The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

TRIFAST PLC

('*Trifast*', the 'Group' '*TR*' or 'Company')

"Our fastenings enable innovation today, to build a better tomorrow"

Preliminary results for the year ended 31 March 2020

London: Tuesday, 28 July 2020: *Trifast* (LSE Premium listing: TRI), leading international specialist in the design, engineering, manufacture and distribution of high-quality industrial and Category 'C' components to major global assembly industries announces preliminary results for the year ended 31 March 2020:

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

Our Group performance

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

"As I start my tenure as Chair, it is fitting that I pause, express gratitude and celebrate the past. I have had the privilege of working with and learning from Malcolm so I can safely say that although he will be missed, he retires leaving behind a legacy. There is no doubt that the last financial year was a challenging period. However, as is often the case in such circumstances, there are opportunities a plenty. As the team charged with bringing leadership, we are grabbing these with both hands. Our ability to build on the foundations laid by the previous generation using a people and process centric approach, gives us the capability to walk forward into 'new normal' with great confidence."

Jonathan Shearman, Non-Executive Chair
(appointed 1 April 2020)

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

Mark Belton, CEO

Financial highlights

	FY2020 CER	FY2020 AER	FY2019	Movement at CER	Movement at AER
Revenue	**£200.5m**	**£200.2m**	£209.0m	(4.0)%	(4.2)%
GP%^	**27.5%**	**27.5%**	30.0%	(250)bps	(250)bps
Underlying operating profit ('UOP')^*	**£18.0m**	**£18.1m**	£24.2m	(25.4)%	(25.2)%
UOP %^*	**9.0%**	**9.0%**	11.6%	(260)bps	(260)bps
Underlying profit before tax^*	**£17.0m**	**£17.1m**	£23.5m	(27.7)%	(27.5)%
Underlying diluted EPS^*	**10.52p**	**10.54p**	14.53p	(27.6)%	(27.5)%
Adjusted net debt§		**£15.2m**	£14.2m		£1.0m
ROCE^*		**12.0%**	18.8%		(680)bps
Interim/total dividend		**1.20p**	4.25p		(71.8)%
GAAP measures					
Operating profit (OP)^	**£4.0m**	**£4.1m**	£17.1m	(76.7)%	(76.1)%
OP%^	**2.0%**	**2.0%**	8.2%	(620)bps	(620)bps
Profit before tax^	**£2.9m**	**£3.0m**	16.4m	(82.2)%	(81.5)%
Diluted EPS^		**(0.19)p**	9.90p		(101.9)%

* Before separately disclosed items (see notes 2)
^ Presented after the adoption of IFRS16 Leases in FY2020. The ROCE impact has been a reduction of 100bps (before IFRS16: 13.0%) less significant impacts on the remaining metrics are explained in a separate table at the end of the business review
§ Adjusted net debt is presented excluding the impact of IFRS16 Leases, as this is how the calculation is performed for the purposes of the Group's banking facilities. Including right-of-use lease liabilities, net debt would increase by £15.1m to £30.3m at FY2020

Letter to shareholders from Malcolm Diamond MBE, Non-Executive Chair
(retired 31 March 2020)

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

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

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

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

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

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

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

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

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

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

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

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

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

After 45 years at *Trifast*, I have been able to retire knowing I have offered commercial and strategic support and mentorship to the next generation of *TR*'s leadership teams. I would also like to acknowledge and thank all my immediate colleagues, staff, and our long-standing shareholders, for their support, loyalty and commitment over my 45 years with *TR*. I could not have wished for more.

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

Business review

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

Our Group performance

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

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

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

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

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

Gross margins have decreased by 250bps to 27.5% (FY2019: 30.0%) largely because of product mix shift, reducing sales and, particularly in Italy, foreign exchange fluctuations. Whilst underlying operating margins have decreased to 9.0% (2019: 11.6%) as the impact of revenue reductions against a semi-fixed cost base has been partially offset by overhead savings.

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

Statutory profit before tax reduced to £3.0m at AER (FY2019: £16.4m) due to the factors above and separately disclosed items (see note 2) including impairment charges in the year of £7.8m. The impairments in VIC and PSEP are due to the COVID-19 impact on their respective discount rates and short to medium-term cash flows (see note 7). Despite the negative impact of the macroeconomic factors which are outside of our direct control, management believe the outlook for VIC and PSEP continues to be positive. Post-tax, this resulted in a diluted loss per share in the year of (0.19)p (FY2019: diluted EPS of 9.90p).

Dividend policy

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

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

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

Revenue

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

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

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

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

Underlying operating margins

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

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

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

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

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

In our small, nonetheless fastest growing region, the USA, underlying operating margins have remained low at 2.2% (FY2019: 4.9%). This reflects the very positive impact of double-digit revenue growth but offset by the ongoing investments for future growth we are making within the business.

Net financing costs (at AER)

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

Taxation (at AER)

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

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

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

GAAP measures: operating profit by region (AER)*

	2020		2019	
	Profit/(loss) £m	Margin	Profit/(loss) £m	Margin
UK	5.1	6.8%	7.1	9.0%
Europe	(2.8)	(3.8)%	7.0	9.1%
Asia	7.1	13.0%	9.1	15.4%
USA	0.2	1.8%	0.4	4.7%
Central	(5.5)	N/A	(6.5)	N/A
Total	**4.1**	**2.0%**	**17.1**	**8.2%**

* After allocating separately disclosed items, including goodwill impairments

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

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

Net debt (AER)

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

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

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

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

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

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

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

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

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

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

Full details of the work performed in relation to the above are included in note 7.

Post-balance sheet event

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

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

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

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

As detailed below, we have taken swift and significant action in response to COVID-19 to ensure that we look after both the welfare of our staff, and that we continue to work closely with our suppliers and customers so supply chains are protected, production lines continue to operate, and we cement *Trifast*'s reputation as a trusted and reliable counterparty. The Group's focus on flexibility and an integrated global approach has provided resilience and, combined with the decisive actions taken by the Board, minimised the impact of COVID-19 and preserved capability.

There can be no doubt that COVID-19 had a significant impact on trading in the latter part of FY2020 and into the first quarter of FY2021. However, we are immensely proud to report that all our *TR* sites are back open for business and ready and able to return to full capacity as soon as demand returns to the market. Very encouragingly, volumes have begun to recover in all key end markets over the course of Q1 of FY2021, allowing the Group to return to underlying profitability in the month of June 2020.
We are especially excited by the encouraging activity levels and pipeline of opportunities that we are seeing, with additional prospects for growth already secured, and enquiries well underway across a number of sectors including electric vehicle, 5G, medical and the general industrial sector.

Looking further ahead, we strongly believe that the combination of our reputation for *T*rusted *R*eliability, our flexible and established global supplier networks, and our balance sheet strength will put us in a great position to make the most of both the organic and M&A opportunities that are likely to arise as the competitor landscape shifts and demand returns to the market.
It is, of course likely, that there will be some long-term changes in the way that our customers, our suppliers, and the macroeconomic environment operates. We consider that the real fundamentals of our business model and strategy remain unchanged, although we are constantly reviewing what this 'new normal' will look like and how we can best address the challenges and opportunities it will bring.

