This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

Tuesday, 23 November 2021

Trifast plc

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

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

TRIFAST PLC
HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Key financials

Underlying measures	CER[4] HY2022	CER[4] change	AER[4] HY2022	AER[4] change	HY2021[1]	HY2020[1]
Revenue	**£106.4m**	**31.4%**	**£103.8m**	**28.1%**	£81.0m	£103.1m
Gross profit %	**26.2%**	**(80)bps**	**26.3%**	**(70)bps**	27.0%	28.8%
Underlying operating profit (UOP)[3]	**£7.7m**	**73.7%**	**£7.4m**	**67.0%**	£4.5m	£10.4m
Underlying operating profit %[3]	**7.3%**	**180bps**	**7.2%**	**170bps**	5.5%	10.1%
Underlying profit before tax[3]	**£7.3m**	**84.2%**	**£7.0m**	**76.8%**	£4.0m	£9.9m
Underlying diluted earnings per share[3]	**4.59p**	**102.2%**	**4.42p**	**94.7%**	2.27p	6.07p
Bank facility headroom			**£50.8m**	**£10.2m**	£40.6m	£39.9m
Adjusted net (debt)/cash[5]			**£(5.1)m**	**(£8.5)m**	£3.4m	£(15.7)m
Return on capital employed (ROCE)[2,3]			**8.8%**	**330bps**	5.5%	11.3%
Interim dividend			**0.70p**	**N/A**	—	1.20p
GAAP measures						
Operating profit			**£5.7m**	**81.3%**	£3.2m	£8.4m
Operating profit %			**5.5%**	**160bps**	3.9%	8.2%
Profit before tax			**£5.3m**	**98.7%**	£2.7m	£7.9m
Diluted earnings per share			**3.22p**	**117.6%**	1.48p	4.82p

1. Presented after the reclassification of IFRS2 Share-based Payments, including related social security costs on exercise, into underlying results. For EPS, the impact has been a reduction of 0.04p from 2.31p. For ROCE, a reduction of 120bps from 7.8%
2. The calculation for ROCE was changed in FY2021, and therefore restated above for HY2021, to reflect an add back of gross, rather than net debt. The impact of this change is a 110bps reduction from 6.6%. HY2020 has also been restated to add back gross rather than net debt. In addition IFRS16 Leases only became effective from 1 April 2019, therefore HY2020 ROCE has been calculated from a six month average, with underlying EBIT pro-rated for a full year
3. Before separately disclosed items (see notes 2, 6 and 9)
4. "CER" being Constant Exchange Rate, calculated by translating the HY2022 figures by the average HY2021 exchange rate & "AER" being Average Exchange Rate
5. Adjusted net (debt)/cash 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 liabilities, net debt would increase by £(13.4)m to £(18.5)m (HY2021: net cash would decrease by £(13.9)m to net debt of £(10.5)m)

Operational highlights

- Strong rebound in Q1 and solid Q2 growth drives year-on-year revenue increase of 31.4% and an increase of 3.2% over the pre-Covid HY2020 period
- Operational gearing underpins underlying operating margin increase of 180bps to 7.3%
- Gross margins at 26.2% are down against HY2021, but have held steady against HY2 FY2021 (26.1%), as transactional price rises offset increased inflationary pressures
- Global price increase programme on contract customers is on course to secure normalised gross margins by Q4
- Light vehicle sector sales outperform the market growing 34.3% (8.5% - source: LMC Automotive Ltd), through continued market share gains
- Focused inventory investments support sales growth and protects supply in a challenging market
- Project Atlas – costs and timetable on track, benefits starting to come through
- Falcon acquired - a first step on our ambitious North America acquisition journey

"Demand across all sectors is strong and our order pipeline has never been higher. Increasing opportunities for expansion into key emerging technologies continue to fuel growth, supplemented by new contract wins across a range of existing and new multinational OEMs/Tier 1 customers. Our global price increase programme will pass-through cost inflation and we expect revenues to increase and gross margins to normalise in Q4 as a result. "

Mark Belton, Chief Executive Officer

"There really has never been a more exciting time for the Group. We believe that the combination of our reputation for 'Trusted Reliability', our loyal and established customer base and our balance sheet strength put us in a great position to make the most of both the organic and acquisition opportunities that surround us."

Jonathan Shearman, Non-Executive Chair

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Editors' note

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

About Trifast plc (TR) 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.

TR supplies to c.5,000 customers in c.75 countries across a wide range of industries, including light vehicle, heavy vehicle, health & home, energy, tech and infrastructure, general industrial and distributors. As a full-service provider to multinational OEMs and Tier 1 companies spanning several sectors, TR delivers comprehensive support to its customers from concept design through to technical engineering consultancy, manufacturing, supply management and global logistics.

TR employs c.1,300 people across 34 business locations within the UK, Asia, Europe, and the USA including seven high-volume, high-quality and cost-effective manufacturing sites and three technical & innovation centres across the world.

For more information, visit
Investor website: www.trifast.com
Commercial website: www.trfastenings.com
LinkedIn: www.linkedin.com/company/tr-fastenings
Twitter: www.twitter.com/trfastenings
Facebook: www.facebook.com/trfastenings

Electronic communications

The Company is not proposing to bulk print and distribute hard copies of this half-yearly financial report for the six months ended 30 September 2021. Copies can be requested via Companysecretariat@trifast.com/corporate.enquiries@trifast.com or, in writing to, The Company Secretary, Trifast plc, Trifast House, Bellbrook Park, Uckfield, East Sussex, TN22 1QW. News updates, Regulatory News and Financial statements, can be viewed and downloaded from the Group's website, www.trifast.com.

