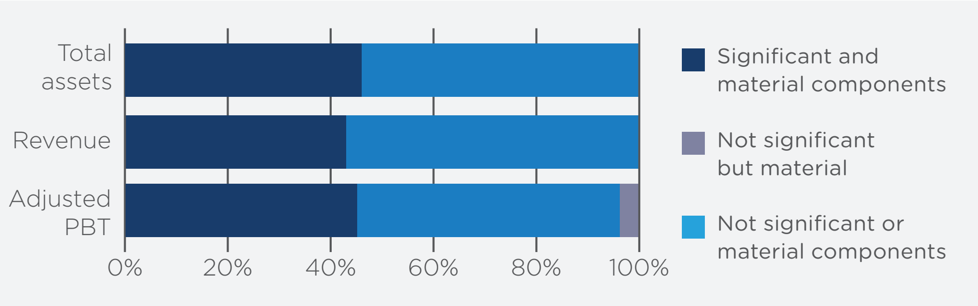
Overview

Coverage	96% (2022: 97%) of Group profit before tax 100% (2022: 100%) of Group revenue 100% (2022: 95%) of Group total assets		
Key audit matters		2023	2022
	Recoverability of customer specific inventory	✓	✓
	Goodwill impairment	✓	✓
Materiality	Group financial statements as a whole £970,000 (2022: £660,000) based on 0.4% of group revenue (2022: 5% of adjusted group profit before tax). The basis was changed from adjusted group profit before tax to group revenue as adjusted profit before tax was no longer considered a stable measure given the performance of the group		

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 (2022: 25), 5 (2022: 5) including the Parent Company were identified as significant and material with full scope audit procedures being performed for Group reporting purposes and 15 (2022: 14) were identified as non-significant but material where specific balances and risks were identified as being in scope for audit purposes. The group engagement team conducted analytical review procedures for a further 5 (2022: 6) non-significant or immaterial components.



The group engagement team performed procedures over 2 (2022: 3) components including 1 (2022: 1) significant component and 1 (2022: 2) non-significant but material component. BDO LLP component teams performed procedures over 5 (2022: 3) components including 1 (2022: 2) significant and material component and 4 (2022: 1) non-significant but material components. The remaining audit procedures were performed by overseas BDO network member firms.

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 two UK entities and one Singaporean entity were completed in person, of which all entities were significant components, other interactions were completed on a remote basis. The Group audit team held video calls in order to attend component team planning and completion meetings together with open dialogue maintained throughout the audit. We also performed reviews of selected working papers on the component audit teams audit files.

Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and ESG Committee and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Focus on ESG section may affect the financial statements and our audit

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Director's going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as 'Statutory Other Information' on page 127 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Independent auditor's report continued

to the members of Trifast plc

An overview of the scope of our audit continued

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 139 to 145 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's product line is discontinued, and component parts are not being carried forward to new product lines. 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.	We have: • Tested the application of the provision methodology through sample testing the classification of inventory between customer specific or standard inventory, the ageing of inventory and the arithmetical accuracy of application of the methodology as relevant to each component; • Challenged management's customer specific inventory provision estimate by considering movements in inventory balances and stock provisions; • Made enquiries of management over the status of any discontinued or delayed products and their assessment of the recoverability of existing parts; • Compared sell through of stock lines in the year to the year-end inventory to identify potential slow moving items and for a sample of items obtained evidence to support future sales demand; where data on sale by inventory code was not available, a sample of items was selected as relevant to the component and evidence obtained to support the inventory valuation; and • On a sample basis, tested the net realisable value of inventory by agreeing to sales documentation, including post year end sales documentation where available. **Key observations:** We did not identify any indicators to suggest that the estimates made in determining the customer specific inventory provision were inappropriate.

Independent auditor's report continued

to the members of Trifast plc

An overview of the scope of our audit continued

Key audit matters continued

Key audit matter		How the scope of our audit addressed the key audit matter
Goodwill impairment Refer to the Accounting Policies of the Group on pages 139 to 145 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 Consolidated Statement of financial position and is subject to an annual impairment review. The recoverability of goodwill is dependent on management's identification and allocation of cash generating units, 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 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: • Assessed management's impairment model for compliance with applicable accounting standards and tested its computational accuracy; • Assessed management's identification and allocation of cash generating units. • Considered the historical accuracy of management's forecasting as a starting point for sensitising management's current year forecast; • With the assistance 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 checking the Group considered reasonably possible adverse effects that could arise as a result of a decrease in sales and margins relevant to the cash generating unit; and • Obtained supporting evidence to verify price increase assumptions. **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	
	2023	2022	**2023**	2022
Materiality	**£970k**	£660k	**£150k**	£140k
Basis for determining materiality	**0.4% of revenue**	5% of adjusted profit before tax	**15% (2022: 21%) of Group materiality.**	
Rationale for the benchmark applied	**Considered the most stable performance measure of the group**	We considered adjusted profit to be a key performance measure for users of the financial statements.	**Based on our assessment of the components aggregation risk.**	
Performance materiality	**£630k**	£325k	**£97k**	£65k
Basis for determining performance materiality	**65% of group materiality**		65% of parent company materiality	
Rationale for the percentage applied for performance materiality	Set taking 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.		Set taking 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.	

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 15% and 90% (2022: 21% and 87%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £150k to £875k (2022: £140k to £575k). In the audit of each component, we further applied performance materiality levels of 65% (2022: 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 (2022: £50k) with those between £19k – £50k (2021: £13k – £50k) being reported in aggregate. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Independent auditor's report continued

to the members of Trifast plc

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	• 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 73 • 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 to 65.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 81; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 58 to 63; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 80 and 81; and • The section describing the work of the audit committee set out on pages 78 to 81.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements 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.

Independent auditor's report continued

to the members of Trifast plc

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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations, 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.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health, safety and environmental laws as well as UK Bribery Act.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Involvement of forensic specialists at the planning stage as part of the risk identification process;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be inventory, revenue recognition and management override of controls.

Independent auditor's report continued

to the members of Trifast plc

Auditor's responsibilities for the audit of the financial statements continued

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

Fraud continued

Our procedures in respect of the above included:

- Involvement of forensic specialists at the planning stage as part of the risk identification process;
- Assessing significant estimates made by management for bias (see key audit matters); and
- Addressing the risk of management override of internal controls, including testing of journals exhibiting unusual pairings over revenue and inventory, value or descriptions to supporting documentation 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 revenue and group adjustments to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed 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.

James Fearon (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor

Gatwick, UK

10 July 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement
for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Continuing operations			
Revenue	3, 35	**244,391**	218,618
Cost of sales		**(182,462)**	(160,189)
Gross profit		**61,929**	58,429
Other operating income	4	**510**	565
Distribution expenses		**(6,727)**	(5,296)
Administrative expenses before separately disclosed items		**(43,728)**	(38,952)
Acquired intangible amortisation	2, 13	**(1,798)**	(1,593)
Project Atlas	2	**(1,722)**	(1,041)
Restructuring and related charges	2	**(4,235)**	–
Impairment of goodwill	2, 13	**(2,926)**	–
Settlement for loss of office	2	**(1,050)**	–
Aborted acquisition costs	2	**(261)**	–
Acquisition costs	2, 36	**–**	(508)
Total administrative expenses		**(55,720)**	(42,094)
Operating (loss)/profit	5, 6, 7	**(8)**	11,604
Financial income	8	**158**	31
Financial expenses	8	**(2,842)**	(1,018)
Net financing costs		**(2,684)**	(987)
(Loss)/profit before taxation	3	**(2,692)**	10,617
Taxation	9	**(174)**	(1,640)
(Loss)/profit for the year			
(attributable to equity shareholders of the Parent Company)		**(2,866)**	8,977
(Loss)/earnings per share			
Basic	25	**(2.12)p**	6.61p
Diluted	25	**(2.12)p**	6.56p

The notes on pages 139 to 197 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2023

	2023 £000	2022 £000
(Loss)/profit for the year	**(2,866)**	8,977
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**4,053**	2,907
Loss on a hedge of a net investment taken to equity	**(1,655)**	(147)
Other comprehensive income recognised directly in equity	**2,398**	2,760
Total comprehensive (expense)/income recognised for the year		
(attributable to the equity shareholders of the Parent Company)	**(468)**	11,737

Consolidated statement of changes in equity

for the year ended 31 March 2023

	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 2022	**6,804**	**22,512**	**16,328**	**(3,487)**	**12,284**	**84,704**	**139,145**
Total comprehensive expense for the year:							
Loss for the year	–	–	–	–	–	(2,866)	(2,866)
Other comprehensive income for the year	–	–	–	–	2,398	–	2,398
Total comprehensive expense recognised for the year	**–**	**–**	**–**	**–**	**2,398**	**(2,866)**	**(468)**
Issue of share capital (note 24)	1	18	–	–	–	–	19
Share-based payment transactions (net of tax) (note 22)	–	–	–	–	–	5	5
Movement in own shares held (note 24)	–	–	–	470	–	(470)	–
Dividends (note 24)	–	–	–	–	–	(2,812)	(2,812)
Total transactions with owners	**1**	**18**	**–**	**470**	**–**	**(3,277)**	**(2,788)**
Balance at 31 March 2023	**6,805**	**22,530**	**16,328**	**(3,017)**	**14,682**	**78,561**	**135,889**

Consolidated statement of changes in equity continued

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

Company statement of changes in equity

for the year ended 31 March 2023

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Retained earnings £000	Total equity £000
Balance at 31 March 2022	**6,804**	**22,512**	**16,328**	**(3,487)**	**26,866**	**69,023**
Total comprehensive expense for the year:						
Loss for the year	**–**	**–**	**–**	**–**	**(4,325)**	**(4,325)**
Total comprehensive expense recognised for the year	**–**	**–**	**–**	**–**	**(4,325)**	**(4,325)**
Issue of share capital (note 24)	**1**	**18**	**–**	**–**	**–**	**19**
Share-based payment transactions (net of tax) (note 22)	**–**	**–**	**–**	**–**	**5**	**5**
Movement in own shares held (note 24)	**–**	**–**	**–**	**470**	**(470)**	**–**
Dividends (note 24)	**–**	**–**	**–**	**–**	**(2,812)**	**(2,812)**
Total transactions with owners	**1**	**18**	**–**	**470**	**(3,277)**	**(2,788)**
Balance at 31 March 2023	**6,805**	**22,530**	**16,328**	**(3,017)**	**19,264**	**61,910**