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

COVID-19 and the business

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

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

Our people

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

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

- Facilitating home working (where possible), helped by our Project Atlas investments
- Implementing staggered shift patterns and increased spacing between workers at our sites
- Closely monitoring and adhering to all local government guidelines – including full site lockdown and restricted staff numbers where appropriate

Trading

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

Supporting our customers

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

Working with our suppliers

Our world-class external supplier base is hugely important to the ongoing success and sustainability of our business and we are proud to report that despite these uncertain times, we have not looked to extend credit terms with any of our suppliers. We firmly believe that the best way to get through this and succeed on the other side is by working together fairly and for the benefit of all our stakeholders. We also successfully applied for essential business lockdown exemptions in Italy, Malaysia and Singapore to ensure that our manufacturing sites were back open for business as soon as possible to service our local and global customer base.

Access to cash

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

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

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

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

To mitigate the challenges around forecasting accuracy, actions are approved when there still remains clear banking covenant contingency in both scenarios and well in advance of any forecast low points. As a Board we have set a reduced maximum net debt to underlying EBITDA ratio of 1.5x (FY2019: 2.0x) to better manage the heightened level of uncertainty and risk in the current environment.

Trifast – building a better tomorrow

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

Project Atlas

Project Atlas is a transformational investment for *Trifast*. For the first time in our history, we will become a fully integrated global business, underpinned by best in class global policies, processes and procedures and a state of the art IT solution, all of which have been designed to ensure that we are able to operate as efficiently and commercially effectively as possible. As one of the very few truly global businesses in a fragmented marketplace, this will put us ahead of the majority of our competition in our ability to reliably, proactively and cost-effectively service our global customers, as well as in our capacity to maintain, manage and develop our extensive supplier network around the world.

Where are we now?

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

As planned, in FY2020 our key focus has been on the finalisation of the analysis work. Followed in the second half of the year by the design and build phase of the project. As a result of all that hard work, we are very pleased to report that over the course of the last 12 months we have successfully built a global IT solution that is now ready and waiting to be rolled out as soon as the current circumstances allow.

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

Looking beyond that short deferral period, the next two years will be all about localisation and roll-out with priority being given initially to our distribution businesses. This will be an incredibly exciting time for us as we start to see all our efforts to date turn into something tangible and transformational around the *TR* world. With all of the benefits firmly in sight and a strong and dedicated *TR* team behind us, we remain completely confident that we will be able to bring this project to a successful conclusion.

"Project Atlas always came with a very strong benefits case, including an ROI of >25% at the point of full realisation (expected to be in FY2024)"

Introducing our new Operational Executive Board (OEB)

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

This team will devise the strategic direction and goals for our global business and by working together will take responsibility for driving these to a successful conclusion for the *Trifast* Group. In the current uncertain environment, wider cost optimisation programmes are also under development by the OEB with a focus on measured and appropriate actions to allow us to protect and sustain the business.

Other good news for the future

We are also looking to make targeted investments in our supplier relationship management and supply chain resilience. This has already started with the successful recruitment of a Global Supply Chain Director and will be followed by additional global and regional recruitment to support that new role. A key focus of this team will be to work closely and develop with our trusted supplier base, to ensure that we are able to make the best use of our global purchasing power and enhanced forecasting capabilities to rationalise supply and drive input cost efficiencies.

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

On the acquisitions side in August 2020, we will be joined by an experienced M&A professional. Paul Ranson has worked across all areas of M&A and will work with us and our external adviser networks to lead our global acquisition activities. Although consolidation is constant, our market remains hugely fragmented, with no one player owning more than 5%. This means acquisitions will remain a key part of our growth journey for the foreseeable future. With significant debt financing in place and the recent equity raise, as well as additional internal resource, we are confident that the number of opportunities and successful transactions we see will begin to increase in the medium-term.

Last and not least, we plan to continue to make careful investments into our three fastest growing geographies – USA; Spain and Thailand. Over the last five years, we have made it our mission to identify these areas and ensure that we organically invest to make the best of the opportunities that exist. It is the continuation of these investments that will allow us to carry on taking profitable market share despite the additional challenges that the current uncertain environment is placing on us.

Consolidated income statement for the year ended 31 March 2020

	Note	**2020 £000**	2019 £000
Continuing operations			
Revenue	3	**200,221**	208,952
Cost of sales		**(145,114)**	(146,317)
Gross profit		**55,107**	62,635
Other operating income	4	**424**	464
Distribution expenses		**(4,627)**	(4,268)
Administrative expenses before separately disclosed items		**(32,815)**	(34,635)
IFRS2 share based payment charge	2	**(2,030)**	(2,454)
Acquired intangible amortisation	2, 7	**(1,409)**	(1,419)
Net acquisition costs	2	**—**	(3)
Project Atlas	2	**(2,505)**	(3,117)
Impairments in goodwill	2, 7	**(7,761)**	—
Costs on exercise of executive share options	2	**(307)**	(107)
Total administrative expenses		**(46,827)**	(41,735)
Operating profit	5	**4,077**	17,096
Financial income		**82**	80
Financial expenses		**(1,117)**	(755)
Net financing costs		**(1,035)**	(675)
Profit before taxation	3	**3,042**	16,421
Taxation	6	**(3,280)**	(4,177)
(Loss)/profit for the year			
(attributable to equity shareholders of the Parent Company)		**(238)**	12,244
(Loss)/earnings per share			
Basic	13	**(0.19)p**	10.14p
Diluted	13	**(0.19)p**	9.90p

Consolidated statement of comprehensive income for the year ended 31 March 2020

	2020 £000	2019 £000
(Loss)/profit for the year	**(238)**	12,244
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**1,342**	148
(Loss)/profit on a hedge of a net investment taken to equity	**(924)**	466
Other comprehensive income recognised directly in equity	**418**	614
Total comprehensive income recognised for the year		
(attributable to the equity shareholders of the Parent Company)	**180**	12,858

Consolidated statement of changes in equity for the year ended 31 March 2020

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2019	**6,095**	**21,914**	**(3,019)**	**13,988**	**82,115**	**121,093**
Effect of change in accounting policy (see note 1)	—	—	—	—	**(1,069)**	**(1,069)**
Balance at 31 March 2019 (restated)	**6,095**	**21,914**	**(3,019)**	**13,988**	**81,046**	**120,024**
Total comprehensive income for the year:						
Loss for the year	—	—	—	—	**(238)**	**(238)**
Other comprehensive income for the year	—	—	—	**418**	—	**418**
Total comprehensive income recognised for the year	—	—	—	**418**	**(238)**	**180**
Issue of share capital	**37**	**426**	—	—	**(16)**	**447**
Share based payment transactions (net of tax)	—	—	—	—	**1,836**	**1,836**
Movement in own shares held	—	—	**1,085**	—	**(2,778)**	**(1,693)**
Dividends	—	—	—	—	**(5,134)**	**(5,134)**
Total transactions with owners	**37**	**426**	**1,085**	**—**	**(6,092)**	**(4,544)**
Balance at 31 March 2020	**6,132**	**22,340**	**(1,934)**	**14,406**	**74,716**	**115,660**