Forward-looking statements

This announcement contains certain forward-looking statements. These reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company.

TRIFAST PLC
HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

BUSINESS REVIEW

Unless stated otherwise, current year comparisons with prior year are calculated at constant currency (CER) and where we refer to 'underlying', this is defined as being before separately disclosed items (see note 2). CER calculations have been calculated by translating the HY2022 figures by the average HY2021 exchange rate.

The impact of foreign exchange movements has decreased our AER revenue by 2.5%, £2.6m (HY2021: decreased by 0.4%, £0.5m), our AER underlying profit before tax by 4.0%, £0.3m (HY2021: decreased by 0.9%, £nil) and our AER underlying diluted EPS by 3.7%, 0.17p (HY2021: decreased by 1.1%, 0.07p).

Our Group performance

Underlying measures	CER HY2022	CER change	AER HY2022	AER change	HY2021[1]	HY2020[1]
Revenue	**£106.4m**	**31.4%**	**£103.8m**	**28.1%**	£81.0m	£103.1m
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2. The calculation for ROCE was changed in FY2021, and therefore restated above for HY2021, to reflect an add back of gross, rather than net debt. The impact of this change is a 110bps reduction from 6.6%. HY2020 has also been restated to add back gross rather than net debt. In addition IFRS16 Leases only became effective from 1 April 2019, therefore HY2020 ROCE has been calculated from a six month average, with underlying EBIT pro-rated for a full year
3. Before separately disclosed items (see notes 2, 6 and 9)

The first half of FY2022 has been a story of strong recovery and solid growth, with revenues ending 31.4% up on HY2021 and also ahead of the HY2020 pre-Covid comparative period. We have seen high demand across all of our key sectors, with light vehicle sector growth outpacing global light vehicle production to record a 34.3% increase (8.5% - source: LMC Automotive Ltd), despite the well-publicised semi-conductor shortages.

Gross margins have remained in line with the second half of FY2021 at 26.2% (AER: 26.3%; FY2021 HY2: 26.1%) as the temporary impact of further cost price inflation has been offset by higher revenues and early price increase activity in our transactional business. Against HY2021 gross margins are 80bps lower (AER: 70bps lower at 26.3%; HY2021: 27.0%) largely due to the removal of government support schemes operating in the first half of the previous year.

UOP margin has increased strongly by 180bps to 7.3% (AER: 170bps to 7.2%; HY2021: 5.5%), and UOP by 73.7% to £7.7m (HY21: £4.5m) as operational gearing gains feed through into profits. The positive impact of this has been partially offset by the normalisation of overheads from a lowered HY2021 base, including the removal of government support schemes.

Reflecting the strong recovery, our underlying PBT is up 84.2% at CER to £7.3m (AER: 76.8%, to £7.0m, HY2021: £4.0m). This coupled with a reduction in our underlying effective tax rate has resulted in a marked increase in our underlying diluted earnings per share (EPS) at CER, up 102.2% to 4.59p and at AER, up 94.7% to 4.42p (HY2021: 2.27p).

PBT has increased 98.7% at AER to £5.3m (HY2021: £2.7m). In addition to the movements explained above, profit has reduced by £0.5m due to the costs incurred to date in acquiring Falcon Fastening Solutions Inc (Falcon). The reduction in our effective tax rate has resulted in diluted EPS increasing 117.6% to 3.22p (HY2021: 1.48p).

An investment in inventory of £16.3m, to support growth and secure supply, has led to a temporarily negative underlying cash conversion rate at AER of (51.9)% (HY2021: restated for IFRS2 and related NI costs 140.3%). This, in conjunction with the acquisition of Falcon (USA) on 31 August 2021 for £5.9m, net of cash acquired, means that we have ended the half-year back in an adjusted net debt position of £(5.1)m (FY2021: £13.3m adjusted net cash) with a low adjusted net debt to UEBITDA ratio of 0.27x. We continue to have undrawn facilities of c.£50m (FY2021: c.£63m), and an available accordion facility for a further £40m, providing us with the security and flexibility to continue to invest in our future growth.

Revenue (CER)

We have seen strong growth across all our regions, with revenue increases for the period ranging from 21.4% to 69.5%.

Europe has seen a 31.4% increase to £41.2m (AER 26.8% to £39.8m; HY2021: £31.4m), reporting record regional revenues, that are 11.2% ahead of HY2020. Health & home has seen the highest growth as the strong recovery in demand we saw at key multinational OEMs in the second half of FY2021 has continued. In Hungary we have seen increases in the Energy, tech and infrastructure (ET&I) sector as key customers raise production volumes and in Germany trading conditions in the general industrial sector have proved particularly buoyant. Despite semi-conductor shortages hampering OEM production volumes in the light vehicle sector, we have seen a strong recovery in demand across Holland, Sweden, Italy and Spain as start of production commences on new platform builds and previously won market share gains start to positively impact numbers.

Trading levels in the UK have rebounded even faster, recording 39.9% growth to £40.3m (HY2021: £28.8m) and ending 4.9% ahead of the HY2020 pre-Covid period. The largest increases have been due to higher distributor volumes and increased transactional pricing, with trading levels across our stainless steel, UK and EU distributor markets increasing by between 40% to 67%. Light vehicle sales have recovered, but remain below pre-Covid levels due to the impact of semi-conductor shortages. Whilst health and home and general industrial revenues are c.40% higher as demand returns to these key sectors.