Company statement of changes in equity continued

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

Statements of financial position
at 31 March 2023

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Non-current assets					
Property, plant and equipment	10, 11	**19,417**	20,297	**6**	2,216
Right-of-use assets	12	**14,395**	12,757	**36**	40
Intangible assets	13, 14	**40,451**	42,981	**7,854**	7,027
Equity investments	15	**—**	—	**42,298**	42,298
Non-current trade and other receivables	19	**—**	—	**76,848**	66,344
Deferred tax assets	16, 17	**4,289**	2,787	**998**	724
Total non-current assets		**78,552**	78,822	**128,040**	118,649
Current assets					
Inventories	18	**90,948**	88,933	**—**	—
Trade and other receivables	19	**61,906**	60,520	**3,754**	1,888
Assets classified as held for sale	10, 11	**2,130**	—	**2,130**	—
Cash and cash equivalents	26	**31,798**	26,741	**640**	604
Total current assets		**186,782**	176,194	**6,524**	2,492
Total assets	3	**265,334**	255,016	**134,564**	121,141
Current liabilities					
Trade and other payables	21	**35,332**	45,249	**2,395**	1,569
Right-of-use liabilities	12, 20, 26	**3,498**	3,028	**21**	19
Provisions	23	**2,809**	—	**396**	—
Tax payable		**2,560**	2,455	**—**	—
Total current liabilities		**44,199**	50,732	**2,812**	1,588

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Non-current liabilities					
Other interest-bearing loans and borrowings	20, 26	**69,825**	50,507	**69,825**	50,507
Right-of-use liabilities	12, 20, 26	**12,315**	10,683	**17**	23
Provisions	23	**1,443**	1,088	**—**	—
Deferred tax liabilities	16, 17	**1,663**	2,861	**—**	—
Total non-current liabilities		**85,246**	65,139	**69,842**	50,530
Total liabilities	3	**129,445**	115,871	**72,654**	52,118
Net assets		**135,889**	139,145	**61,910**	69,023
Equity					
Share capital		**6,805**	6,804	**6,805**	6,804
Share premium		**22,530**	22,512	**22,530**	22,512
Merger reserve		**16,328**	16,328	**16,328**	16,328
Own shares held		**(3,017)**	(3,487)	**(3,017)**	(3,487)
Reserves		**14,682**	12,284	**—**	—
Retained earnings		**78,561**	84,704	**19,264**	26,866
Total equity		**135,889**	139,145	**61,910**	69,023

The loss after tax for the Company is £4.3m (FY22: £4.1m).

The notes on pages 139 to 197 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10 July 2023 and were signed on its behalf by:

Scott Mac Meekin
Director

Darren Hayes-Powell
Director

Statements of cash flows

for the year ended 31 March 2023

		Group		Company	
	Note	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Cash flows from operating activities					
(Loss)/profit for the year		**(2,866)**	8,977	**(4,325)**	(4,106)
Adjustments for:					
Depreciation and amortisation	10, 11, 13, 14	**5,471**	4,125	**638**	84
Right-of-use asset depreciation	12	**3,640**	3,131	**23**	19
Unrealised foreign currency gain		**(50)**	(34)	**(43)**	(45)
Financial income	8	**(158)**	(31)	**(1,268)**	(155)
Financial expense (excluding right-of-use liabilities)	8	**2,412**	692	**2,383**	683
Right-of-use liabilities' financial expense	8, 12	**430**	326	**1**	—
Loss on sale of property, plant and equipment, intangibles and investments		**149**	6	**9**	145
Dividends received		**—**	—	**(7,434)**	(3,358)
Equity settled share-based payment charge		**24**	772	**(398)**	325
Impairment of goodwill	2,13	**2,926**	—	**—**	—
Impairment of right-of-use assets and property, plant and equipment on restructuring	2, 10, 11, 12	**1,426**	—	**—**	—
Taxation expense/(income)	9	**174**	1,640	**(300)**	(13)
Operating cash inflow/(outflow) before changes in working capital and provisions		**13,578**	19,604	**(10,714)**	(6,421)
Change in trade and other receivables		**1,644**	(5,950)	**(536)**	916
Change in inventories		**215**	(31,716)	**—**	—
Change in trade and other payables		**(11,739)**	2,922	**661**	299
Change in provisions		**2,792**	—	**396**	—
Cash generated from/(used in) operations		**6,490**	(15,140)	**(10,193)**	(5,206)
Tax paid		**(3,529)**	(2,757)	**—**	—
Net cash generated from/(used in) operating activities		**2,961**	(17,897)	**(10,193)**	(5,206)

Statements of cash flows continued

for the year ended 31 March 2023

	Note	Group 2023 £000	Group 2022 £000	Company 2023 £000	Company 2022 £000
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**27**	36	**–**	–
Interest received		**138**	31	**366**	196
Acquisition of property, plant and equipment and intangibles	10, 11, 13, 14	**(5,625)**	(5,248)	**(1,394)**	(1,481)
Acquisition of subsidiary, net of cash acquired		**–**	(5,847)	**–**	–
Lending to subsidiary undertakings		**–**	–	**(9,897)**	(21,638)
Repayment by subsidiary undertakings		**–**	–	**2,125**	–
Dividends received		**–**	–	**7,434**	3,358
Net cash used in investing activities		**(5,460)**	(11,028)	**(1,366)**	(19,565)
Cash flows from financing activities					
Purchase of own shares	24	**–**	(3,035)	**–**	(3,035)
Proceeds from the issue of share capital	24	**19**	53	**19**	53
Proceeds from new loan		**16,423**	32,980	**16,423**	32,980
Repayment of loans from subsidiaries		**–**	–	**–**	(4,248)
Repayment of right-of-use liabilities	12	**(3,792)**	(2,977)	**(24)**	(19)
Dividends paid	24	**(2,812)**	(2,156)	**(2,812)**	(2,156)
Interest paid		**(2,477)**	(805)	**(2,011)**	(456)
Net cash generated from financing activities		**7,361**	24,060	**11,595**	23,119
Net change in cash and cash equivalents		**4,862**	(4,865)	**36**	(1,652)
Cash and cash equivalents at 1 April		**26,741**	30,265	**604**	2,256
Effect of exchange rate fluctuations on cash held		**195**	1,341	**–**	–
Cash and cash equivalents at 31 March		**31,798**	26,741	**640**	604

Notes to the financial statements

for the year ended 31 March 2023

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 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 2022 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 2023:

- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendment – Disclosure of Accounting Policies)
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Accounting Estimates)
- IAS 12 Income Taxes (Amendment – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)

The following amendments are effective for the period beginning 1 January 2024:

- IFRS 16 Leases – Liability in a Sale and Leaseback
- IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- IAS 1 Presentation of Financial Statements – Non-current Liabilities with Covenants

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 is discussed in note 30.

Going concern

A review of the business activity and future prospects of the Group 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 50 to 57. Detailed information regarding the Group's current facility levels, liquidity, credit, interest and foreign exchange risk is 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.

Notes to the financial statements continued

for the year ended 31 March 2023

1 Accounting policies continued

c) Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to direct relevant activities of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii) Transactions eliminated on consolidation

Intra-Group balances, and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

d) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currencies at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at average rates of exchange for the period, where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on retranslation are recognised in a separate component of equity, the translation reserve, through other comprehensive income. They are released into the income statement as part of the gain or loss on disposal.

e) Hedge of net investment in foreign operations

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised 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.

Notes to the financial statements continued

for the year ended 31 March 2023

1 Accounting policies continued

f) Property, plant and equipment continued

iii) Right-of-use leases continued

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.

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 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.

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%

Notes to the financial statements continued

for the year ended 31 March 2023

1 Accounting policies continued

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.

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.

Notes to the financial statements continued

for the year ended 31 March 2023

1 Accounting policies continued

j) Impairment continued

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.

Notes to the financial statements continued

for the year ended 31 March 2023

1 Accounting policies continued

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 in accordance with the Incoterms agreed with the customers. 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.

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 Executive Committee) 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.

Notes to the financial statements continued

for the year ended 31 March 2023

1 Accounting policies continued

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 £nil (FY22: £0.1m) of government grants obtained relating to supporting the payroll of the Group's employees. The Group has elected to reduce the related expense.

x) Non-current assets held for sale

Non-current assets are held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying value or fair value less costs to sell.

An impairment loss is recognised for any initial loss or subsequent write-down of the asset to fair value less cost to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

Notes to the financial statements continued

for the year ended 31 March 2023

2 Underlying profit before tax and separately disclosed items

	Note	2023 £000	2022 £000
Underlying profit before tax		**9,300**	13,759
Separately disclosed items within administrative expenses			
Acquired intangible amortisation	13	**(1,798)**	(1,593)
Project Atlas		**(1,722)**	(1,041)
Restructuring and related charges		**(4,235)**	–
Impairment of goodwill	13	**(2,926)**	–
Settlement for loss of office		**(1,050)**	–
Aborted acquisition costs		**(261)**	–
Acquisition costs	36	**–**	(508)
(Loss)/profit before tax		**(2,692)**	10,617

	Note	2023 £000	2022 £000
Underlying EBITDA		**19,297**	20,409
Separately disclosed items within administrative expenses			
Project Atlas		**(1,722)**	(1,041)
Restructuring and related charges		**(4,235)**	–
Impairment of goodwill	13	**(2,926)**	–
Settlement for loss of office		**(1,050)**	–
Aborted acquisition costs		**(261)**	–
Acquisition costs	36	**–**	(508)
EBITDA		**9,103**	18,860
Acquired intangible amortisation	13	**(1,798)**	(1,593)
Depreciation and non-acquired amortisation		**(7,313)**	(5,663)
Operating (loss)/profit		**(8)**	11,604

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 FY22.

Notes to the financial statements continued

for the year ended 31 March 2023

2 Underlying profit before tax and separately disclosed items continued

Recurring items

Intangible amortisation relating to acquisitions has been separately disclosed so as to present the trading performance of the respective entities with a charge on a comparable basis to other entities in the group.

Event-driven items

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes. As a consequence of the work undertaken to date on this project, we have incurred direct costs of £1.7m in FY23 (FY22: £1.0m), 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. The cost has been excluded 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 FY23 (cumulatively £17.4m) of which £0.9m has been recognised (cumulatively £7.9m) as intangible assets on the balance sheet. Out of the £7.9m recognised as intangible assets on the balance sheet, £6.6m has been capitalised in relation to the sites which have gone live on the new IT system.

Restructuring and related charges of £4.2m are a result of a strategic review of operations and functions initiated in Q4 FY22 and approved by the Board on 28 March 2023. The charges include costs in respect of a down-sizing of personnel primarily within the UK due to the centralisation of multi-site distribution centres into a national distribution centre (NDC) in the Midlands and the closure of our UK manufacturing site in Uckfield. These efficiency initiative results in restructuring costs including redundancies. The charges also include impairment of non-current assets due to the closure of certain offices and warehouses within the UK directly related to the restructuring programme initiative and setting up the NDC. The closure of the offices/warehouses and redundancies would happen over the financial year FY24 and is planned to be completed by 31 March 2024. We have excluded these costs from our underlying results, to reflect the size and one-off nature of this project.

Impairment of goodwill of £2.9m relates to the TR VIC SPA cash generating unit. We have excluded these costs from our underlying results both due to their size and incidence. See note 13 for further details.

Settlement for loss of office costs of £1.0m (FY22: £nil) were recognised in the year due to the CFO and CEO leaving the Group with immediate effect on 31 August 2022 and 18 February 2023 respectively. The costs include payment in lieu of notice, compensation for loss of office and loss of contractual benefits. We have excluded these costs from our underlying results both due to their size and incidence.