Consolidated statement of changes in equity for the year ended 31 March 2019

	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2018	6,068	21,579	(3,437)	13,374	72,705	110,289
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	12,244	12,244
Other comprehensive income for the year	—	—	—	614	—	614
Total comprehensive income recognised for the year	—	—	—	614	12,244	12,858
Issue of share capital	27	335	—	—	(9)	353
Share based payment transactions (net of tax)	—	—	—	—	2,213	2,213
Movement in own shares held	—	—	418	—	(418)	—
Dividends	—	—	—	—	(4,620)	(4,620)
Total transactions with owners	27	335	418	—	(2,834)	(2,054)
Balance at 31 March 2019	6,095	21,914	(3,019)	13,988	82,115	121,093

Company statement of changes in equity for the year ended 31 March 2020

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2019 and restated for effect in change in accounting policy (see note 1)	**6,095**	**21,914**	**(3,019)**	**1,521**	**23,680**	**50,191**
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	**4,166**	**4,166**
Total comprehensive income recognised for the year	—	—	—	—	**4,166**	**4,166**
Issue of share capital	**37**	**426**	—	—	**(16)**	**447**
Share based payment transactions (net of tax)	—	—	—	—	**1,848**	**1,848**
Movement in own shares held	—	—	**1,085**	—	**(2,778)**	**(1,693)**
Dividends	—	—	—	—	**(5,134)**	**(5,134)**
Total transactions with owners	**37**	**426**	**1,085**	—	**(6,080)**	**(4,532)**
Balance at 31 March 2020	**6,132**	**22,340**	**(1,934)**	**1,521**	**21,766**	**49,825**

Company statement of changes in equity for the year ended 31 March 2019

	Share capital £000	Share premium £000	Own shares held £000	Merger reserve £000	Retained earnings £000	Total equity £000
Balance at 31 March 2018	6,068	21,579	(3,437)	1,521	21,853	47,584
Total comprehensive income for the year:						
Profit for the year	—	—	—	—	4,577	4,577
Total comprehensive income recognised for the year	—	—	—	—	4,577	4,577
Issue of share capital	27	335	—	—	(9)	353
Share based payment transactions (net of tax)	—	—	—	—	2,297	2,297
Movement in own shares held	—	—	418	—	(418)	—
Dividends	—	—	—	—	(4,620)	(4,620)
Total transactions with owners	27	335	418	—	(2,750)	(1,970)
Balance at 31 March 2019	6,095	21,914	(3,019)	1,521	23,680	50,191

Statements of financial position at 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Non-current assets					
Property, plant, and equipment		**20,427**	21,081	**2,384**	2,469
Right-of-use asset		**13,788**	—	**24**	—
Intangible assets	7	**39,155**	44,818	**4,088**	943
Equity investments		—	—	**42,006**	41,440
Deferred tax assets		**1,926**	2,129	**381**	683
Total non-current assets		**75,296**	68,028	**48,883**	45,535
Current assets					
Inventories	8	**59,187**	57,558	—	—
Trade and other receivables	9	**52,928**	53,782	**48,911**	44,517
Cash and cash equivalents		**28,727**	25,199	**265**	899
Total current assets		**140,842**	136,539	**49,176**	45,416
Total assets	3	**216,138**	204,567	**98,059**	90,951
Current liabilities					
Other interest-bearing loans and borrowings	10	**266**	32,617	—	29,123
Trade and other payables	11	**34,914**	37,207	**4,587**	5,102
Right-of-use liabilities		**3,113**	—	**11**	—
Tax payable		**1,817**	1,982	—	—
Total current liabilities		**40,110**	71,806	**4,598**	34,225
Non-current liabilities					
Non-current trade and other payables		—	138	—	—
Other interest-bearing loans and borrowings	10	**43,622**	6,739	**43,622**	6,407
Right-of-use liabilities		**11,996**	—	**14**	—
Provisions		**959**	959	—	—
Deferred tax liabilities		**3,791**	3,832	—	128
Total non-current liabilities		**60,368**	11,668	**43,636**	6,535
Total liabilities	3	**100,478**	83,474	**48,234**	40,760
Net assets		**115,660**	121,093	**49,825**	50,191
Equity					
Share capital		**6,132**	6,095	**6,132**	6,095
Share premium		**22,340**	21,914	**22,340**	21,914
Own shares held		**(1,934)**	(3,019)	**(1,934)**	(3,019)
Reserves		**14,406**	13,988	**1,521**	1,521
Retained earnings		**74,716**	82,115	**21,766**	23,680
Total equity		**115,660**	121,093	**49,825**	50,191

The profit after tax for the Company is £4.2m (FY2019: £4.6m).

These financial statements were approved by the Board of Directors on 27 July 2020.

Statements of cash flows for the year ended 31 March 2020

	Note	Group		Company	
		2020	2019	**2020**	2019
		£000	£000	**£000**	£000
Cash flows from operating activities					
(Loss)/profit for the year		**(238)**	12,244	**4,166**	4,577
Adjustments for:					
Depreciation, amortisation, and impairment	7	**11,541**	3,672	**85**	80
Right-of-use asset depreciation		**3,118**	—	**19**	—
Unrealised foreign currency loss		**89**	38	**82**	—
Financial income		**(82)**	(80)	**(115)**	(38)
Financial expense (excluding right-of-use liabilities' financial expense)		**752**	755	**742**	614
Right-of-use liabilities' financial expense		**365**	—	—	—
(Gain)/loss on sale of property, plant, and equipment and investments		**(3)**	12	—	—
Dividends received		—	—	**(10,072)**	(10,837)
Equity settled share-based payment charge		**1,981**	2,414	**441**	1,131
Taxation charge	6	**3,280**	4,177	**41**	—
Operating cash inflow/(outflow) before changes in working capital and provisions		**20,803**	23,232	**(4,611)**	(4,473)
Change in trade and other receivables		**2,060**	(755)	**(2,310)**	(10,475)
Change in inventories		**(1,217)**	(6,036)	—	—
Change in trade and other payables		**(2,242)**	(2,645)	**(538)**	2,673
Change in provisions		—	(12)	—	—
Cash generated from/(used in) operations		**19,404**	13,784	**(7,459)**	(12,275)
Tax paid		**(3,889)**	(3,877)	—	—
Net cash from/(used in) operating activities		**15,515**	9,907	**(7,459)**	(12,275)
Cash flows from investing activities					
Proceeds from sale of property, plant, and equipment		**7**	31	—	—
Interest received		**82**	84	**108**	37
Acquisition of subsidiary, net of cash acquired		**(503)**	(8,150)	—	—
Acquisition of property, plant and equipment and intangibles		**(4,594)**	(4,180)	**(3,145)**	(999)
Dividends received		—	—	**10,072**	10,837
Net cash (used in)/from investing activities		**(5,008)**	(12,215)	**7,035**	9,875
Cash flows from financing activities					
Proceeds from the issue of share capital		**447**	353	**447**	353
Purchase of own shares		**(1,693)**	—	**(1,693)**	—
Proceeds from new loan		**45,026**	12,136	**44,225**	12,136
Repayment of borrowings		**(41,620)**	(5,953)	**(37,318)**	(4,433)
(Payment)/proceeds from finance leases		**(74)**	(2)	—	—
Repayment of right-of-use liabilities		**(3,487)**	—	**(18)**	—
Dividends paid	12	**(5,134)**	(4,620)	**(5,134)**	(4,620)
Interest paid		**(752)**	(758)	**(719)**	(614)
Net cash (used in)/from financing activities		**(7,287)**	1,156	**(210)**	2,822
Net change in cash and cash equivalents		**3,220**	(1,152)	**(634)**	422
Cash and cash equivalents at 1 April		**25,199**	26,222	**899**	477
Effect of exchange rate fluctuations on cash held		**308**	129	—	—
Cash and cash equivalents at 31 March		**28,727**	25,199	**265**	899