In Asia, we have seen the smallest revenue increase of 21.4% to £27.2m (AER: 17.3% to £26.3m; HY2021: £22.4m), with trading remaining below pre-Covid levels by (8.2)%. The key reason for this is the temporary Summer lockdowns in Malaysia which impacted domestic light vehicle volumes as well as health & home production levels at one of our key multinational OEMs. Offsetting this, we have seen robust growth in Taiwan as distributor sales recovered to pre-Covid levels in key European end markets. In Singapore, strong growth was secured in the ET&I sector, supplemented by increased intercompany manufacturing and a new general industrial OEM operating in the cooling market has underpinned double digit growth in China, despite a strong HY2021 base.

In the USA, we have seen exceptionally high growth of 69.5% to £7.2m (AER: £2.4m to £6.7m; HY2021: £4.2m) and 19.0% up organically on the pre-Covid period. Organic growth, most noticeably due to new platform builds in the light vehicle sector, has driven 53.4% of this, with one month of revenue following the acquisition of Falcon on 31 August 2021 providing the remaining 16.1%.

Underlying operating profit (CER)

Region	HY2022 UOP	HY2021 UOP	Movement	HY2022 UOP margin	HY2021 UOP margin	Movement
Europe	£2.6m	£2.2m	£0.4m	6.3%	7.1%	(80)bps
UK	£4.0m	£0.4m	£3.6m	10.0%	1.5%	850bps
Asia	£3.4m	£3.2m	£0.2m	12.7%	14.2%	(150)bps
USA	£(0.2)m	£(0.2)m	—	(3.0)%	(4.4)%	140bps

The strong recovery in sales, has had the largest impact on UOP margins resulting in a net increase of 180bps to 7.3% (HY2021: 5.5%) as positive operational gearing gains feeds through to underlying profitability.

In Europe, despite a strong sales recovery, we have seen an overall 80bps reduction in UOP margins to 6.3%, £2.6m (HY2021: 7.1%, £2.2m). The positive impact of higher sales against a fixed and semi-fixed cost base has been more than offset by what we expect to be temporary increases in freight and raw material costs, most specifically in our Italian manufacturing site. With the normalisation of overheads from a lowered base, including the removal of government support schemes also hampering margin recovery. Transactional price benefits have already been instigated in the region, however the bigger pass-through of inflationary costs will take place in HY2 as changes to contractual pricing act to normalise gross margins.

In contrast in the UK, UOP margins have significantly improved year-on-year with an 850bps increase to 10.0%, £4.0m (HY2021: 1.5%, £0.4m). The largest reason for this is the increase in sales, supplemented by a positive product mix shift due to the rapid growth in higher margin distributor business. Transactional price increases have had a larger immediate positive impact in the region as a result. Freight costs have been higher, however raw material increases have yet to feed through in any significant way due to opening inventory levels. The normalisation of overheads from a lower base, including the removal of government support schemes, has also had a negative impact on overall UOP margins.

In Asia, UOP margins have decreased by 150bps to 12.7%, £3.4m (HY2021: 14.2%, £3.2m), although these remain relatively high due to the greater proportion of manufacturing revenues in the region. The lower increase in sales against the rest of the Group has reduced the positive operational gearing impact, whilst increases in raw material prices have been felt more immediately due to the manufacturing focus. The normalisation of overheads from a lowered base has had an impact on margins, with the removal of the much more generous government support schemes being by far the biggest element of this.

In the USA, we have seen a 140bps improvement in UOP margins, albeit that these remain negative at (3.0)%, £(0.2)m (HY2021: (4.4)%, £(0.2)m). The exceptional increase in sales has had by far the biggest impact on margins. However, as widely publicised, this has been partially offset by substantially higher freight costs, while the product mix shift away from ET&I and towards light vehicles has reduced overall gross margins. Looking ahead, we expect to return to profits over the course of HY2, as changes to contractual pricing passes through inflationary costs and normalises gross margins in the region.

Operating profit (AER)

Similar to underlying operating profit, the strong recovery in sales and positive operational gearing gains it brings, has had the biggest impact on the 160bps increase in operating margins from 3.9% to 5.5%. This has been partially offset by £0.5m of costs incurred in relation to the acquisition of Falcon in the period.

At a regional level, the movements at operating profit and margins broadly follow the movements at UOP level:

Region	HY2022 operating profit	HY2021 operating profit	Movement	HY2022 operating margin	HY2021 operating margin	Movement
Europe	£1.9m	£1.7m	£0.2m	4.9%	5.4%	(50)bps
UK	£3.3m	£(0.2)m	£3.5m	8.1%	(0.7)%	880bps
Asia	£3.3m	£3.2m	£0.1m	12.5%	14.1%	(160)bps
USA	£(0.3)m	£(0.2)m	£(0.1)m	(3.7)%	(4.4)%	70bps

Net financing costs (AER)

Net financing costs have reduced to £0.4m (HY2021: £0.5m) due to the decrease in average net debt in the period.

Taxation (AER)

The HY2022 underlying effective tax rate (UETR) and effective tax rate (ETR) are significantly lower at 13.7% and 16.4% than the previous half-year (HY2021: restated for IFRS2 and related NI costs 24.9% and 26.7%, FY2021: 23.9% and 25.6%).