Aborted acquisition costs of £0.3m (FY22: £nil) were incurred in the year in relation to a potential target which was aborted in July 2022. They are excluded from underlying results to help provide a better understanding of the trading performance of the Group.

Acquisition costs of £nil (FY22: £0.5m) were incurred in the year. In FY22, £0.5m of costs were incurred in relation to the acquisition of TR Falcon on 31 August 2021. They were excluded from underlying results to help provide a better understanding of the trading performance of the Group in relation to the acquisition of Falcon on 31 August 2021; see note 36.

Management removes the event-driven 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 Executive Committee). 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

Notes to the financial statements continued

for the year ended 31 March 2023

3 Operating segmental analysis continued

Geographical operating segments continued

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 Executive Committee (the "EC") 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.

March 2023	UK £000	Europe £000	North America £000	Asia £000	Common amounts £000	Total £000
Revenue						
Revenue from external customers	77,857	85,362	29,657	51,515	–	244,391
Inter-segment revenue	6,032	3,077	271	8,893	–	18,273
Total revenue	83,889	88,439	29,928	60,408	–	262,664
Underlying operating result	5,509	2,915	1,256	9,473	(7,169)	11,984
Net financing costs	(367)	(643)	(593)	28	(1,109)	(2,684)
Underlying segment result	5,142	2,272	663	9,501	(8,278)	9,300
Separately disclosed items (see note 2)						(11,992)
Loss before tax						(2,692)
Specific disclosure items						
Depreciation and amortisation	(2,279)	(3,500)	(902)	(1,770)	(660)	(9,111)
Government support income	–	–	–	–	–	–
Assets and liabilities						
Non-current asset additions	1,101	5,832	1,082	2,222	1,412	11,649
Segment assets	74,423	82,259	27,426	69,475	11,751	265,334
Segment liabilities	(23,247)	(16,817)	(3,612)	(13,608)	(72,161)	(129,445)

Notes to the financial statements continued

for the year ended 31 March 2023

3 Operating segmental analysis continued
Geographical operating segments continued

March 2022	UK £000	Europe £000	North America £000	Asia £000	Common amounts £000	Total £000
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)

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, £12.0m (FY22: £16.2m) was sold into the European market. Of the Asian external revenue, £5.8m (FY22: £9.0m) was sold into the North American market and £7.6m (FY22: £9.8m) was sold into the European market.

Within Europe, TR VIC has revenue of £27.3m (FY22: £28.3m) and non-current assets of £11.7m (FY22: £13.1m).

Within Asia, TR Formac Singapore has revenue of £20.4m (FY22: £20.3m) and non-current assets of £4.5m (FY22: £4.4m).

Revenue is derived solely from the manufacture and logistical supply of industrial fasteners and Category ‘C’ components.

Notes to the financial statements continued

for the year ended 31 March 2023

4 Other operating income

	2023 £000	2022 £000
Rental income received from freehold properties	**16**	12
Other income	**494**	553
	510	565

Other income primarily includes tax credits for manufacturing investments in Industry 4.0 at VIC of £0.4m (FY22: £0.1m).

Included within other income is <£0.1m (FY22: £0.1m) of R&D tax credits.

5 Expenses and auditor's remuneration

Included in profit for the year are the following:

	Note	2023 £000	2022 £000
Depreciation and non-acquired amortisation	10, 13	**3,673**	2,532
Right-of-use assets depreciation	12	**3,640**	3,131
Amortisation of acquired intangibles	13	**1,798**	1,593
Short-term/low-value lease expense	12	**210**	162
Net foreign exchange loss		**273**	515
Project Atlas		**1,722**	1,041
Loss on disposal of fixed assets		**149**	6

The employee benefit expense recognised in the year is disclosed in note 22.

Auditor's remuneration:

	2023 £000	2022 £000
Audit of these financial statements	**378**	240
Audit of financial statements of subsidiaries pursuant to legislation	**415**	299
Other assurance services	**59**	54
Total	**852**	593

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 Number of employees		Company Number of employees	
	2023	2022	**2023**	2022
Office and Management	**123**	116	**32**	24
Manufacturing	**357**	338	**–**	–
Sales	**205**	194	**–**	–
Distribution	**667**	632	**–**	–
	1,352	1,280	**32**	24

The aggregate payroll costs of these people were as follows:

	Group £000		Company £000	
	2023	2022	**2023**	2022
Wages and salaries (including accrued bonus)	**42,534**	38,185	**3,280**	2,398
Share-based payments	**32**	760	**(262)**	325
Social security costs	**4,269**	4,028	**453**	371
Contributions to defined contribution plans (see note 22)	**2,457**	2,143	**185**	185
	49,292	45,116	**3,656**	3,279

The payroll costs above are shown gross of income from government support schemes, totalling £nil (FY22: £0.1m), see note 1 (w).

The payroll costs above exclude settlement for loss of office costs of £1.1m (FY22: £nil), see note 7 and note 2.

Notes to the financial statements continued
for the year ended 31 March 2023

7 Directors' emoluments

	2023 £000	2022 £000
Directors' emoluments	**1,010**	1,097
Compensation for loss of office	**1,006**	–
Company contributions to money purchase pension plans	**13**	8
Pension cash payments	**14**	89
	2,043	1,194

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 82 to 103.

The aggregate emoluments of the highest paid Director excluding pensions and excluding compensation for loss of office was £0.37m (FY22: £0.45m), which included no vested LTIP or deferred equity award (FY22: £nil), Company pension contributions of £4k (FY22: £4k) made to a money purchase scheme on his behalf and pension cash payments of £0.01m (FY22: £0.05m) excluding compensation for loss of office. During the year, no SAYE share options were exercised by the highest paid Director (FY22: nil), 192,233 deferred equity shares were exercised by the highest paid director (FY22: nil).

The annual IFRS 2 charge relating to Board deferred equity bonuses was £nil (FY22: £nil). The annual IFRS 2 credit relating to Board LTIP shares was a credit of £(0.34)m (FY22: charge of £0.11m) which includes a reversal of prior year costs relating to former directors. The highest paid Director's element of this credit was £(0.30)m (FY22: charge of £0.11m).

	Number of Directors	
	2023	2022
Retirement benefits are accruing to the following number of Directors under money purchase schemes	**–**	2
The number of Directors who exercised share options was	**–**	1

See pages 82 to 103 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

	2023 £000	2022 £000
Financial income		
Interest income on financial assets	**158**	31
Financial expenses		
Interest payable on bank loans, IFRS 16 right-of-use liabilities	**2,842**	1,018

FY23 includes £0.4m of additional interest on the right-of-use liabilities in compliance with IFRS 16, see note 12 (FY22: £0.3m).

9 Taxation

Recognised in the income statement	**2023 £000**	2022 £000
Current UK tax expense:		
Current year	**(25)**	–
Adjustments for prior years	**(66)**	40
	(91)	40
Current foreign tax expense:		
Current year	**3,082**	2,562
Adjustments for prior years	**(123)**	(65)
	2,959	2,497
Total current tax	**2,868**	2,537
Deferred tax expense (note 16):		
Origination and reversal of temporary differences	**(2,541)**	(474)
Change in tax rates	**(283)**	(156)
Adjustments for prior years	**130**	(267)
Deferred tax income	**(2,694)**	(897)
Tax in income statement	**174**	1,640

Notes to the financial statements continued

for the year ended 31 March 2023

9 Taxation continued

	2023 £000	2022 £000
Deferred tax recognised directly in equity – IFRS 2 share-based tax charge	29	30
Total tax recognised in equity	**29**	**30**

Reconciliation of effective tax rate (ETR) and tax expense	2023 £000	ETR %	2022 £000	ETR %
(Loss)/profit for the period	(2,866)		8,977	
Tax from continuing operations	174		1,640	
Profit before tax	(2,692)		10,617	
Tax using the UK corporation tax rate of 19% (FY22: 19%)	(511)	19	2,017	19
Tax suffered on dividends	691	(25)	354	3
Non-deductible expenses	182	(6)	225	2
Impairment loss	556	(20)	–	–
Non-taxable receipts	(530)	19	(284)	(2)
Tax incentives	–	–	(386)	(4)
IFRS 2 share option charge	285	(11)	116	1
Deferred tax assets not recognised	11	–	46	–
Different tax rates on overseas earnings	(167)	6	–	–
Adjustments in respect of prior years	(60)	2	(292)	(3)
Tax rate change	(283)	10	(156)	(1)
Total tax in income statement	**174**	**(6)**	**1,640**	**15**

An increase in the UK corporation 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.

Notes to the financial statements continued

for the year ended 31 March 2023

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 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
Balance at 1 April 2022	17,466	1,781	35,865	8,733	857	64,702
Additions	56	86	3,496	409	197	4,244
Assets classified as held for sale	(3,905)	—	—	—	—	(3,905)
Disposals	—	(46)	(133)	(62)	(20)	(261)
Transfers	—	—	(123)	—	—	(123)
Effect of movements in foreign exchange	531	78	1,200	125	30	1,964
Balance at 31 March 2023	**14,148**	**1,899**	**40,305**	**9,205**	**1,064**	**66,621**
Depreciation and impairment						
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
Balance at 1 April 2022	6,416	1,010	29,757	6,530	692	44,405
Depreciation charge for the year	300	217	1,914	564	72	3,067
Assets classified as held for sale	(1,775)	—	—	—	—	(1,775)
Disposals	—	(46)	(116)	(57)	(20)	(239)
Impairment loss	—	—	132	290	—	422
Effect of movements in foreign exchange	208	50	950	95	21	1,324
Balance at 31 March 2023	**5,149**	**1,231**	**32,637**	**7,422**	**765**	**47,204**
Net book value						
At 1 April 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
At 31 March 2023	**8,999**	**668**	**7,668**	**1,783**	**299**	**19,417**

Included in the net book value of land and buildings is £8.9m (FY22: £11.1m) of freehold land and buildings. Within this figure there is £1.7m (FY22: £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 £0.1m (FY22: £1.7m).

Notes to the financial statements continued

for the year ended 31 March 2023

10 Property, plant and equipment – Group continued

The addition in plant and equipment in the year includes Project Atlas additions of <£0.1m (FY22: £0.5m). A total of £1.0m (FY22: £1.6m) has been capitalised in relation to Project Atlas in the year with the remaining £0.9m (FY22: £1.1m) recognised in intangible assets, see note 13.

Assets classified as held for sale is the freehold land and building of a net book value of £2.1m. In March 2023, the Directors of Trifast plc decided to sell the freehold land and building at Bellbrook Park, Uckfield directly related to the restructuring programme initiative. The sale is expected to complete in H1 FY24. The value of the indicative offers received is higher than the carrying value; accordingly, no gains or losses are recognised for the year ended 31 March 2023. The asset is presented within the 'Common amounts' in the segment note.