Notes to the Financial Statements

1. Preparation of the preliminary statement

The preliminary results announcement for the year ended 31 March 2020 has been prepared by the Directors based on the results and position reflected in the statutory accounts. The statutory accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('Adopted IFRS').

Adoption of IFRS16

This note explains the impact of the adoption of IFRS16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019 (date of initial application).

The Group adopted IFRS16 from 1 April 2019 under the modified retrospective approach and therefore has not restated comparatives for the 2019 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

Policy applied from 1 April 2019 – The Group as lessee

The Group's leases primarily comprise of right-of-use assets regarding land & buildings, motor vehicles and equipment. Short-term leases (<12 months) and leases for which the underlying asset is of a low value (<£4k) are excluded.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses. The right-of-use asset is subsequently depreciated using the straight-line method from the lease commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate.

The lease liabilities are subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The liability will be remeasured if there is a change in the future lease payments or if there are changes in the estimated length of the lease.
The lease period is established as the non-cancellable period together with the opportunity to extend the lease if the lessee is reasonably certain to utilise that option, and periods covered by an opportunity to terminate the lease if the lessee is reasonably certain not to utilise that option.

Practical expedients applied

In applying IFRS16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

The Group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS17 and IFRIC4 Determining whether an Arrangement contains a Lease.

Adjustments recognised on adoption of IFRS16 – Group

On adoption of IFRS16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The Group also recognised right-of-use assets for properties, vehicles & equipment which were measured on a retrospective basis as if the new rules had always been applied, discounted at the rate on the date of initial application. This has been summarised below.

	1 April 2019 £'000
Right-of-use assets	12,909
Deferred tax asset	251
Right-of-use liabilities (current)	2,727
Right-of-use liabilities (non-current)	11,566
Prepayments	(117)
Accruals	(180)
Retained Earnings	(1,069)

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the lessee's incremental borrowing rate at 1 April 2019. The weighted average rate applied is 2.4%.

The right-of-use liabilities recognised at 1 April 2019 reconciles to the operating lease commitment as at 31 March 2019 as disclosed in the Group's consolidated financial statements as follows:

	1 April 2019 £'000
Operating lease commitment as at 31 March 2019 as disclosed in the Group's consolidated financial statements	14,283
Recognition exemption for leases of low-value assets	(160)
Recognition exemption for leases with less than 12 months lease term at transition	(250)
Operating leases in scope of IFRS16	13,873
Discounted using the incremental borrowing rate as 1 April 2019	(1,676)
Inception date before transition date but lease commenced after	(203)
Difference between minimum lease payments & end of lease	2,105
Extension options reasonably certain to be exercised	194
Right-of-use liabilities recognised at 1 April 2019	14,293

The recognised right-of-use assets relate to the following types of assets:

	1 April 2019 £'000
Land & buildings	11,925
Motor vehicles	951
Equipment	33
Total right-of-use asset	12,909

Adjustments recognised on adoption of IFRS16 – Company

On adoption of IFRS16, the Company recognised lease liabilities of £20,000 and right of use assets of £20,000 in relation to leases which had previously been classified as operating leases under the principles of IAS17 Leases. The leases were measured using the same principles above for the Group.

2. Underlying profit before tax and separately disclosed items

	2020 **£000**	2019 £000
Underlying profit before tax	**17,054**	23,521
Separately disclosed items within administrative expenses		
IFRS2 share based payment charge	**(2,030)**	(2,454)
Acquired intangible amortisation	**(1,409)**	(1,419)
Net acquisition costs	**—**	(3)
Project Atlas	**(2,505)**	(3,117)
Impairment of goodwill	**(7,761)**	—
Costs on exercise of executive share options	**(307)**	(107)
Profit before tax	**3,042**	16,421

	2020 **£000**	2019 £000
Underlying EBITDA	**23,525**	26,449
Separately disclosed items within administrative expenses		
IFRS2 share based payment charge	**(2,030)**	(2,454)
Net acquisition costs	**—**	(3)
Project Atlas	**(2,505)**	(3,117)
Impairment of goodwill	**(7,761)**	—
Costs on exercise of executive share options	**(307)**	(107)
EBITDA	**10,922**	20,768
Acquired intangible amortisation	**(1,409)**	(1,419)
Depreciation and non-acquired amortisation	**(5,436)**	(2,253)
Operating profit	**4,077**	17,096

There were £nil separately disclosed items in FY2020 (FY2019: £nil) other than the amounts detailed above. FY2020 accounts for leases under IFRS16 Leases, FY2019 accounts for leases under IAS 17 Leases. The transition to IFRS16 resulted in EBITDA being c.£3.5m higher.

Recurring items

During the period the IFRS2 charge decreased, due to the non-market performance conditions not being achieved for the Board FY2018 LTIP and hence the cumulative charge was reversed. £0.3m (FY2019: £0.5m) relates to the Board deferred equity bonus scheme. £0.1m (FY2019: £0.6m) relates to the new LTIP structure for the Directors. £1.5m (FY2019: £1.2m) represents the charge for the Deferred Bonus Award scheme for senior managers. The remaining £0.2m (FY2019: £0.2m) relates to the SAYE scheme.

IFRS2 share based payment charges have continued to be specifically presented as separately disclosed items within administrative expenses. We understand that these costs are more conventionally included within underlying results and we confirm management's intention to present these as such at the appropriate time. However, currently the underlying equity award schemes that form the basis of these charges are under a period of significant development.

This includes:

- The cessation of the Board deferred equity schemes that were in operation from FY2014 to FY2017;
- The one-off introduction of a three-year Senior Manager deferred equity bonus award in FY2016;
- The introduction of the current annual, rolling three-year Board LTIP share awards in FY2018; and
- The subsequent introduction of a new annual, rolling three-year Senior Manager LTIP share award scheme in FY2020.