This is as a result of a change in the mix of profits by legal entity, the substantively enacted UK tax rate change to 25% increasing the net deferred tax asset, and the movement in adjustments in respect of prior years.

Subject to future tax changes and excluding adjustments in respect of prior years, our normalised underlying ETR is expected to remain in the range of 22-25% going forward.

Earnings per share (AER)

The increase in underlying profit before tax and the reduction in our UETR, has significantly increased our underlying diluted EPS by 94.7% to 4.42p (HY2021: 2.27p). Diluted EPS has increased 117.6% to 3.22p (HY2021: 1.48p).

Dividend

The Company has declared an interim dividend of 0.70p (HY2021: nil) which will be paid on 14 April 2022 to members on the register as at 18 March 2022.

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

Return on Capital Employed (AER)

As at 30 September 2021, the Group's shareholders' equity increased to £133.9m (FY2021: £131.8m). The £2.1m uplift reflects retained earnings of £2.3m (HY2021: £0.5m), a net movement in shares of £(1.8)m and a foreign exchange reserve gain of £1.6m.

Over this increased asset base and given the strong growth in profits, our ROCE has increased 200bps from 31 March 2021 to 8.8% (FY2021: 6.8%).

At 30 September 2021, the number of ordinary shares held by the Employee Benefit Trust (EBT) to honour future equity award commitments had increased to 1,269,059 shares (FY2021: 329,087 shares).

Adjusted net debt (AER)

As at 30 September 2021, the Group had an adjusted net debt position of £(5.1)m (FY2021: adjusted net cash of £13.3m). Some £(5.9)m (net of £0.3m cash acquired) of this decrease relates to the acquisition of Falcon (USA) on 31 August 2021.

As a result of the £16.3m investment in inventory, to support growth and protect supply, our conversion rate of underlying EBITDA to underlying cash has been negative in the period at (51.9)% (HY2021 restated for IFRS2 and related NI costs: 140.3%). We expect this position to be temporary as inventory levels stabilise, albeit at higher levels, over the second half of the year.

Supporting the Board's ongoing strategic investments for growth, capital expenditure in the period amounted to £2.1m (HY2021: £1.5m) including £0.5m in relation to Project Atlas.

Including the impact of IFRS16 Leases, the Group's net debt position would have been £(18.5)m (FY2021: net cash of £0.5m).

Project Atlas

Project Atlas is our £17.5m transformational investment that will underpin the Group's ongoing organic and acquisitive growth strategy and further integrate our global business to create the Trifast of tomorrow. The medium-term benefits case supporting this investment has always been very compelling with an ROI of >25% expected at the point of full benefits realisation (HY2 of FY2024). In the meantime, we are very pleased to report that we are already seeing the positive impact of warehouse efficiencies following the successful roll-out to our pilot site in October 2020 and two further site implementations in June 2021.

Because of the work undertaken to date on this project, we have incurred direct costs of £1.0m in HY2022 (cumulatively £13.3m), largely relating to project team, consultancy, localised testing and training costs. We have excluded £0.5m of these costs from our underlying results, (see note 2), to reflect the unusual scale and one-off nature of this project. In line with accounting standards, we have also recognised the remaining £0.5m (cumulatively £6.1m) as fixed assets on the balance sheet at 30 September 2021.

Looking ahead, the rollout phase is set to continue with our biggest trading subsidiary, TR Fastenings (UK) going live at the beginning of FY2023. The remaining distribution entities are planned to go live by the end of FY2023, with the manufacturing entities going live in FY2024.

An accelerated acquisition journey

A truly global fastenings business needs a North America region (the largest fastenings market in the world), of credible scale and reach. Currently it forms less than 10% of the Group's revenue and therefore we have significant appetite to acquire in the region to specifically address that imbalance.

A successful first step on the journey was taken on 31 August 2021 with the acquisition of Falcon, an established fastenings distributor located in North Carolina (and Kentucky). TR Falcon provides us with an improved presence in a key US location (North Carolina is home to 29 of our existing top customers) and access to two new key multinational OEMs supporting diversification outside of light vehicles with sales into the ET&I and general industrial sectors.

We continue to view non-organic growth as an opportunity beyond North America, allowing us to accelerate our digital evolution, onshore in-house manufacturing capacity, as well as retaining diversification against the strong organic light vehicle sales momentum.

To read more on Project Atlas and our accelerated acquisition journey, please follow this link:
https://www.trifast.com/media/145715/trifast-plc-hy-results-presentation.pdf.

Looking ahead from a strong foundation

In HY2022, the Group has seen a strong rebound and solid growth despite the ongoing impact of the international supply chain challenges. There can be no doubt that semi-conductor shortages will continue to impact results in the short-term. However, we expect to continue to outperform the market due to new platform wins and further penetration into our existing light and heavy vehicle customer base.

Demand across all sectors is strong and our order pipeline has never been higher. Increasing opportunities for expansion into key emerging technologies continue to fuel growth, supplemented by new contract wins across a range of existing and new multinational OEMs/Tier 1 customers. Our global price increase programme will pass-through cost inflation and we expect revenues to increase and gross margins to normalise in Q4 as a result. The investments that we are continuing to make into our manufacturing capacity and our high growth geographies will further enhance growth. All of which is expected to carry on feeding through to the bottom line via operational gearing gains.