Impairment charges of £0.1m (FY22: £nil) in plant and equipment and £0.3m (FY22: £nil) in fixtures and fittings is due to the closure of certain offices and warehouses within the UK directly related to the restructuring programme initiative. Refer to note 2 for further details.

11 Property, plant and equipment – Company

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Cost				
Balance at 1 April 2022	3,905	—	579	4,484
Additions	—	—	—	—
Disposals	—	—	—	—
Balance at 31 March 2022	3,905	—	579	4,484
Balance at 1 April 2022	3,905	—	579	4,484
Additions	—	13	—	13
Assets classified as held for sale	(3,905)	—	—	(3,905)
Balance at 31 March 2023	**—**	**13**	**579**	**592**

	Land and buildings £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
Depreciation and impairment				
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
Balance at 1 April 2022	1,695	—	573	2,268
Depreciation charge for the year	80	9	4	93
Assets classified as held for sale	(1,775)	—	—	(1,775)
Balance at 31 March 2023	**—**	**9**	**577**	586
Net book value				
At 1 April 2021	2,291	—	9	2,300
At 31 March 2022	2,209	—	7	2,216
At 31 March 2023	**—**	**4**	**2**	6

Included in the net book value of land and buildings is £nil (FY22: £2.2m) of freehold land and buildings.

For assets classified as held for sale see note 10 above.

Notes to the financial statements continued
for the year ended 31 March 2023

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 2023 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.

Notes to the financial statements continued
for the year ended 31 March 2023

12 IFRS 16 – Group continued

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	–	16	25
Property leases with fixed payments	39	75	–	–
Leases of equipment and vehicles	127	9	–	–
At 31 March 2023	**174**	**84**	**16**	**25**

	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

Right-of-use assets (Group)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
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 1 April 2022	**11,623**	**1,069**	**65**	**12,757**
Lease extensions	1,145	–	–	1,145
New leases	3,590	923	7	4,520
Rent review	359	–	–	359
Depreciation	(2,968)	(645)	(27)	(3,640)
Impairment	(911)	(93)	–	(1,004)
Foreign exchange movements	247	11	–	258
At 31 March 2023	**13,085**	**1,265**	**45**	**14,395**

Impairment charges of £0.9m (FY22: £nil) in land and buildings and £0.1m in motor vehicles right-of-use assets are due to the planned closure of certain offices and early exit of motor vehicle leases prior to the lease exit date related to the restructuring programme initiative. Refer to note 2 for further details.

Notes to the financial statements continued

for the year ended 31 March 2023

12 IFRS 16 – Group continued

Right-of-use liabilities (Group)

	Land and buildings £000	Motor vehicles £000	Equipment £000	Total £000
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 1 April 2022	**12,565**	**1,082**	**64**	**13,711**
Lease extensions	1,145	—	—	1,145
New leases	3,218	923	7	4,148
Rent review	359	—	—	359
Lease payments	(3,507)	(687)	(28)	(4,222)
Interest	384	45	1	430
Foreign exchange movements	237	4	1	242
At 31 March 2023	**14,401**	**1,367**	**45**	**15,813**

	2023 £000	2022 £000
Short-term lease expense	**173**	125
Low-value lease expense	**37**	37
Aggregate undiscounted future commitments for short-term and low-value leases	**123**	133

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 2023					
Lease liabilities	**3,498**	**3,027**	**5,669**	**3,619**	**15,813**

	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

Notes to the financial statements continued

for the year ended 31 March 2023

13 Intangible assets – Group

	Assets under course of construction £000	Software £000	Goodwill £000	Other £000	Total £000
Cost					
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
Balance at 1 April 2022	7,172	—	46,617	22,895	76,684
Additions	1,381	—	—	—	1,381
Disposals	(154)	—	—	—	(154)
Transfers	(6,560)	6,560	—	123	123
Effect of movements in foreign exchange	—	—	1,779	735	2,514
Balance at 31 March 2023	**1,839**	**6,560**	**48,396**	**23,753**	**80,548**
Amortisation and impairment					
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
Balance at 1 April 2022	—	—	21,859	11,844	33,703
Amortisation for the year	—	545	—	1,859	2,404
Impairment during the year	—	—	2,926	—	2,926
Effect of movements in foreign exchange	—	—	692	372	1,064
Balance at 31 March 2023	**—**	**545**	**25,477**	**14,075**	**40,097**
Net book value					
At 1 April 2021	5,691	—	23,121	9,640	38,452
At 31 March 2022	7,172	—	24,758	11,051	42,981
At 31 March 2023	**1,839**	**6,015**	**22,919**	**9,678**	**40,451**

Notes to the financial statements continued

for the year ended 31 March 2023

13 Intangible assets – Group continued

The addition in assets under the course of construction in the year includes Project Atlas additions of £0.9m (FY22: £1.1m). A total of £1.0m (FY22: £1.6m) has been capitalised in relation to Project Atlas in the year with the remaining <£0.1m (FY22: £0.5m) recognised in property, plant and equipment, see note 10. An amount of £6.6m in relation to sites which went live on the new IT system have been transferred to software and amortised. Included within other intangibles are customer relationship intangible assets of £7.9m (FY22: £8.9m), know-how of £0.3m (FY22: £0.5m), marketing-related intangibles of £1.0m (FY22: £1.2m) and other of £0.4m (FY22: £0.4m).

The amortisation charge is recognised in administrative expenses in the income statement. Of the £2.4m charge in the year, £1.8m relates to amortisation on acquired intangibles, £0.5m relates to software capitalised during the year for the Project Atlas sites and <0.1m amortisation related to other intangible assets. 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 0.8 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 5.6 years and NBV is £2.8m
- Customer relationships acquired as part of the acquisition of Kuhlmann. The average remaining amortisation period on these assets is 2.5 years and NBV is £1.0m
- Customer relationships and marketing-related intangibles acquired as part of the acquisition of PTS. The average remaining amortisation period on these assets is 9.4 years and NBV is £3.1m
- 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 8.7 years and NBV is £2.6m

The following cash generating units have carrying amounts of goodwill:

	2023 £000	2022 £000
Special Fasteners Engineering Co. Ltd (Taiwan)	**11,511**	10,632
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
TR Kuhlmann GmbH (Germany)	**1,540**	1,478
TR Falcon Fastenings Inc	**1,330**	1,250
Precision Technology Supplies Ltd (UK)	**2,043**	2,043
Other	**104**	104
	22,919	24,758

The changes in goodwill for SFE, Kuhlmann and Falcon relate to foreign exchange gains or losses, as these investments are held in Singaporean Dollars, Euros and US Dollars respectively. The reduction in goodwill for VIC relates to goodwill impairment of £2.9m.

Notes to the financial statements continued

for the year ended 31 March 2023

13 Intangible assets – Group continued

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. Cash flow projections of four years use the Board-approved annual budget for the first year and subsequent years based on management's best estimates based on past performance, budgets and its expectation of market developments. 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	
	2023	2022	**2023**	2022	**2023**	2022
Long-term revenue growth rate	**2.0%**	2.0%	**2.0%**	1.6%	**2.0%**	2.0%
Discount rate – post-tax	**8.3%**	6.5%	**10.9%**	8.9%	**10.4%**	7.1%
Discount rate – pre-tax	**10.4%**	8.1%	**15.1%**	12.4%	**13.9%**	8.8%
Terminal EBIT margin	**22.0%**	15.3%	**11.8%**	13.6%	**10.3%**	7.2%

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

Notes to the financial statements continued

for the year ended 31 March 2023

13 Intangible assets – Group continued

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 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.

Impairment in the year

The impairment of £2.9m in VIC's goodwill has arisen due to the impact of higher than usual discount rates. The discount rate used is 10.9% post-tax (15.1% pre-tax). This is higher than the 8.9% post-tax rate in the previous year. Outside of this impairment caused by the discount rate (outside the Group's control), management believes the outlook for VIC continues to be positive.

Sensitivity to changes in assumptions

If the post-tax discount rate applied to the cash flow projections of the VIC CGU had been 1% higher, the Group would have had to recognise a further impairment of c.£2.7m against other assets. Excluding VIC, management believes that no reasonable possible change in any key assumptions would cause the recoverable amount of any other cash generating unit to fall below its carrying value.

Notes to the financial statements continued

for the year ended 31 March 2023

14 Intangible assets – Company

	Assets under course of construction £000	Software £000	Other £000	Total £000
Cost				
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
Balance at 1 April 2022	7,027	–	62	7,089
Additions	1,381	–	–	1,381
Disposals	(9)	–	–	(9)
Transfers	(6,560)	6,560	–	–
Balance at 31 March 2023	**1,839**	**6,560**	**62**	**8,461**
Amortisation and impairment				
Balance at 1 April 2021, 31 March 2022 and 1 April 2022	–	–	62	62
Amortisation for the year	–	545	–	545
Balance at 31 March 2023	**–**	**545**	**62**	**607**
Net book value				
At 1 April 2021	5,691	–	–	5,691
At 31 March 2022	7,027	–	–	7,027
At 31 March 2023	**1,839**	**6,015**	**–**	**7,854**

The addition in assets under the course of construction in the year includes Project Atlas additions of £0.9m (FY22: £1.1m).

Notes to the financial statements continued

for the year ended 31 March 2023

15 Equity investments – Company

Investments in subsidiaries

	Total £000
Cost	
Balance at 1 April 2021	43,465
Disposals	(22)
Balance at 31 March 2022 and 31 March 2023	**43,443**
Provision	
Balance at 1 April 2021, 31 March 2022, 1 April 2022 and 31 March 2023	**1,145**
Net book value	
Balance at 1 April 2021	42,320
Balance at 31 March 2022 and 31 March 2023	**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.

Notes to the financial statements continued

for the year ended 31 March 2023

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	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Property, plant and equipment	**–**	(5)	**1,840**	1,824	**1,840**	1,819
IFRS 16 Leases	**(215)**	(211)	**–**	–	**(215)**	(211)
Intangible assets	**(153)**	(113)	**1,398**	1,600	**1,245**	1,487
Provision on inventories	**(918)**	(979)	**–**	–	**(918)**	(979)
Provisions/accruals	**(1,847)**	(875)	**974**	804	**(873)**	(71)
IFRS 2 Share-based Payments	**(348)**	(748)	**–**	–	**(348)**	(748)
Tax losses	**(3,357)**	(1,223)	**–**	–	**(3,357)**	(1,223)
Tax (assets)/liabilities	**(6,838)**	(4,154)	**4,212**	4,228	**(2,626)**	74
Tax set-off	**2,549**	1,367	**(2,549)**	(1,367)	**–**	–
Net tax (assets)/liabilities	**(4,289)**	(2,787)	**1,663**	2,861	**(2,626)**	74

A potential £3.0m (FY22: £3.0m) deferred tax asset relating to the Company's trapped management losses was not recognised on the grounds that recovery of these losses is highly unlikely.