As a result of the above, the annual IFRS2 charge is expected to be subject to a significant degree of volatility until we reach a more stable ongoing position. We consider that this ongoing volatility, if presented within our underlying results in the short to medium term, will only detract readers from being able to gain a clear understanding of the Group's underlying trading position.
Management will continue to periodically assess this decision to determine when IFRS2 share based payment charges will become part of the underlying results.

Acquired intangible amortisation has remained in line with prior year. Intangible amortisation relating to acquisitions have been separately disclosed since they do not relate to the trading performance of the respective entities with a charge.
During the year, part of the FY2017 Board deferred equity bonus shares and the FY2017 Senior Manager Equity Awards were exercised and the Group incurred £0.3m of employer's National Insurance in relation to these exercises. Last year, the FY2016 Deferred Equity Bonus awards were exercised resulting in the Company incurring £0.1m of employer's National Insurance.

Event driven/one-off items

Net acquisition costs of £nil (FY2019: £0.1m) were incurred in the year. The FY2019 acquisition costs were in relation to the acquisition of PTS on 4 April 2018. The costs in FY2019 were offset by a £(0.1)m movement in the contingent consideration for PTS.

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes, budgeted to cost £15.0m. As a consequence of the work undertaken to date on this project, we have incurred direct costs of £2.5m in FY2020 (FY2019: £3.1m), largely relating to the project team. We have excluded these costs from our underlying results, to reflect the unusual scale and one-off nature of this project. We anticipate continuing to do so in order to provide shareholders with a better understanding of our underlying trading performance during this period of investment. This investment will be recorded as a combination of capital expenditure and separately disclosed items, dependent on accounting convention.

Impairments in goodwill of £7.8m (FY2019: £nil) were incurred in the year relating to VIC (£7.0m) and PSEP (£0.8m), see note 7 for further details.

Management feel it is appropriate to remove the one-off costs and certain non-trading items discussed above to better allow the reader of the accounts to understand the underlying performance of the Group.

3. Operating segmental analysis

Segment information is presented in the consolidated financial statements in respect of the Group's geographical segments. This reflects the Group's management and internal reporting structure, and the operating basis on which individual operations are reviewed by the Chief Operating Decision Maker (the Board). Performance is measured based on each segment's underlying profit before finance costs and income tax as included in the internal management reports that are reviewed by the Chief Operating Decision Maker. This is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the industry.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Goodwill and intangible assets acquired on business combinations are included in the region to which they relate.

Geographical operating segments

The Group is comprised of the following main geographical operating segments:

— UK
— Europe includes Norway, Sweden, Hungary, Ireland, Holland, Italy, Germany, Spain and Poland
— USA includes USA and Mexico
— Asia includes Malaysia, China, Singapore, Taiwan, Thailand, India and Philippines

In presenting information on the basis of geographical operating segments, segment revenue and segment assets are based on the geographical location of our entities across the world, and are consolidated into the four distinct geographical regions, which the Board use to monitor and assess the Group. Interest is reported on a net basis rather than gross as this is how it is presented to the Chief Operating Decision Maker. All material non-current assets are located in the country the relevant Group entity is incorporated in.

March 2020	**UK £000**	**Europe £000**	**USA £000**	**Asia £000**	**Common costs £000**	**Total £000**
Revenue						
Revenue from external customers	**71,979**	**71,217**	**10,864**	**46,161**	—	**200,221**
Inter segment revenue	**3,521**	**1,521**	**177**	**8,363**	—	**13,582**
Total revenue	**75,500**	**72,738**	**11,041**	**54,524**	—	**213,803**
Underlying operating result	**6,819**	**5,722**	**281**	**8,262**	**(2,995)**	**18,089**
Net financing costs	**(161)**	**(102)**	**(114)**	**(33)**	**(625)**	**(1,035)**
Underlying segment result	**6,658**	**5,620**	**167**	**8,229**	**(3,620)**	**17,054**
Separately disclosed items (see note 2)						**(14,012)**
Profit before tax						**3,042**
Specific disclosure items						
Depreciation and amortisation	**1,841**	**2,717**	**235**	**1,949**	**103**	**6,845**
Impairments in goodwill		**6,966**		**795**		**7,761**
Assets and liabilities						
Non-current asset additions	**3,021**	**777**	**136**	**1,463**	**3,167**	**8,564**
Segment assets	**65,679**	**69,836**	**8,897**	**64,534**	**7,192**	**216,138**
Segment liabilities	**(24,127)**	**(16,150)**	**(1,855)**	**(13,582)**	**(44,764)**	**(100,478)**

Within separately disclosed items of £14.0m are £7.8m of goodwill impairments.

March 2019	UK £000	Europe £000	USA £000	Asia £000	Common costs £000	Total £000
Revenue						
Revenue from external customers	76,030	75,395	8,822	48,705	—	208,952
Inter segment revenue	3,040	1,742	178	10,539	—	15,499
Total revenue	79,070	77,137	9,000	59,244	—	224,451
Underlying operating result	8,666	8,423	446	9,445	(2,784)	24,196
Net financing (costs)/income	(99)	(42)	(19)	63	(578)	(675)
Underlying segment result	8,567	8,381	427	9,508	(3,362)	23,521
Separately disclosed items (see note 2)						(7,100)
Profit before tax						16,421
Specific disclosure items						
Depreciation and amortisation	705	1,891	45	951	80	3,672
Assets and liabilities						
Non-current asset additions	**700**	**754**	**1,312**	**218**	**998**	**3,982**
Segment assets	57,763	75,407	6,505	59,458	5,434	204,567
Segment liabilities	(20,027)	(14,416)	(492)	(10,759)	(37,780)	(83,474)

There were no material differences in Europe and USA between the external revenue based on location of the entities and the location of the customers. Of the UK external revenue £14.9m (FY2019: £16.9m) was sold into the European market. Of the Asian external revenue, £4.5m (FY2019: £5.1m) was sold into the American market and £4.1m (FY2019: £8.6m) sold into the European market.

Revenue is derived solely from the manufacture and logistical supply of industrial fasteners and Category ‘C’ components.

4. Other operating income

	2020 £000	2019 £000
Rental income received from freehold properties	**12**	12
Other income	**412**	452
	424	464

5. Expenses and auditor's remuneration

Included in profit for the year are the following:

	2020 £000	2019 £000
Depreciation and non-acquired amortisation	**2,318**	2,253
Right-of-use asset depreciation	**3,118**	—
Amortisation of acquired intangibles	**1,409**	1,419
Impairments in goodwill	**7,761**	—
Operating lease expense	**1,058**	4,051
Net foreign exchange gain	**(567)**	(92)
Project Atlas (IT and business processes)	**2,505**	3,117
(Gain)/loss on disposal of fixed assets	**(3)**	12

Operating lease expense in FY2020 are low value and short-term leases, in FY2019 it was operating leases under IAS17.