Our accelerated acquisition journey reflects a significant appetite both in North America and beyond, and is firmly supported by a growing pipeline of targets. Alongside this, Project Atlas is in its final stages having been successfully designed, built, tested and piloted, with benefits now subject only to an ongoing roll-out timetable.

There really has never been a more exciting time for the Group. We believe that the combination of our reputation for 'Trusted Reliability', our loyal and established customer base and our balance sheet strength put us in a great position to make the most of both the organic and acquisition opportunities that surround us.

The Board therefore remains committed to its ongoing investment driven growth strategy and is optimistic for the future.

RISKS AND UNCERTAINTIES

The Directors do not consider that the principal risks and uncertainties of the Group have changed since the publication in June 2021 of the Group's Annual Report for the year ended 31 March 2021. The principal risks and uncertainties include: COVID-19 and the macroeconomic environment, a major quality issue and a breach of cyber security. A copy of this publication can be found on the website www.trifast.com.

No system can fully eliminate risk and therefore the understanding of operational risk is central to the management process within TR. The Group operates a system of internal control and risk management to provide assurance that we are managing risk whilst achieving our business objectives. Risk assessment reviews are regularly carried out by management, with responsibilities for monitoring and mitigating personally allocated to a broad spread of individual managers. These reviews are analysed and discussed at Audit & Risk Committee meetings chaired by our Senior Independent Non-Executive Director.

As with all businesses, the Group faces risks, with some not wholly within its control, which could have a material impact on the Group, and may affect its performance with actual results becoming materially different from both forecast and historic results. There are indications that the macroeconomic climate is still under pressure, and so, we continue to remain vigilant for any indications that could adversely impact expected results going forward.

The long-term success of the Group depends on the ongoing review, assessment and management of the key business risks it faces.

Trifast plc — responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.
- the interim management report includes a fair review of the information required by:
  a. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  b. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Trifast plc Sustainability Report

The Group today has published its expanded Sustainability report which reflects the growth of our environmental and social programmes within our operations and supply chain, as well as the impact of our partnership with customers to reduce environmental impact and deliver new technologies. Our work on good environmental and social practices and our robust corporate governance approach have been an important part of the way we operate, and ESG issues are embedded into our decision-making, alongside commercial and practical considerations.

To read more, please follow this link:
https://www.trifast.com/media/145713/trifast-sustainability-report-2021.pdf**.**

Mark Belton, Chief Executive Officer
Clare Foster, Chief Financial Officer

22 November 2021

Condensed consolidated interim income statement

Unaudited results for the six months ended 30 September 2021

	Notes	**Six months ended 30 September 2021 £000**	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Continuing operations				
Revenue	3,11	**103,792**	81,018	188,161
Cost of sales		**(76,538)**	(59,117)	(138,247)
Gross profit		**27,254**	21,901	49,914
Other operating income		**246**	299	595
Distribution expenses		**(2,350)**	(1,955)	(3,773)
Administrative expenses before separately disclosed items[1]		**(17,704)**	(15,785)	(34,754)
Acquired intangible amortisation	2	**(725)**	(718)	(1,428)
Project Atlas	2	**(512)**	(497)	(1,082)
Acquisition costs	2,13	**(495)**	—	—
Equity raise costs	2	**—**	(59)	(59)
Loss on assets in disposal group classified as Held for Sale	2	**—**	(35)	—
Restructuring costs	2	**—**	—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd	2	**—**	—	(280)
Total administrative expenses		**(19,436)**	(17,094)	(37,980)
Operating profit		**5,714**	3,151	8,756
Financial income		**20**	18	37
Financial expenses		**(468)**	(517)	(1,009)
Net financing costs	3	**(448)**	(499)	(972)
Profit before tax	3	**5,266**	2,652	7,784
Taxation	4	**(861)**	(709)	(1,994)
Profit for the period (attributable to equity shareholders of the parent company)		**4,405**	1,943	5,790
Earnings per share				
Basic	6	**3.23p**	1.48p	4.33p
Diluted	6	**3.22p**	1.48p	4.31p

1. Presented after the reclassification into underlying results of IFRS2 Share-based Payments, including related social security costs on exercise, see note 2.

Condensed consolidated interim statement of comprehensive income

Unaudited results for the six months ended 30 September 2021

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Profit for the period	**4,405**	1,943	5,790
Other comprehensive income:			
Exchange differences on translation of foreign operations	**1,882**	1,562	(4,916)
(Loss)/gain on a hedge of a net investment taken to equity	**(244)**	(1,199)	34
Other comprehensive income/(expense) recognised directly in equity, net of income tax	**1,638**	363	(4,882)
Total comprehensive income recognised for the period (attributable to equity shareholders of the parent company)	**6,043**	2,306	908

Condensed consolidated interim statement of changes in equity

Unaudited results for the six months ended 30 September 2021

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2021	6,802	22,461	16,328	(595)	9,524	77,284	131,804
Total comprehensive income for the period:							
Profit for the period	—	—	—	—	—	4,405	4,405
Other comprehensive income for the year	—	—	—	—	1,638	—	1,638
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**1,638**	**4,405**	**6,043**
Transactions with owners, recorded directly in equity:							
Issue of share capital	—	11	—	—	—	—	11
Share based payment transactions (net of tax)	—	—	—	—	—	(379)	(379)
Movement in own shares held	—	—	—	(1,420)	—	(26)	(1,446)
Dividends (note 5)	—	—	—	—	—	(2,156)	(2,156)
Total transactions with owners	—	**11**	—	**(1,420)**	—	**(2,561)**	**(3,970)**
Balance at 30 September 2021	**6,802**	**22,472**	**16,328**	**(2,015)**	**11,162**	**79,128**	**133,877**