A potential £2.3m (FY22: £1.3m) 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 2022 £000	Recognised in income £000	Recognised on acquisition £000	Recognised in equity[1] £000	**31 March 2023 £000**
Property, plant and equipment	1,819	(24)	–	45	**1,840**
IFRS 16 Leases	(211)	22	–	(26)	**(215)**
Intangible assets	1,487	(274)	–	32	**1,245**
Provision on inventories	(979)	86	–	(25)	**(918)**
Provisions/accruals	(71)	(786)	–	(16)	**(873)**
IFRS 2 Share-based Payments	(748)	371	–	29	**(348)**
Tax losses	(1,223)	(2,089)	–	(45)	**(3,357)**
	74	(2,694)	–	(6)	**(2,626)**

1. Amounts recognised in equity include the deferred tax on IFRS 2 Share-based Payments of £29k (FY22: £28k) and the equity element of foreign exchange differences taken to reserves

Notes to the financial statements continued

for the year ended 31 March 2023

16 Deferred tax assets and liabilities – Group continued

Movement in deferred tax during the prior 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

1. Amounts recognised in equity include the deferred tax on IFRS 2 Share-based Payments of £29k (FY22: £28k) and the equity element of foreign exchange differences taken to reserves

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	
	2023 £000	2022 £000	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Property, plant and equipment	**—**	—	**141**	153	**141**	153
Provisions/accruals	**(16)**	(3)	**—**	—	**(16)**	(3)
IFRS 2 Share-based Payments	**(136)**	(426)	**—**	—	**(136)**	(426)
Tax losses	**(987)**	(448)	**—**	—	**(987)**	(448)
Tax (assets)/liabilities	**(1,139)**	(877)	**141**	153	**(998)**	(724)
Tax set-off	**141**	153	**(141)**	(153)	**—**	—
Net tax assets	**(998)**	(724)	**—**	—	**(998)**	(724)

A potential £3.0m (FY22: £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.

Notes to the financial statements continued

for the year ended 31 March 2023

17 Deferred tax assets and liabilities – Company continued

Movement in deferred tax during the year

	1 April 2022 £000	Recognised in income £000	Recognised in equity £000	**31 March 2023 £000**
Property, plant and equipment	153	(12)	–	**141**
Provisions/accruals	(3)	(13)	–	**(16)**
IFRS 2 Share-based Payments	(426)	264	26	**(136)**
Tax losses	(448)	(539)	–	**(987)**
	(724)	(300)	26	**(998)**

Movement in deferred tax during the prior 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)

18 Inventories – Group

	2023 £000	2022 £000
Raw materials and consumables	**5,646**	7,276
Work in progress	**2,301**	3,002
Finished goods and goods for resale	**83,001**	78,655
	90,948	88,933

In FY23, inventories of £177.3m (FY22: £141.6m) were recognised as an expense during the year and included in cost of sales. Inventories have been written down by an additional £2.1m (net) in the year (FY22: £0.7m) in line with the Group's stock provisioning policy. Such write-downs were recognised as an expense during FY23. No significant specific stock provisions have been reversed in the year.

Inventories in the UK amounting to £29.2m (FY22: £25.8m) are pledged as security for the Group borrowings.

Within the £90.9m (FY22: £88.9m) carrying amount of inventories above, £1.9m (FY22: £1.9m) is carried at net realisable value.

Notes to the financial statements continued

for the year ended 31 March 2023

19 Trade and other receivables

Current

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade receivables	**56,012**	54,132	**–**	–
Non-trade receivables and prepayments	**5,894**	6,388	**63**	82
Amounts owed by subsidiary undertakings	**–**	–	**3,691**	1,806
	61,906	60,520	**3,754**	1,888

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 2021 was £48.8m.

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 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 FY22 or FY23.

Non-current

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Amounts owed by subsidiary undertakings	**–**	–	**76,848**	66,344

The increase in amounts owed by subsidiary undertakings is primarily due to working capital support provided to the subsidiaries. Interest rates are charged on an arm's length basis and are linked to movements in the SONIA, EURIBOR and FED RFR rate and 'leverage margin' charged on our external borrowings. During the period rates ranged from 1.22% to 5.39%. The loans are structured as Revolving Credit Facilities and can be repaid by the borrower at any time during the term of the facility, but ultimately 60 months after commencement (March 2027).

Notes to the financial statements continued

for the year ended 31 March 2023

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 2023.

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, and covenants, see note 26.

			Current		Non-current	
Initial loan value	Rate	Maturity	**2023 £000**	2022 £000	**2023 £000**	2022 £000
Group (excluding Company)						
Right-of-use liabilities	Various	2022-2050	**3,477**	3,009	**12,298**	10,660
Company						
Revolving Credit Facility[1]	SONIA/SOFR/ EURIBOR + 1.10% to 2.20%[2]	2024	**—**	—	**69,825**	50,713
Prepaid arrangement fees			**—**	—	**—**	(206)
Right-of-use liabilities	Various	2022-2024	**21**	19	**17**	23
Total Group			**3,498**	3,028	**82,140**	61,190
Total Company			**21**	19	**69,842**	50,530

1. Subsequent to the year end, new facilities have been signed. See note 29 for further details
2. Subject to leverage ratchet mechanism from <1.0x to >2.5x, current interest margin of 1.90% (based on 2.19x leverage)

21 Trade and other payables

	Group		Company	
	2023 £000	2022 £000	**2023 £000**	2022 £000
Trade payables	**18,281**	26,619	**—**	—
Amounts payable to subsidiary undertakings	**—**	—	**267**	270
Other payables and accrued expenses	**13,615**	16,473	**1,627**	1,079
Other taxes and social security	**3,436**	2,157	**501**	220
	35,332	45,249	**2,395**	1,569

The amounts payable to subsidiary undertakings are repayable on demand and no interest is charged.

Other payables and accrued expenses includes £1.2m (FY22: £1.1m and FY21: £1.2m) of contract liabilities. The balance at 31 March 2023 relates to invoices raised in the year which will be recognised as revenue in the next financial year. Other payables and accrued expenses also include stock accruals and accruals for expenses as at 31 March 2023.

Notes to the financial statements continued

for the year ended 31 March 2023

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 £2.5m (FY22: £2.1m) 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 (FY22: <£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:

	2023		2022	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**2,622,863**	**0.93**	2,564,293	0.94
Granted during the year	**1,477,409**	**0.77**	426,951	1.05
Forfeited/lapsed during the year	**(1,400,980)**	**0.93**	(316,959)	1.14
Exercised during the year	**(21,052)**	**0.86**	(51,422)	1.04
Outstanding at the end of the year	**2,678,240**	**0.85**	2,622,863	0.93
Exercisable at the end of the year	**7,682**	**1.78**	2,424	1.93

The options outstanding at 31 March 2023 had a weighted average remaining contractual life of 2.7 years (FY22: 2.8 years) and exercise prices ranging from £0.77 to £1.93 (FY22: £0.86 to £1.93). The weighted average share price at the date of exercise for share options exercised in 2023 was £1.02 (FY22: £1.46).

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 2023

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 82 to 103). The number of deferred equity bonus shares are as follows:

	Deferred equity bonus shares
Outstanding at beginning of year	634,691
Shares exercised	(287,452)
Outstanding at the end of the year	**347,239**
Exercisable at the end of the year	347,239

The above includes 310,536 shares for Mark Belton relating to his previous employment as CEO of Trifast plc which he exercised after year end following his departure. The remainder is 36,703 shares for C Foo relating to his former employment as TR Asia MD. He did not sit on the Board.

These nil cost options are subject to a three-year service period and the fair value has been calculated using the discounted dividend model (DDM). This is based on expected dividends over the three-year term. They are equity settled shares.

The weighted average share price at the date of exercise for share options exercised in FY23 was £0.61 (FY22: £1.40).

The options outstanding at 31 March 2023 had a weighted average remaining contractual life of 1.9 years (FY22: 2.4 years).

Senior Manager (SM) and Operational Executive Board LTIP shares

The number of SM LTIP shares is as follows:

	SM LTIP shares
Outstanding at beginning of year	4,292,763
Granted during the year	2,267,094
Lapsed during the year	(933,865)
Vested early during the year	(1,734)
Exercised during the year	(9,186)
Outstanding at end of year	**5,615,072**

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 STGT 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 FY23 was £0.92 (FY22: £1.39).

Notes to the financial statements continued

for the year ended 31 March 2023

22 Employee benefits continued

Senior Manager (SM) and Operational Executive Board LTIP shares continued

The awards granted in FY21 to FY23 are subject to a non-market performance condition of underlying EPS growth for a three-year period starting on 1 April 2020/21/22. 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. Shares vested early relate to the FY21 and FY22 awards of an employee who was classed as a good leaver.
The weighted average share price at the date of exercise in FY23 was £0.55.

The FY20 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 FY21 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 FY22 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.

The FY23 non-market performance condition requires underlying EPS to grow by 9% per annum for a 25% payout, 29% per annum for a 100% payout, with straight-line vesting in between.

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 82 to 117). The maximum number of Board LTIP shares are as follows:

	Board LTIP shares
Outstanding at beginning of year	1,912,386
Granted during the year	623,960
Lapsed during the year	(2,217,122)
Outstanding at end of year	**319,224**

All shares are for C Foster relating to her former appointment as a Board Director. She left the Company on 30 August 2022.

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 2023 had a weighted average remaining contractual life of 5.9 years (FY22: 6.5 years).

Notes to the financial statements continued

for the year ended 31 March 2023

22 Employee benefits continued

Date of grant	Type of instrument	Valuation model	Number outstanding on 31 March 2023	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (years)	Expected life (years)	Risk-free rate %	Expected annual dividend %	Fair value (£)
14/08/2018	SAYE 5 Year	Black-Scholes	**9,634**	2.25	1.93	30.01	5.00	5.00	1.03	2.01	0.42
13/08/2019	SAYE 3 Year	Black-Scholes	**7,682**	2.06	1.78	27.58	3.00	3.00	0.45	2.66	0.19
13/08/2019	SAYE 5 Year	Black-Scholes	**19,816**	2.06	1.78	28.46	5.00	5.00	0.43	2.66	0.24
15/09/2020	SAYE 3 Year	Black-Scholes	**836,586**	0.98	0.86	36.62	3.00	3.00	(0.10)	1.22	0.27
15/09/2020	SAYE 5 Year	Black-Scholes	**398,227**	0.98	0.86	33.12	5.00	5.00	(0.06)	1.22	0.29
10/08/2021	SAYE 3 Year	Black-Scholes	**152,021**	1.44	1.05	40.39	3.00	3.00	0.21	1.11	0.54
10/08/2021	SAYE 5 Year	Black-Scholes	**55,756**	1.44	1.05	34.99	5.00	5.00	0.34	1.11	0.55
15/09/2022	SAYE 3 Year	Black-Scholes	**802,400**	0.84	0.77	43.25	3.13	3.13	3.06	2.50	0.26
15/09/2022	SAYE 5 Year	Black-Scholes	**396,298**	0.84	0.77	38.10	5.13	5.13	3.04	2.50	0.28
Total SAYE share options			**2,678,240**								