Auditor's remuneration:

	2020 £000	2019 £000
Audit of these financial statements	**146**	87
Audit of financial statements of subsidiaries pursuant to legislation	**250**	252
Taxation compliance services	—	21
Other assurance services	—	30
Other services relating to transaction services	—	—
Total	**396**	**390**

6. Taxation

Recognised in the income statement	2020 £000	2019 £000
Current UK tax expense:		
Current year	**59**	496
Adjustments for prior years	**(50)**	103
	9	599
Current foreign tax expense:		
Current year	**3,181**	3,941
Adjustments for prior years	**(91)**	(10)
	3,090	3,931
Total current tax	**3,099**	4,530
Deferred tax expense		
Origination and reversal of temporary differences	**179**	(289)
Change in tax rates	**(7)**	27
Adjustments for prior years	**9**	(91)
Deferred tax expense/(income)	**181**	(353)
Tax in income statement	**3,280**	4,177

	2020 £000	2019 £000
Current tax recognised directly in equity — IFRS2 share based tax credit	(58)	(121)
Deferred tax recognised directly in equity — IFRS2 share based tax charge	203	322
Total tax recognised in equity	145	201

Reconciliation of effective tax rate ('ETR') and tax expense	2020 £000	ETR %	2019 £000	ETR %
(Loss)/profit for the period	**(238)**		12,244	
Tax from continuing operations	**3,280**		4,177	
Profit before tax	**3,042**		16,421	
Tax using the UK corporation tax rate of 19% (FY2019: 19%)	**578**	**19**	3,120	19
Tax suffered on dividends	**416**	**14**	474	3
Non-deductible expenses	**286**	**9**	189	1
Tax incentives	—	—	(146)	(1)
Non-taxable receipts	**(44)**	**(1)**	—	—
IFRS2 share option charge	**501**	**16**	105	1
Deferred tax assets not recognised	**76**	**2**	58	—
Impairment losses	**1,475**	**49**	—	—
Different tax rates on overseas earnings	**131**	**4**	348	2
Adjustments in respect of prior years	**(132)**	**(4)**	2	—
Tax rate change	**(7)**	—	27	—
Total tax in income statement	**3,280**	**108**	4,177	25

7. Intangible assets – Group

	Assets under course of construction £000	Goodwill £000	Other £000	Total £000
Cost				
Balance at 1 April 2018	—	43,358	15,456	58,814
Acquisitions	—	2,043	4,816	6,859
Additions	943	—	51	994
Effect of movements in foreign exchange	—	359	(258)	101
Balance at 31 March 2019	943	45,760	20,065	66,768
Balance at 1 April 2019	943	45,760	20,065	66,768
Additions	3,145	—	22	3,167
Effect of movements in foreign exchange	—	165	346	511
Balance at 31 March 2020	**4,088**	**45,925**	**20,433**	**70,446**
Amortisation and impairment				
Balance at 1 April 2018	—	14,231	6,182	20,413
Amortisation for the year	—	—	1,469	1,469
Effect of movements in foreign exchange	—	164	(96)	68
Balance at 31 March 2019	—	14,395	7,555	21,950
Balance at 1 April 2019	—	14,395	7,555	21,950
Amortisation for the year	—	—	1,447	1,447
Impairment for the year	—	7,761	—	7,761
Effect of movements in foreign exchange	—	(12)	145	133
Balance at 31 March 2020	—	**22,144**	**9,147**	**31,291**
Net book value				
At 1 April 2018	—	29,127	9,274	38,401
At 31 March 2019	943	31,365	12,510	44,818
At 31 March 2020	**4,088**	**23,781**	**11,286**	**39,155**

The addition in assets under the course of construction in the year relates to Project Atlas.

Included within other intangibles are customer relationship intangible assets of £9.0m (FY2019: £9.9m), know-how of £1.1m (FY2019: £1.3m) and marketing related intangibles of £0.9m (FY2019: £1.0m).

The amortisation charge is recognised in administrative expenses in the income statement. Of the £1,447,000 charge in the year, £1,409,000 relates to amortisation on acquired intangibles.

Other intangible assets are made up of

- Customer relationships acquired as part of the acquisition of PSEP. The remaining amortisation period left on these assets is 3.8 years
- Customer relationships, technology know-how and technology patents acquired as part of the acquisition of VIC. The average remaining amortisation period on these assets is 7.8 years
- Customer relationships acquired as part of the acquisition of Kuhlmann. The average remaining amortisation period on these assets is 5.5 years
- Customer relationships and marketing related intangibles acquired as part of the acquisition of PTS, the average remaining amortisation period on these assets is 12.3 years

The following cash generating units have carrying amounts of goodwill

	2020	2019
	£000	£000
Special Fasteners Engineering Co. Ltd (Taiwan)	**10,691**	10,722
TR Fastenings AB (Sweden)	**1,063**	1,063
Lancaster Fastener Company Ltd (UK)	**1,245**	1,245
Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK)	**4,083**	4,083
Power Steel and Electro-Plating Works SDN Bhd (PSEP) (Malaysia)	—	793
TR VIC SPA (VIC) (Italy)	**3,001**	9,802
TR Kuhlmann GmbH (Germany)	**1,551**	1,510
Precision Technology Supplies Ltd (UK)	**2,043**	2,043
Other	**104**	104
	23,781	31,365

The changes in goodwill for SFE and Kuhlmann relate to foreign exchange gains or losses as these investments are held in, Singaporean Dollars and Euros, respectively. The reductions in goodwill for VIC and PSEP predominantly relate to goodwill impairments of £7.0m and £0.8m respectively, the remaining movements relate to foreign exchange gains or losses as the investments are held in Euros and Malaysian Ringgits respectively.

Annual impairment testing

The Group tests goodwill annually for impairment. The recoverable amount of cash generating units is determined from value in use calculations.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. In this method, the free cash flows after funding internal needs of the subject company are forecast for a finite period of four years based on actual operating results, budgets and economic market research. Beyond the finite period, a terminal (residual) value is estimated using an assumed stable cash flow figure.

The values assigned to the key assumptions represent management's assessment of future trends in the fastenings market and are based on both external and internal sources of historical data. Further information on sources of data used can be found in each description of the key assumptions below.

The recoverable amount of Special Fasteners Engineering Co. Ltd (Taiwan), *TR* VIC SPA (Italy) and Serco Ryan Ltd (within *TR* Fastenings Ltd) (UK) have been calculated with reference to the key assumptions shown below:

	SFE		**VIC**		**Serco**	
	2020	2019	**2020**	2019	**2020**	2019
Long-term revenue growth rate	**2.0%**	2.0%	**1.6%**	2.0%	**2.0%**	2.0%
Discount rate — post-tax	**7.6%**	9.9%	**10.8%**	11.2%	**7.3%**	8.4%
Discount rate — pre-tax	**9.5%**	12.4%	**14.9%**	15.4%	**9.0%**	10.4%
Terminal EBIT margin	**16.2%**	16.8%	**13.5%**	17.2%	**8.1%**	9.1%

Long-term revenue growth rate

Four-year management plans are used for the Group's value in use calculations. Long-term growth rates into perpetuity have been determined as the lower of:

- The nominal GDP rates for the country of operation
- The long-term compound annual growth rate in EBITDA in years six to ten estimated by management

Post-tax risk adjusted discount rate

The discount rate applied to the cash flows of each of the Group's operations is based on the Weighted Average Cost of Capital ('WACC') (using post-tax numbers). The cost of equity element uses the risk free rate for ten year bonds issued by the government in the respective market, adjusted for a risk premium to reflect both the increased risk of investing in equities and the systemic risk of the specific Group operating company.