	Share capital £000	Share premium £000	Merger reserve £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2020	6,132	22,340	—	(1,934)	14,406	74,716	115,660
Total comprehensive income for the period:							
Profit for the period	—	—	—	—	—	1,943	1,943
Other comprehensive income for the year	—	—	—	—	363	—	363
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**363**	**1,943**	**2,306**
Transactions with owners, recorded directly in equity:							
Issue of share capital	664	18	14,807	—	—	—	15,489
Share based payment transactions (net of tax)	—	—	—	—	—	59	59
Movement in own shares held	—	—	—	372	—	(372)	—
Presentation transfer to merger reserve	—	—	1,521	—	—	(1,521)	—
Dividends	—	—	—	—	—	(1,457)	(1,457)
Total transactions with owners	**664**	**18**	**16,328**	**372**	—	**(3,291)**	**14,091**
Balance at 30 September 2020	**6,796**	**22,358**	**16,328**	**(1,562)**	**14,769**	**73,368**	**132,057**

Condensed consolidated interim statement of financial position

Unaudited results for the six months ended 30 September 2021

	Notes	30 September 2021 £000	30 September 2020 £000	31 March 2021 £000
Non-current assets				
Property, plant, and equipment		**19,360**	20,302	18,743
Right-of-use asset		**12,509**	12,598	11,958
Intangible assets		**42,823**	39,392	38,452
Deferred tax assets		**2,885**	2,114	2,539
Total non-current assets		**77,577**	74,406	71,692
Current assets				
Inventories		**73,434**	59,005	54,765
Trade and other receivables		**56,093**	49,277	53,194
Cash and cash equivalents	12	**23,819**	29,822	30,265
Assets in disposal group classified as Held for Sale		**—**	682	—
Total current assets		**153,346**	138,786	138,224
Total assets	3	**230,923**	213,192	209,916
Current liabilities				
Trade and other payables		**45,258**	33,440	41,133
Right-of-use liabilities	7	**2,796**	2,873	2,726
Tax payable		**2,598**	2,403	2,645
Dividends payable	5	**2,156**	—	—
Liabilities in disposal group classified as Held for Sale		**—**	204	—
Total current liabilities		**52,808**	38,920	46,504
Non-current liabilities				
Other interest-bearing loans and borrowings	7	**28,906**	26,548	16,970
Right-of-use liabilities	7	**10,563**	11,056	10,060
Provisions		**1,088**	959	1,023
Deferred tax liabilities		**3,681**	3,652	3,555
Total non-current liabilities		**44,238**	42,215	31,608
Total liabilities	3	**97,046**	81,135	78,112
Net assets		**133,877**	132,057	131,804
Equity				
Share capital		**6,802**	6,796	6,802
Share premium		**22,472**	22,358	22,461
Merger reserve		**16,328**	16,328	16,328
Own shares held	10	**(2,015)**	(1,562)	(595)
Translation reserve		**11,162**	14,769	9,524
Retained earnings		**79,128**	73,368	77,284
Total equity		**133,877**	132,057	131,804

Condensed consolidated interim statement of cash flows

Unaudited results for the six months ended 30 September 2021

	Notes	**Six months ended 30 September 2021 £000**	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Cash flows from operating activities				
Profit for the period		**4,405**	1,943	5,790
Adjustments for:				
Depreciation, amortisation, and impairment		**1,926**	1,919	3,813
Right-of-use asset depreciation		**1,457**	1,616	3,229
Unrealised foreign currency loss/(gain)		**153**	74	(17)
Financial income		**(20)**	(18)	(37)
Financial expense (excluding right-of-use liabilities' financial expense)		**329**	361	696
Right-of-use liabilities' financial expense		**139**	156	313
Gain on sale of property, plant & equipment, and investments		**(12)**	—	(7)
Loss on assets in disposal group classified as Held for Sale		—	35	—
Equity settled share-based payment transactions		**(379)**	59	1,052
Loss from sale of TR Formac (Malaysia) SDN Bhd		—	—	280
Taxation charge		**861**	709	1,994
Equity raise costs		—	59	59
Operating cash inflow before changes in working capital and provisions		**8,859**	6,913	17,165
Change in trade and other receivables		**(1,464)**	3,932	(3,080)
Change in inventories		**(16,306)**	339	2,571
Change in trade and other payables		**2,809**	(1,516)	7,861
Change in provisions		—	—	64
Cash (used in)/generated from operations		**(6,102)**	9,668	24,581
Tax paid		**(1,137)**	(542)	(1,283)
Net cash (used in)/generated from operating activities		**(7,239)**	9,126	23,298
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment		**35**	—	8
Interest received		**22**	18	38
Acquisition of subsidiary, net of cash acquired		**(5,850)**	—	—
Acquisition of property, plant and equipment, and intangibles		**(2,145)**	(1,547)	(3,060)
Proceeds from sale of TR Formac (Malaysia) SDN Bhd, net of cash held		—	—	33
Net cash used in investing activities		**(7,938)**	(1,529)	(2,981)
Cash flows from financing activities				
Net proceeds from the issue of share capital		**11**	15,430	15,540
Purchase of own shares		**(1,446)**	—	(59)
Proceeds from new loan		**11,479**	—	—
Repayment of borrowings		—	(18,627)	(26,656)
Repayment of right-of-use liabilities		**(1,520)**	(1,782)	(3,658)
Dividends paid		—	(1,457)	(1,457)
Interest paid		**(221)**	(275)	(763)
Net cash generated from/(used in) financing activities		**8,303**	(6,711)	(17,053)
Net change in cash and cash equivalents	8	**(6,874)**	886	3,264
Cash and cash equivalents at 1 April		**30,265**	28,727	28,727
Effect of exchange rate fluctuations on cash held		**428**	320	(1,726)
Cash and cash equivalents at end of period	7,12	**23,819**	29,933	30,265