Notes to the financial statements continued

for the year ended 31 March 2023

22 Employee benefits continued

Date of grant	Type of instrument	Valuation model	Number outstanding on 31 March 2023	Share price on date of grant (£)	Exercise price (£)	Expected volatility %	Vesting period (years)	Expected life (years)	Risk-free rate %	Expected annual dividend %	Fair value (£)
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	**155,727**	2.17	n/a	n/a	2.68	2.68	n/a	1.61	2.08
30/12/2016	SM LTIP – equity	DDM	**341,962**	2.05	n/a	n/a	3.00	3.00	n/a	1.46	1.96
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	**136,111**	1.43	n/a	n/a	3.00	3.00	(0.03)	0.00	1.43
25/11/2020	Board LTIP shares – TSR	DDM	**58,333**	1.43	n/a	41.8	3.00	3.00	(0.03)	0.00	0.69
25/11/2020	SM LTIP – equity	DDM	**649,792**	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	**815,063**	1.43	n/a	n/a	3.00	3.00	n/a	0.00	1.43
03/08/2021	Board LTIP shares – EPS	DDM	**87,346**	1.45	n/a	n/a	3.00	3.00	0.11	1.11	1.40
03/08/2021	Board LTIP shares – TSR	DDM	**37,434**	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	**733,542**	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
06/09/2022	OEB LTIP – equity	DDM	**1,119,503**	0.94	n/a	n/a	3.00	3.00	n/a	2.24	0.88
06/09/2022	OEB LTIP – cash	DDM	**167,091**	0.94[1]	n/a	n/a	3.00	2.44	n/a	3.03	0.66
06/09/2022	SM LTIP – equity	DDM	**857,292**	0.94	n/a	n/a	3.00	2.44	n/a	3.03	0.88
06/09/2022	SM LTIP – cash	DDM	**98,500**	0.94[1]	n/a	n/a	3.00	3.00	n/a	2.24	0.88
Total share options (inc SAYE)			**8,959,775**								

1. The share price used to determine the fair value at FY23 was 75p (FY22: 115p)

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, Operational Executive Board and Senior Manager LTIP awards granted in the form of nil-cost options, the exercise price is nil.

Notes to the financial statements continued
for the year ended 31 March 2023

22 Employee benefits continued
Board LTIP shares continued
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 <£0.1m (FY22: £0.8m) in relation to share-based payment transactions in the year. Of this, £8k (FY22: £(4)k) 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 2023, outstanding options to subscribe for ordinary shares of 5p were as follows:

Grant date/employees entitled	Number of instruments	Contractual life of options
14/08/18 SAYE	9,634	Apr 2024
13/08/19 SAYE	27,498	Apr 2023, Apr 2025
15/09/20 SAYE	1,234,813	Apr 2024, Apr 2026
10/08/21 SAYE	207,597	Apr 2025, Apr 2027
15/09/22 SAYE	1,198,698	Apr 2026, Apr 2028
Total outstanding options	2,678,240	
Board deferred equity bonus shares	347,239	July 2024, July 2025
Senior Manager and EC LTIP shares	5,615,072	Nov 2023, Aug/Dec 2024, Sep 2025, Nov 2027, Jun/Jul/Nov 2028, Aug 2029, Sep 2030
Board LTIP shares	319,224	Nov 2028, Aug 2029
Total	**8,959,775**	

23 Provisions

Group	Restructuring £000	Dilapidations £000	Total £000
Balance at 31 March 2022	—	1,088	1,088
Increase in the year	2,809	355	3,164
Balance at 31 March 2023	**2,809**	**1,443**	**4,252**

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. Restructuring primarily relates to provision for redundancies and other related costs in relation to the restructuring programme. See note 2 for further details.

Notes to the financial statements continued

for the year ended 31 March 2023

23 Provisions continued

All amounts represent a best estimate of the expected cash outflows, although actual amounts paid could be lower or higher.

Group	2023 £000	2022 £000
Non-current (greater than one year)[1]	1,443	1,088
Current (less than one year)	2,809	–
Balance at 31 March	**4,252**	1,088

1. Provisions greater than one year relate to dilapidations for leases with end dates between 2024 and 2032

In respect of the Company there are £0.4m provisions (FY22: £nil) related to restructuring.

24 Capital and reserves

Capital and reserves – Group and Company

See statements of changes in equity on pages 132 to 135.

Share capital

	Number of ordinary shares	
Group	2023	2022
In issue at 1 April	136,083,883	136,032,461
Shares issued	21,052	51,422
In issue at 31 March – fully paid	**136,104,935**	136,083,883

The total number of shares issued during the year was 21,052 for a consideration of <£0.1m (FY22: 51,422 shares for £0.1m). In FY23 and FY22, all shares were issued for cash.

Group	2023 £000	2022 £000
Allotted, called up and fully paid		
Ordinary shares of 5p each	6,805	6,804

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.

Notes to the financial statements continued

for the year ended 31 March 2023

24 Capital and reserves continued

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 nil shares (FY22: 1,955,720) on the open market via the Trifast EBT for an average price of nil (FY22: £1.55 per share), total £nil (FY22: £3.0m). 298,372 shares (FY22: 90,337) were transferred out of the own shares held reserve at a weighted average cost of £1.58, total cost £0.5m (FY22: weighted average cost of £1.59, total cost £0.1m) to fulfil all of the exercise of awards in the year, excluding SAYE. The number of ordinary shares held at 31 March 2023 was 1,896,098 (FY22: 2,194,470). 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:

	2023 £000	2022 £000
Final paid 2022 – 1.40p (FY21: 1.60p) per qualifying ordinary share	**1,875**	2,156
Interim paid 2022 – 0.70p (FY21: nil) per qualifying ordinary share	**937**	–
	2,812	2,156

After the balance sheet date, and subject to shareholder approval at the Annual General Meeting which is to be held on 15 September 2023, a final dividend of 1.50p per qualifying ordinary share (FY22: 1.40p) was proposed by the Directors. An interim dividend of 0.75p per qualifying ordinary share (FY22: 0.70p) was paid in April 2023. See the financial review for further details.

	2023 £000	2022 £000
Final proposed 2023 – 1.50p (FY22: 1.40p) per qualifying ordinary share[1]	**2,013**	1,874
Interim paid 2023 – 0.75p (FY22: 0.70p) per qualifying ordinary share	**1,007**	937
	3,020	2,811

1. Amount calculated using the number of ordinary shares in issue less the number of shares in the own shares held reserve at the end of each period

25 Earnings per share

Basic loss per share

The calculation of basic loss per share at 31 March 2023 was based on the loss attributable to ordinary shareholders of £(2.9)m (FY22: profit of £9.0m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2023 (net of own shares held) of 134,893,523 (FY22: 135,880,620), calculated as follows:

Weighted average number of ordinary shares

	2023	2022
Issued ordinary shares at 1 April	**136,083,883**	136,032,461
Net effect of shares issued/(held)	**(1,190,360)**	(151,841)
Weighted average number of ordinary shares at 31 March	**134,893,523**	135,880,620

Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2023 was based on loss attributable to ordinary shareholders of £(2.9)m (FY22: profit of £9.0m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2023 (net of own shares held) of 134,893,523 (FY22: 136,864,935), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2023	2022
Weighted average number of ordinary shares at 31 March	**134,893,523**	135,880,620
Effect of share options on issue	**–**	984,315
Weighted average number of ordinary shares (diluted) at 31 March	**134,893,523**	136,864,935

Notes to the financial statements continued

for the year ended 31 March 2023

25 Earnings per share continued

Weighted average number of ordinary shares (diluted) continued

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

	2023 EPS			2022 EPS		
EPS (total)	Earnings £000	Basic	Diluted	Earnings £000	Basic	Diluted
Profit after tax for the financial year	**(2,866)**	**(2.12)p**	**(2.12)p**	8,977	6.61p	6.56p
Separately disclosed items:						
Acquired intangible amortisation	**1,798**	**1.33p**	**1.33p**	1,593	1.17p	1.16p
Project Atlas	**1,722**	**1.28p**	**1.28p**	1,041	0.77p	0.76p
Aborted acquisitions costs/acquisition costs	**261**	**0.19p**	**0.19p**	508	0.37p	0.37p
Restructuring costs	**4,235**	**3.14p**	**3.14p**	–	–	–
Goodwill – impairment of VIC	**2,926**	**2.17p**	**2.17p**	–	–	–
Settlement for loss of office	**1,050**	**0.78p**	**0.78p**	–	–	–
Tax charge on adjusted items above	**(2,211)**	**(1.64)p**	**(1.64)p**	(607)	(0.45)p	(0.44)p
Tax adjusted items	**–**	**–**	**–**	(386)	(0.28)p	(0.28)p
Underlying profit after tax	**6,915**	**5.13p**	**5.13p**	11,126	8.19p	8.13p

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).

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.

Notes to the financial statements continued

for the year ended 31 March 2023

26 Financial instruments continued

(b) Financial instruments risks continued

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum exposure with respect to credit risk is represented by the carrying amount on the balance sheet.

Cash and cash equivalents includes cash equivalents amounting to £1.6m (FY22: £1.0m). These are term deposits which are presented as cash equivalents if they have maturity of three months or less and subject to insignificant risk of changes in value.

Cash and cash equivalents are with approved counterparty banks and other financial institutions which have a rating for their long-term unsecured and non-credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd, or A3 or higher by Moody's Investors Service Limited, or a comparable rating from an internationally recognised credit rating agency. Exceptions to this eligibility are approved by the CFO. 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 arise 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 £56.0m (FY22: £54.1m), being the total carrying amount of trade receivables net of an allowance. Management does not consider there to be any significant unimpaired credit risk in the year-end balance sheet (FY22: £nil), and to date has 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:

	2023 £000	2022 £000
Balance at 1 April	(1,305)	(1,048)
Impairment reversal/(loss) movement	95	(257)
Balance at 31 March	**(1,210)**	(1,305)

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 2023, the Group's banking facilities with a group of three lenders comprised a revolving multi-currency credit facility (RCF) of up to £80.0m (FY22: 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 2023

The RCF in place as at 31 March 2023 is subject to quarterly covenant testing as follows:

Interest cover:	Underlying EBITDA[1] to net interest[1] to exceed a ratio of four.
Adjusted leverage:	Total net debt[1] to underlying EBITDA[1] not to exceed a ratio of three.

These covenants currently provide significant headroom and forecasts indicate no breach is anticipated. See the financial review for further details.

Subsequent to the year end, new facilities have been signed. See note 29 for further details.