In making this adjustment, inputs required are the equity market risk premium (that is, the increased return required over and above a risk-free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the specific Group operating company relative to the market as a whole.

In determining the risk adjusted discount rate, management has applied an adjustment for the systemic risk to each of the Group's operations determined using an average of the betas of comparable listed fastener distribution and manufacturing companies and, where available and appropriate, across a specific territory. Management has used an equity market risk premium that takes into consideration studies by independent economists, the average equity market risk premium over the past five years and the market risk premiums typically used by investment banks in evaluating acquisition proposals.

To calculate the pre-tax discount rate we have taken the post-tax discount rate and divided this by one minus the applicable tax rate. We consider this an appropriate approximation of the pre-tax rate as there are no significant timing differences between the tax cash flows and tax charges. The table above discloses the discount rate on a post and pre-tax basis. This takes into account certain components such as the various discount rates reflecting different risk premiums and tax rates in the respective regions. Overall, the Board is confident that the discount rate adequately reflects the circumstances in each location and is in accordance with IAS36.

Terminal EBIT margin

The margins used in the value in use calculations are based on historic performance adjusted for any known or expected changes to occur to existing operations based on management plans. Key adjustments relate to known efficiency gains from increased volumes achieved in the business as well as the transactional foreign exchange impact based on forecast rates.

Impairments in the year

The impairments of £7.0m in VIC's goodwill and £0.8m in PSEP's goodwill respectively have arisen due to the impact of COVID-19 both on short to medium-term cash flows as well as higher than usual discount rates. These have been separately disclosed in the consolidated income statement.

For VIC, the discount rate used is 10.8% post-tax (14.9% pre-tax). This is at similar levels to FY2019 (11.2% post-tax; 15.4% pre-tax) due to the economic struggles in Italy, but higher than the average post-tax rate in previous years of c.9.3%. The unit's recoverable amount calculated by management is £27.4m.

For PSEP, the discount rate used is 10.6% post-tax (13.9% pre-tax). This is broadly in line with FY2019 (11.6% post-tax; 15.3% pre-tax), but higher than the average post-tax rate in previous years of *c.*10.0%. The unit's recoverable amount calculated by management is £10.4m.

Sensitivity to changes in assumptions

The continued economic struggles in Italy, combined with the impact of COVID-19, has caused the discount rate for VIC to remain high (the years before FY2019 it was c.9.3%), thus reducing headroom. If these uncertainties continue and the discount rate increases then it is possible that there might be an additional impairment of VIC's goodwill. Given the impairment in the year, VIC's recoverable amount is equal to its carrying amount. An increase in the discount rate of 50bps will cause the units recoverable amount to be £1.3m lower than its carrying amount. Despite the negative impact of the macroeconomic factors (including COVID-19) which are outside of our direct control, management believe the outlook for VIC continues to be positive.

Excluding VIC, management believe that no reasonably possible change in any key assumptions would cause the carrying value of any other cash generating unit to exceed its recoverable amount.

8. Inventories – Group

	2020	2019
	£000	£000
Raw materials and consumables	**4,982**	5,568
Work in progress	**2,026**	2,233
Finished goods and goods for resale	**52,179**	49,757
	59,187	57,558

In FY2020, inventories of £129.2m (FY2019: £132.4m) were recognised as an expense during the year and included in cost of sales. Inventories have been written down by £1.6m in the year (FY2019: £1.1m) in line with the Group's stock provisioning policy. Such write-downs were recognised as an expense during FY2020. No significant specific stock provisions have been reversed in the year.

No inventories are pledged as security for liabilities.

The carrying amount of inventories carried at fair value less costs to sell is £1.4m (FY2019: £1.2m).

9. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade receivables	**48,484**	49,149	—	—
Non trade receivables and prepayments	**4,444**	4,633	**21**	313
Amounts owed by subsidiary undertakings	—	—	**48,890**	44,204
	52,928	53,782	**48,911**	44,517

The trade receivables position for the Group at 1 April 2018 was £48.0m.

Expected credit losses for the Group were calculated by first grouping trade receivables by entity and looking at historic credit loss rates over 5 years. This was then overlaid with considerations for overdue debt, forward looking information (including COVID-19) and any customer specific risks.

Expected credit losses for the Company were assessed at year end and there had not been a significant increase in credit risk therefore they are provided at 12-month ECL. No material provision was required in FY2020 or FY2019.

10. Other interest-bearing loans and borrowings

This note provides information about the Group and Company's existing interest-bearing loans and borrowings as at 31 March 2020.

			Current		Non-current	
			2020	2019	**2020**	2019
Initial loan value	**Rate**	**Maturity**	**£000**	£000	**£000**	£000
Group						
Asset based lending	Base + 1.49%	2019	—	2,977	—	—
VIC unsecured loan	EURIBOR + 1.95%	2020	**266**	517	—	258
Right of use liabilities	Various	2020-2050	**3,102**	—	**11,982**	—
Finance lease liabilities	Various	2019-2020	—	—	—	74
Group and Company						
Revolving Credit Facility	LIBOR/ EURIBOR + 1.10%	2023	—	—	**44,262**	—
Prepaid arrangement fees			—	—	**(640)**	—
Right of use liabilities	Various	2020-2023	**11**	—	**14**	—
Facility A VIC acquisition loan	EURIBOR + 1.50%	2021	—	4,307	—	4,307
Facility B Revolving Credit Facility	LIBOR/ EURIBOR + 1.50%	2019-2021	—	24,816	—	—
Property Loan	LIBOR + 1.25%	2021	—	—	—	2,100
Total Group			**3,379**	32,617	**55,618**	6,739
Total Company			**11**	29,123	**43,636**	6,407

11. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	£000	£000	**£000**	£000
Trade payables	**20,054**	21,496	—	—
Amounts payable to subsidiary undertakings	—	—	**3,547**	4,162
Deferred consideration	—	511	—	—
Non-trade payables and accrued expenses	**12,665**	12,961	**855**	839
Other taxes and social security	**2,195**	2,239	**185**	101
	34,914	37,207	**4,587**	5,102

12. Dividends

During the year the following dividends were recognised and paid by the Group:

	2020	2019
	£000	£000
Final paid 2019 — 3.05p (FY2018: 2.75p) per qualifying ordinary share	**3,687**	3,301
Interim paid 2019 — 1.20p (FY2018: 1.10p) per qualifying ordinary share	**1,447**	1,319
	5,134	4,620

After the balance sheet date, a final dividend of nil per qualifying ordinary share (FY2019: 3.05p) was proposed by the Directors and an interim dividend of 1.20p (FY2019: 1.20p) was paid in April 2020.