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority and International Financial Reporting Standard (IFRS) IAS 34: Interim Financial Reporting as adopted by the UK. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at, and for, the year ended 31 March 2021. The annual financial statements of the Group are prepared in accordance with International Reporting Standards (IFRSs) as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

This statement does not comprise full financial statements within the meaning of Section 495 and 496 of the Companies Act 2006. The statement is unaudited but has been reviewed by BDO LLP and their Report is set out at the end of this document.

The comparative figures for the financial year ended 31 March 2021 are not the Company's statutory accounts for that financial year and have been extracted from the full Annual Report and Accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The Report of the Auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their Report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements have been prepared on the basis of accounting policies set out in the full Annual Report and Accounts for the year ended 31 March 2021.

Going concern

The Group's business activities, together with the factors (including the impact of COVID-19) likely to affect its future development, performance and position are set out in the accompanying Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in the same report. In addition, note 27 to the Group's previously published financial statements for the year ended 31 March 2021 include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

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. The Directors do not consider there to be material uncertainties relating to events or conditions that may be relevant to the next 12 months from signing of the Half-yearly financial report, that cast doubt on the going concern status. Thus the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and hence they continue to adopt the going concern basis of accounting in preparing the Half-yearly financial report.

Estimates

The preparation of financial statements in conformity with IFRSs requires management to make estimates, judgements and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions take account of the circumstances and facts at the period end, historical experience of similar situations and other factors that are believed to be reasonable and relevant, the results which form the basis of making the judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty include those disclosed in the consolidated financial statements for the year ended 31 March 2021. For the six months to 30 September 2021, the fair value of assets acquired in the business combination is a new key judgement due to the acquisition of Falcon. Judgements and estimates are made in assessment of the net assets acquired, including the identification and valuation of intangible assets and their useful lives.

Another key judgement made by management relates to Project Atlas costs meeting the capitalisation criteria under IAS 38 Intangible Assets, allowing directly attributable costs to be capitalised. No other key judgements have been made, other than those involving estimations. The key sources of estimation uncertainty are inventory valuation and recoverability of goodwill.

In the 31 March 2021 consolidated financial statements, in note 14, specific disclosure was made around sensitivity to changes in key assumptions relating to impairment testing for the recoverability of goodwill relating to TR VIC (HY2022: £2.9m; FY2021: £2.9m). The discount rate had been above average in recent years (FY2020: 10.8%; FY2019: 11.2%; FY2016-18 average: 9.3%) due to the continued economic struggles in Italy and impact of Covid-19. Whilst it had reduced in FY2021 (8.4%), if it returns to FY2020/FY2019 levels, it may lead to an impairment. As at 30 September 2021, there was no indicator of a material change in discount rate, however, we note that the ongoing recoverability of the TR VIC goodwill amount continues to be sensitive to any subsequent increase in this rate.

Government grants

Included in the consolidated income statement is £59k (HY2021: £2.1m) of government grants obtained.

2. Underlying profit before tax and separately disclosed items

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Underlying profit before tax	**6,998**	3,961	11,010
Separately disclosed items within administrative expenses:			
Acquired intangible amortisation	**(725)**	(718)	(1,428)
Project Atlas	**(512)**	(497)	(1,082)
Acquisition costs	**(495)**	—	—
Loss on assets in disposal group classified as Held for Sale	**—**	(35)	—
Equity raise costs	**—**	(59)	(59)
Restructuring costs	**—**	—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd	**—**	—	(280)
Profit before tax	**5,266**	2,652	7,784

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Underlying EBITDA	**10,104**	7,277	17,596
Separately disclosed items within administrative expenses:			
Project Atlas	**(512)**	(497)	(1,082)
Acquisition costs	**(495)**	—	—
Loss on assets in disposal group classified as Held for Sale	—	(35)	—
Equity raise costs	—	(59)	(59)
Restructuring costs	—	—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd	—	—	(280)
EBITDA	**9,097**	6,686	15,798
Acquired intangible amortisation	**(725)**	(718)	(1,428)
Depreciation (including right-of-use depreciation) and non-acquired amortisation	**(2,658)**	(2,817)	(5,614)
Operating profit	**5,714**	3,151	8,756

IFRS2 Share-based payments

Underlying measures have been presented after the reclassification of IFRS2 Share-based Payments including related NI costs on exercise into underlying results. As noted in the Group's Annual Report for the year ended 31 March 2021, up until FY2021 we had presented IFRS2 Share-based Payment charges including related NI costs on exercise as separately disclosed items within administrative expenses. As the development of these schemes is now broadly complete, we are presenting these costs from FY2021 within underlying results. The impact of this on the HY2022 results is a gain of £0.4m (HY2021: loss of £(0.1)m).