1. As defined in the facility agreement

Notes to the financial statements continued

for the year ended 31 March 2023

26 Financial instruments continued

(b) Financial instruments risks continued

(ii) Liquidity and interest risk continued

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:

	2023					
	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)	**69,825**	**69,825**	**–**	**69,825**	**–**	**–**
Right-of-use liabilities (see note 12)	**15,813**	**18,136**	**3,994**	**3,428**	**6,390**	**4,324**
Total Group and Company	**85,638**	**87,961**	**3,994**	**73,253**	**6,390**	**4,324**

1. In addition to the above, there are interest charges of £2.2m in FY23 relating to the Revolving Credit Facility. Future interest charges are based on a leverage ratchet mechanism, see note 20 and note 29

	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 FY22 relating to the Revolving Credit Facility. Future interest charges are based on a leverage ratchet mechanism, see note 20

Notes to the financial statements continued

for the year ended 31 March 2023

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 2023 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 2023 (excluding bank overdrafts and lease liabilities):

	2023			2022		
	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**	**69,825**	**10,175**	80,000	50,713	29,287
Total Group and Company	**80,000**	**69,825**	**10,175**	80,000	50,713	29,287

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	
	2023 £000	2022 £000	2023 £000	2022 £000
Variable rate instruments				
Financial assets	**31,798**	26,741	**640**	604
Financial liabilities[1]	**(69,825)**	(50,507)	**(69,825)**	(50,507)
Adjusted net debt	**(38,027)**	(23,766)	**(69,185)**	(49,903)

1. Net of prepaid arrangement fee of £nil (FY22: £0.2m)

Notes to the financial statements continued

for the year ended 31 March 2023

26 Financial instruments continued

(b) Financial instruments risks continued

(ii) Liquidity and interest risk continued

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 £0.4m (FY22: £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 €39m (£34.3m) is net investment hedged against the net asset value of TR VIC, TR Kuhlmann and TR Holland. The USD denominated RCF utilised facility of $8.5m (£6.8m) is net investment hedged against the net asset value of Falcon and TR Fastening Inc. 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 €16.8m and $15.4m respectively (£14.8m and £12.5m respectively) is naturally hedged by equivalent intercompany debtor assets in the Company. The Group also has GBP denominated RCF utilised facility of £1.4m.

The Group's exposure to foreign currency risk is as follows (based on the carrying amount for cash and cash equivalents held in non-functional currencies):

31 March 2023	**Sterling £000**	**Euro £000**	**US Dollar £000**	**Singapore Dollar £000**	**Japanese Yen £000**	**Total £000**
Cash and cash equivalents exposure	**665**	**2,751**	**8,222**	**5**	**44**	**11,687**

31 March 2022	Sterling £000	Euro £000	US Dollar £000	Singapore Dollar £000	Japanese Yen £000	Total £000
Cash and cash equivalents exposure	1,404	4,333	7,160	363	—	13,260

Notes to the financial statements continued

for the year ended 31 March 2023

26 Financial instruments continued

(b) Financial instruments risks continued

(iii) Foreign currency risk continued

Monetary assets/liabilities continued

Group

A 1% change in significant foreign currency balances against local functional currency at 31 March 2023 would have changed equity and profit and loss by the amount shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant. The analysis is performed on the same basis for the comparative period.

		Equity and profit or loss	
Foreign currency	Local currency	**2023 £000**	2022 £000
Euro	Sterling	**(6)**	(8)
US Dollar	Singapore Dollar	**(37)**	(36)
US Dollar	Taiwanese Dollar	**(40)**	(21)
Euro	Taiwanese Dollar	**(16)**	(5)

(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

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.

	2020	2021	2022	**2023**
Net debt to underlying EBITDA	0.80x	(0.87)x	1.27x	**2.19x**

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 IFRS 16):underlying EBITDA.

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:

	2023 £000	2022 £000
Borrowings (note 20)	**85,638**	64,218
Equity	**135,889**	139,145
Capital employed	**221,257**	203,363

Notes to the financial statements continued

for the year ended 31 March 2023

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 (FY22: £nil).

The Company has a guarantee with HSBC, involving the UK trading subsidiaries, for a Group Class Guarantee facility of £2.0m (FY22: £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 82 to 103. Compensation for key management personnel outside the Board, which comprises the Executive Committee, totalled £1,420k (FY22: £1,543k).

Transactions with Directors and Directors' close family relatives

During the previous year, 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 £26k (FY22: £22k).

There were no other related party transactions with Directors, or Directors' close family members, in the year (FY22: £nil).

Related party transactions

Details of principal subsidiary undertakings, country of registration and principal activities are included in note 31.

Notes to the financial statements continued

for the year ended 31 March 2023

28 Related parties continued

Related party transactions continued

Company related party transactions with subsidiaries – income/expenditure FY23

	Rent income £000	Income management fees £000	Loan interest receivable £000	Total income £000	Expenditure management fees £000	Total expense £000
TR Fastenings Ltd	290	376	217	883	1,649	1,649
Lancaster Fastener Co Ltd	—	24	—	24	—	—
Precision Technology Supplies Ltd	—	65	—	65	—	—
TR Southern Fasteners Ltd	—	22	8	30	—	—
TR Norge AS	—	27	—	27	—	—
TR Fastenings AB	—	99	42	141	—	—
TR Miller BV	—	89	56	145	—	—
TR Hungary Kft	—	104	32	136	—	—
TR VIC SPA	—	183	203	386	—	—
TR Kuhlmann GmbH	—	87	—	87	—	—
TR Fastenings España	—	65	141	206	—	—
TR Fastenings Inc	—	111	563	674	—	—
TR Falcon Fastening Solutions	—	51	6	57	—	—
TR Asia Investments Pte Ltd	—	207	—	207	—	—
Total	290	1,510	1,268	3,068	1,649	1,649

Notes to the financial statements continued

for the year ended 31 March 2023

28 Related parties continued

Related party transactions continued

Company related party transactions with subsidiaries – income/expenditure FY22

	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 2023

28 Related parties continued
Related party transactions continued
Company related party balances

	2023		2022	
	Balances receivables £000	**Balances payables £000**	Balances receivables £000	Balances payables £000
TR Fastenings Ltd	**6,007**	**—**	2,577	—
Lancaster Fastener Company Ltd	**35**	**—**	30	—
Precision Technology Supplies	**39**	**—**	24	—
TR Southern Fasteners Ltd	**293**	**—**	100	—
TR Norge AS	**7**	**—**	8	—
TR Fastenings AB	**1,834**	**—**	454	—
TR Miller Holding BV	**1,287**	**—**	1,703	—
TR Hungary Kft	**1,247**	**—**	455	—
TR VIC SPA	**6,353**	**—**	4,765	—
TR Kuhlmann GmbH	**22**	**—**	21	—
TR Fastenings España	**4,374**	**—**	3,781	—
TR Fastenings Inc	**13,303**	**—**	8,766	—
TR Falcon Fastening Solutions	**250**	**—**	26	—
TR Asia Investments Holdings Pte Ltd	**806**	**—**	958	—
TR Formac Pte Ltd	**173**	**—**	34	—
Special Fasteners Engineering Co Ltd	**21**	**—**	23	—
Power Steel & Electro-Plating Works SDN Bhd	**28**	**—**	29	—
TR Formac Co Ltd	**1**	**—**	—	—
TR Fastenings Poland Sp Zoo	**48**	**—**	51	—
Non-trading dormant subsidiaries	**—**	**267**	—	267
Trifast Overseas Holdings Ltd	**44,400**	**—**	44,345	—
Trifast Holdings BV	**11**	**—**	—	3
	80,539	**267**	68,150	270

All related party transactions are on an arm's length basis.

Notes to the financial statements continued

for the year ended 31 March 2023

29 Subsequent events

There are no material non-adjusting events subsequent to the balance sheet date except that the Group has completed its refinancing and signed a lease agreement subsequent to the year end.

On 2 June 2023, the Group's £80m Revolving Credit Facility was redeemed via two new banking agreements with a combined facility limit of £120m, in the form of:

1. Revolving Credit Facility (£70m)

The facility has a term of three years with two possible one-year extensions (i.e. potential term of five years). The facility can be utilised in either USD, EUR or GBP and there are no pre-determined currency limits. Interest has increased in line with market conditions and will now be charged at the aggregate rate of SONIA/SOFR/EURIBOR plus margin within a range of 2.10-3.60% (redeemed £80m Revolving Credit Facility: aggregate rate of SONIA/SOFR/EURIBOR plus 1.10-2.20%).

2. UK Export Finance (UKEF) Export Development Guarantee (EDG) Facility (£50m Sterling equivalent)

The facility has a term of five years with a three-year availability period and is split between a USD facility ($31m), a EUR facility (€17m) and a GBP facility (£10m) with UK Export Finance providing an 80% guarantee. Interest is charged at SONIA/SOFR/six-month EURIBOR with a margin of 2.32% on the USD loan and 2.10% on both the EUR and GBP loans.

The new Group facilities are subject to the same quarterly covenant testing as follows:

Interest cover: Underlying EBITDA to net interest to exceed a ratio of four.

Adjusted leverage: Total net debt to underlying EBITDA not to exceed a ratio of three.

The three lenders who provided the redeemed Revolving Credit Facility remain as the lenders in both facility agreements. The facilities are guaranteed by 18 Group companies which exceed thresholds in various metrics as specified by the lenders. Both facilities are provided for general corporate purposes and will support the Group in achieving growth ambitions.

In addition to the above, the Company entered into a material lease for a single National Distribution Centre on 4 July 2023. This will result in the recognition of a gross right-of-use asset and liability estimated to be £5.7m. This is not discounted and detailed calculations will be performed and included in FY24.

There are no other material adjusting events subsequent to the balance sheet date.

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 include the Project Atlas costs meeting the capitalisation criteria under IAS 38 Intangible Assets.

This 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 continues to have 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, £0.9m (FY22: £1.1m) (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.

In FY22, the key judgements made by management also included the fair value of assets acquired in a business combination in relation to acquisition of Falcon. Judgements and estimates were 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.

Notes to the financial statements continued

for the year ended 31 March 2023

30 Accounting estimates and judgements continued

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 £90.9m, of which £51.9m related to customer-specific stock (FY22: carrying value £88.9m, customer-specific stock £57.8m).

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; FY22: £6.1m).

The carrying amount of goodwill at the year end, net of impairment of VIC, was £22.9m (FY22: £24.8m). As a result of increased discount rates, our discounted cash flow calculations showed an impairment in the VIC CGU of £2.9m. This resulted in full impairment of the goodwill in the VIC CGU.

There are also possible unforeseen longer term risks including emerging climate change risks that could potentially impact the carrying amounts of assets and liabilities. These assumptions depend upon the outcome of future events and may need to be revised as circumstances change.

The deferred tax assets include an amount of £1.2m that primarily relates to carried-forward tax losses relating to the UK CGUs and the Company (the 'UK region'). The UK region generated a loss over this financial year primarily due to restructuring charges and losses. The restructuring charges are one off in nature and will not recur in the future. Based on the approved plans and budgets, including savings from restructuring initiatives, the Group has concluded that the deferred tax assets will be recoverable. Modelling shows that the deferred tax asset on losses is expected to be recovered by the end of FY26. A sensitivity check was also modelled based on reduced sales volumes and margins. This downside case model showed that the deferred tax asset on the losses would be recovered by FY27. Under current UK legislation the losses can be carried forward indefinitely and have no expiry date.