	2020	2019
	£000	£000
Final proposed 2020 — nilp (FY2019: 3.05p) per qualifying ordinary share	—	3,687
Interim paid 2020 1.20p (FY2019: 1.20p) per qualifying ordinary share	**1,457**	1,447
	1,457	5,134

Subject to Shareholder approval at the Annual General Meeting, which is to be held on 22 September 2020, the Board are not proposing a final dividend at this time. See the Business Review for further details.

13. Earnings per share

Basic earnings per share

The calculation of basic loss per share at 31 March 2020 was based on the loss attributable to ordinary shareholders of £(0.2)m (FY2019: profit of £12.2m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2020 (excluding own shares held) of 122,171,272 (FY2019: 120,723,637), calculated as follows:

Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at 1 April	**121,890,011**	121,364,667
Net effect of shares issued/(held)	**281,261**	(641,030)
Weighted average number of ordinary shares at 31 March	**122,171,272**	120,723,637

Diluted earnings per share

The calculation of diluted loss per share at 31 March 2020 was based on loss attributable to ordinary shareholders of £(0.2)m (FY2019: profit of £12.2m) and a weighted average number of ordinary shares outstanding during the year ended 31 March 2020 (excluding own shares held) of 122,171,272 (FY2019: 123,734,170), calculated as follows:

Weighted average number of ordinary shares (diluted)

	2020	2019
Weighted average number of ordinary shares at 31 March	**122,171,272**	120,723,637
Effect of share options on issue	—	3,010,533
Weighted average number of ordinary shares (diluted) at 31 March	**122,171,272**	123,734,170

For diluted EPS there are potentially 2,273,827 dilutive share options, however they are not included in the weighted average calculation for FY2020 because they are anti-dilutive since there is a loss after tax. These dilutive share options are considered in the calculation for underlying diluted EPS below.

The average market value of the Company’s shares for the purposes of calculating the dilutive effect of share options was based on quoted market prices for the period that the options and deferred equity awards were outstanding.

Underlying earnings per share

EPS (total)	**2020 EPS Earnings £000**	**2020 EPS Basic**	**2020 EPS Diluted**	2019 EPS Earnings £000	2019 EPS Basic	2019 EPS Diluted
(Loss)/profit after tax for the financial year	**(238)**	**(0.19)p**	**(0.19)p**	12,244	10.14p	9.90p
Separately disclosed items:						
IFRS2 share based payment charge	**2,030**	**1.66p**	**1.63p**	2,454	2.03p	1.98p
Acquired intangible amortisation	**1,409**	**1.15p**	**1.13p**	1,419	1.18p	1.14p
Net acquisition costs	**—**	**—**	**—**	3	—	—
Costs on exercise of executive share options	**307**	**0.25p**	**0.24p**	107	0.09p	0.09p
Impairments in goodwill	**7,761**	**6.35p**	**6.24p**	—	—	—
Project Atlas	**2,505**	**2.05p**	**2.01p**	3,117	2.58p	2.52p
Tax charge on adjusted items above	**(653)**	**(0.53)p**	**(0.52)p**	(1,370)	(1.13p)	(1.10p)
Underlying profit after tax	**13,121**	**10.74p**	**10.54p**	17,974	14.89p	14.53p

The 'underlying diluted' earnings per share is detailed in the above tables. In the Directors' opinion, this best reflects the underlying performance of the Group and assists in the comparison with the results of earlier years (see note 2).

14. Subsequent events

There are no material adjusting events subsequent to the balance sheet date.

On the 19 June 2020 the Company's broker, Peel Hunt, successfully completed the placing of 12,448,132 new ordinary shares of five pence each in the share capital of the Company at a price of 120.5 pence per Placing Share, raising gross proceeds of approximately £15m. The Placing Price represented a discount of 9.7% to the closing price of 133.5 pence per share on 18 June 2020. The Placing Shares being issued represented approximately 10.1% of the issued share capital of the Company prior to the Placing.

On 23 June, the broker option was exercised in full, placing a total of 830,000 new ordinary shares of five pence each in the share capital of the Company, raising gross proceeds of approximately £1m. The transaction costs incurred relating to the placings of these shares were £0.5m.

As part of the transactions for the placing of the ordinary shares, *Trifast* plc acquired Project Lavender Limited, a company incorporated in Jersey, on 5 June 2020, and after the placing of the shares the company was liquidated on 24 June 2020.

The placing was undertaken to ensure that the Group can continue to support its long-term strategic investments as well as being able to maximise its growth in the short term as markets recover from COVID-19. For further details, see the Business Review.

There are no other material non-adjusting events subsequent to the balance sheet date.

15. Preliminary statement

The financial information set out above does not constitute the Group's statutory Report and Accounts for the years ended 31 March 2020 or 2019 but is derived from the 2020 Report and Accounts. The Report and Accounts for 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered in due course. The external auditor has reported on the 2020 Report and Accounts; the report was (i) unqualified, (ii) did not include references to any matters to which the external auditor drew attention by way of emphasis without qualifying the reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

16. Investor communications

The Company is not proposing to bulk print and distribute hard copies of this Preliminary statement unless specifically requested by individual shareholders, however it can be downloaded from the investor website. News updates, Regulatory News, and previous years' Annual Reports can also be viewed and downloaded from the Group's website, www.trifast.com.

The Report and Accounts for the year ended 31 March 2020, together with the Notice of Meeting will be posted to shareholders where requested and uploaded to the National Storage Mechanism https://www.fca.org.uk/markets/primary-markets/regulatory-disclosures/national-storage-mechanism and the Group's website, www.trifast.com in due course.

The 2020 Annual Report and Financial Statements will also be available on request by writing to: The Company Secretary, *Trifast* plc, *Trifast* House, Bellbrook Park, Uckfield, East Sussex TN22 1QW, Email: corporate.enquiries@trifast.com.

17. Annual General Meeting

The Annual General Meeting will be held on Tuesday 22 September at 12noon at *Trifast* House, Bellbrook Park, Uckfield, East Sussex TN22 1QW. **Shareholders must not attend the AGM in person due to the current situation with COVID-19.** Information regarding the AGM will be uploaded to our website http://www.trifast.com/investors/shareholder-meetings/ in due course.

Enquiries please contact:

Trifast plc
Jonathan Shearman, Non-Executive Chair
Mark Belton, Chief Executive Officer
Clare Foster, Chief Financial Officer
Office: 44 (0) 1825 747630
Email: corporate.enquiries@trifast.com

Peel Hunt LLP
Stockbroker & financial adviser
Mike Bell
Tel: 44 (0) 20 7418 8900
TooleyStreet Communications
IR & media relations
Fiona Tooley
Tel: 44 (0)7785 703523
Email: fiona@tooleystreet.com

Editors' note:

LSE Premium Listing: Ticker: TRI
LEI number: 213800WFIVE6RUK3CR22

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