Notes to the financial statements continued

for the year ended 31 March 2023

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, Diósgyőri utca 2, 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 – Ingenieria Industrial, S.L.	Spain	€3,085	Distribution of fastenings	100%	—	Calle De La Cilencia 43, Viladecans Barcelona, CP 08840, Spain

Notes to the financial statements continued
for the year ended 31 March 2023

31 Trifast plc subsidiaries continued

	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held Group	Company	Office address
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

Notes to the financial statements continued

for the year ended 31 March 2023

31 Trifast plc subsidiaries continued

	Country of incorporation or registration	Issued and fully paid share capital	Principal activity	Percentage of ordinary shares held: Group	Percentage of ordinary shares held: Company	Office address
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 Intnl 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 Holdings (Asia) Ltd (previously 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 2023

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 20 and 21 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 FY23 income statement results (of subsidiaries whose presentational currency is not Sterling) using FY22 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 focus on growth 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.

	2023			2022		
	Profit impact £000	**Tax impact £000**	**ETR %**	Profit impact £000	Tax impact £000	ETR %
(Loss)/profit before tax	**(2,692)**	**(174)**	**(6.5)%**	10,617	(1,640)	15.5%
Separately disclosed items	**11,992**	**(2,211)**	**18.4%**	3,142	(993)	31.6%
Underlying profit before tax	**9,300**	**(2,385)**	**25.6%**	13,759	(2,633)	19.1%

- **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.

Notes to the financial statements continued

for the year ended 31 March 2023

32 Alternative Performance Measures continued

Underlying cash conversion as a percentage of underlying EBITDA

This is another key metric used by investors to understand how effective the Group was 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.

	2023 £000	2022 £000
Underlying cash conversion	**9,435**	(13,630)
Project Atlas	**(1,634)**	(983)
Restructuring costs	**–**	(19)
Acquisition costs	**(261)**	(508)
Settlement for loss of office	**(1,050)**	–
Cash generated from operations	**6,490**	(15,140)

- **Adjusted net debt 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.

	2023 £000	2022 £000
Net debt	**(53,840)**	(37,477)
Right-of-use lease liabilities	**15,813**	13,711
Adjusted net debt	**(38,027)**	(23,766)

	2023 £000	2022 £000
Underlying EBITDA	**19,297**	20,409
IFRS 2 Share-based Payment charge and other related costs	**168**	760
Operating lease payments	**(4,483)**	(3,560)
Adjusted underlying EBITDA	**14,982**	17,609

- **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.

	2023 £000	2022 £000
Net interest	**(2,684)**	(987)
Right-of-use liability interest	**430**	326
Adjusted net interest	**(2,254)**	(661)

- **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.

	2023 £000	2022 £000
Underlying EBIT/underlying operating profit	**11,984**	14,746
Separately disclosed items within administrative expenses		
Settlement for loss of office	**(1,050)**	–
Goodwill – impairment of VIC	**(2,926)**	–
Acquired intangible amortisation	**(1,798)**	(1,593)
Project Atlas	**(1,722)**	(1,041)
Acquisition costs	**–**	(508)
Restructuring costs	**(4,235)**	–
Aborted acquisition cost	**(261)**	–
Operating profit	**(8)**	11,604

- **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.

Notes to the financial statements continued

for the year ended 31 March 2023

33 Reconciliation of net cash flow to movement in net debt

	2023 £000	2022 £000
Net change in cash and cash equivalents	**4,862**	(4,865)
Proceeds from new loan	**(16,423)**	(32,980)
Net increase in right-of-use liabilities	**(1,860)**	(751)
Net proceeds from borrowings	**(18,283)**	(33,731)
Increase/(decrease) in net debt before exchange rate differences	**(13,421)**	(38,596)
Movement in prepaid arrangement fees	**(206)**	(213)
Exchange rate differences	**(2,736)**	823
Increase in net debt	**(16,363)**	(37,986)
Opening net (debt)/cash	**(37,477)**	509
Closing net debt	**(53,840)**	(37,477)

Net debt is reconciled to the balance sheet as follows:

	2023 £000	2022 £000
Cash and cash equivalents	**31,798**	26,741
Other interest-bearing loans and borrowings	**(69,825)**	(50,507)
Right-of-use liabilities	**(15,813)**	(13,711)
Closing net (debt)/cash	**(53,840)**	(37,477)

34 Changes in financial liabilities including both cash flows and non-cash changes

	2023 £000	2022 £000
Group		
Finance liabilities at 1 April	**64,218**	29,756
Cash flow changes	**12,631**	30,003
Foreign exchange on financial liabilities	**2,931**	518
Arrangement fees unwinding	**206**	213
Right-of-use liabilities acquisitions	**—**	867
Right-of-use liabilities additions	**5,652**	2,861
Finance liabilities at 31 March	**85,638**	64,218

The financial liabilities have an interest expense which was fully paid at the year end. See statement of cash flows on page 137.

	2023 £000	2022 £000
Company		
Finance liabilities at 1 April	**50,549**	17,031
Cash flow changes	**16,399**	32,961
Foreign exchange on financial liabilities	**2,690**	344
Right-of-use liabilities additions	**19**	—
Arrangement fees unwinding	**206**	213
Finance liabilities at 31 March	**69,863**	50,549

The financial liabilities have an interest expense which was fully paid at the year end. See statement of cash flows on page 137.

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 2023

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 2023	**UK**	**Europe**	**North America**	**Asia**	**Total**
Light vehicle	**6%**	**11%**	**5%**	**6%**	**28%**
Health & home	**2%**	**10%**	**—**	**6%**	**18%**
Distributors	**10%**	**1%**	**1%**	**6%**	**18%**
Energy, tech & infrastructure	**6%**	**5%**	**4%**	**3%**	**18%**
General industrial	**5%**	**5%**	**3%**	**—**	**13%**
Heavy vehicle	**2%**	**3%**	**—**	**—**	**5%**
Revenue from external customers (AER)	**31%**	**35%**	**13%**	**21%**	**100%**

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%

Notes to the financial statements continued

for the year ended 31 March 2023

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 for the year ended 31 March 2022. If the acquisition had occurred on 1 April 2021, Group revenue for the year ended 31 March 2022 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.

Notes to the financial statements continued
for the year ended 31 March 2023

36 Acquisition of Falcon Fasteners Solutions Inc ('Falcon') continued

Effect of acquisition	Values on acquisition £000
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 12 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 incurred £0.5m of costs in relation to the acquisition of Falcon in FY22. These costs were included as separately disclosed items in administrative expenses in the Group's consolidated statement of comprehensive income.

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.

Glossary of terms continued

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.

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.

Gearing
The ratio of debt to equity, usually the relationship between long-term borrowings and shareholders' funds.

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.lei-worldwide.com/lei-code-faq.html

MiFID
MiFID applied in the UK from 2007, and was revised by MiFID II, in January 2018, to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. MiFID II extended the MiFID requirements in a number of areas – new market structure requirements, including:

- New and extended requirements in relation to transparency
- New rules on research and inducements
- New product governance requirements for manufacturers and distributors of MiFID 'products'
- Introduction of a harmonised commodity position limits regime

For more, visit www.fca.org.uk/markets/mifid-ii

Multinational OEMs
We use this term to include all Original Equipment Manufacturers (OEMs), Tier 1 suppliers in the automotive sector and relevant key sub-contractors in the other sectors we service.

Non-pre-emptive rights
This term refers to an issue or sale of any equity securities by a company to which pre-emptive rights do not apply.

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).

Project Atlas
A Microsoft D365 implementation programme.

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.

Glossary of terms continued

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 flow 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.

Five year history

	2019	2020	2021	2022	**2023**
Revenue	£209.0m	£200.2m	£188.2m	£218.6m	**£244.4m**
GP margin[2]	30.0%	27.5%	26.5%	26.7%	**25.3%**
Underlying operating profit[1,2]	£21.6m	£15.8m	£12.0m	£14.7m	**£12.0m**
Underlying operating profit margin[1,2]	10.4%	7.9%	6.4%	6.7%	**4.9%**
Operating profit/(loss)[2]	£17.1m	£4.1m	£8.8m	£11.6m	**£(8.0)k**
Operating profit/(loss) margin[2]	8.2%	2.0%	4.7%	5.3%	**0.0%**
Underlying EBITDA[1,2]	£23.9m	£21.2m	£17.6m	£20.4m	**£19.3m**
Underlying PBT[1,2]	£21.0m	£14.7m	£11.0m	£13.8m	**£9.3m**
PBT/(LBT)[2]	£16.4m	£3.0m	£7.8m	£10.6m	**£(2.7)m**
ROCE %[1,2]	13.9%	8.8%	6.8%	8.3%	**5.4%**
Total dividend per share	4.25p	1.20p	1.60p	2.10p	**2.25p**
Dividend increase %	10.4%	(71.8)%	33.3%	31.3%	**7.1%**
Dividend cover	3.0x	7.2x	3.9x	3.9x	**2.3x**
Underlying diluted EPS[1,2]	12.79p	8.64p	6.24p	8.13p	**5.13p**
Diluted EPS/(LPS)[2]	9.90p	(0.19)p	4.31p	6.56p	**(2.12)p**
Adjusted net debt/(cash)[3]	£14.2m	£15.2m	£(13.3)m	£23.8m	**£38.0m**
Cash conversion % of underlying EBITDA[1,2]	71.4%	105.1%	147.9%	(66.8)%	**48.9%**
Share price at 31 March	193p	95p	150p	115p	**78p**

1. Before separately disclosed items, see note 2.
2. Presented after adoption of IFRS 16 Leases from FY20.
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

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Trifast House
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Telephone: +44 (0)1825 747366

Committee memberships as at 1 April 2023
Audit & Risk Committee
Clive Watson (Chair)
Claire Balmforth
Louis Eperjesi

Remuneration Committee
Claire Balmforth (Chair)
Clive Watson
Louis Eperjesi

Nomination Committee
Jonathan Shearman (Chair)
Claire Balmforth
Clive Watson
Louis Eperjesi

ESG Committee
Louis Eperjesi (Chair)
Jonathan Shearman
Scott Mac Meekin
Darren Hayes-Powell
Clive Watson
Claire Balmforth

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Solicitor
CMS LLP
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London EC4 N 6AF

Registrar
Computershare Investor Services plc
The Pavilions, Bridgwater Road
Bristol BS13 8AE

Financial PR
TooleyStreet Communications Limited
15 Colmore Row
Birmingham B3 2BH

Financial calendar

AGM	11.30am, 15 September 2023
Half-yearly results	November 2023[1]
Trading update	February 2024[1]
Financial year end	31 March 2024[1]
Pre-close trading update	April 2024[1]
Preliminary results	June 2024[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	1.50p
Ex-dividend date	28 September 2023
Final dividend record date	29 September 2023
Final dividend payment date	13 October 2023

Annual General Meeting (AGM)

The Annual General Meeting will be held at 11.30am on Friday 15 September 2023 at Peel Hunt LLP, 100 Liverpool Street, London, EC2M 2AT.

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.

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 plc

Trifast plc Group

Celebrating 50 years

Trifast plc Annual Report for the year ended 31 March 2023