Consistent with prior periods, management feel it is appropriate to remove separately disclosed items as included above to better allow the reader of the accounts to understand the underlying performance of the Group. Further reconciliations of underlying measures to IFRS measures can be found in note 9.

Event driven/one-off separately disclosed items

Project Atlas is a multi-year investment into our IT infrastructure and underlying business processes, budgeted to cost £17.5m. We have excluded these costs (primarily relating to training and project team 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.

Net acquisition costs of £0.5m (HY2021: £nil) were incurred in the year in relation to the acquisition of Falcon on 31 August 2021.

Recurring items

Acquired intangible amortisation has remained in line with HY2021. Intangible amortisation relating to acquisitions has been separately disclosed since this does not relate to the trading performance of the respective entities.

3. Geographical operating segments

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

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

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 consolidated into the four distinct geographical regions, which the Board use to monitor and assess the Group.

Goodwill and intangible assets acquired on business combinations are included in the region to which they relate. This is consistent with the internal management reports that are reviewed by the Chief Operating Decision Maker.

Segment revenue and results under the primary reporting format for the six months ended 30 September 2021 and 2020 are disclosed in the table below:

September 2021	UK £000	Europe £000	USA £000	Asia £000	Central costs, assets and liabilities £000	Total £000
Revenue*						
Revenue from external customers	36,923	38,781	6,613	21,475	—	103,792
Inter segment revenue	3,395	1,003	69	4,780	—	9,247
Total revenue	**40,318**	**39,784**	**6,682**	**26,255**	—	**113,039**
Underlying operating profit (see note 9)	**4,023**	**2,463**	**(221)**	**3,303**	**(2,122)**	**7,446**
Net financing costs	(47)	(61)	(31)	(17)	(292)	(448)
Underlying profit before tax	**3,976**	**2,402**	**(252)**	**3,286**	**(2,414)**	**6,998**
Separately disclosed items (see note 2)						(1,732)
Profit before tax						**5,266**
Specific disclosure items						
Depreciation and amortisation	(1,030)	(1,304)	(158)	(839)	(52)	(3,383)
Assets and liabilities						
Non-current asset additions	471	1,411	—	541	733	3,156
Segment assets	66,329	72,109	18,318	62,238	11,929	230,923
Segment liabilities	(25,506)	(19,955)	(3,742)	(15,069)	(32,774)	(97,046)

September 2020	UK £000	Europe £000	USA £000	Asia £000	Central costs, assets and liabilities £000	Total £000
Revenue*						
Revenue from external customers	26,948	30,792	4,158	19,120	—	81,018
Inter segment revenue	1,875	577	84	3,262	—	5,798
Total revenue	**28,823**	**31,369**	**4,242**	**22,382**	—	**86,816**
Underlying operating profit (see note 9)	**422**	**2,232**	**(186)**	**3,181**	**(1,189)**	**4,460**
Net financing costs	(68)	(56)	(34)	(25)	(316)	(499)
Underlying profit before tax	**354**	**2,176**	**(220)**	**3,156**	**(1,505)**	**3,961**
Separately disclosed items (see note 2)						(1,309)
Profit before tax						**2,652**
Specific disclosure items						
Depreciation and amortisation	(978)	(1,417)	(122)	(969)	(49)	(3,535)
Assets and liabilities						
Non-current asset additions	249	818	—	177	656	1,900
Segment assets	62,306	71,376	8,607	61,629	9,274	213,192
Segment liabilities	(21,715)	(16,043)	(1,530)	(13,552)	(28,295)	(81,135)

Underlying operating profit has been presented after the reclassification of IFRS2 Share-based Payments and other related costs into underlying results. The impact of this on the HY2022 results is an increase of £0.4m (HY2021: decrease of £0.1m).

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

4. Taxation

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Current tax on income for the period			
UK tax	**—**	—	44
Foreign tax	**1,234**	920	2,619
Deferred tax income	**(194)**	(328)	(754)
Adjustments in respect of prior years	**(179)**	117	85
	861	709	1,994

The HY2022 underlying effective tax rate (UETR) of 13.7% (HY2021 restated for IFRS2 and related NI costs: 24.9%) has reduced due to the substantively enacted UK tax rate change to 25% increasing the net deferred tax asset as well as the movement in adjustments in respect of prior years. These factors will also impact the FY2021 underlying UETR. Beyond this will still expect a normalised underlying UETR range of c.22-25%, based on the geographical split of the Group's profits. The effective tax rate has decreased to 16.4% (HY2021: 26.7%) due to the factors mentioned above. An increase in the UK tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Group's future current tax charge accordingly.

5. Dividends

The dividend payable of £2.2m represents the final dividend for the year ended 31 March 2021 which was approved by Shareholders at the AGM on 28 July 2021 and paid on 15 October 2021 to members on the Register on 17 September 2021. The Company has declared an interim dividend of 0.70p (HY2021: nil) which will be paid on 14 April 2022 to members on the register as at 18 March 2022.

6. Earnings per share

The calculation of earnings per 5 pence ordinary share is based on profit for the period after taxation and the weighted average number of shares in the period of 136,184,256 (net of own shares held) (HY2021: 130,928,786, FY2021: 133,821,189).

The calculation of the fully diluted earnings per 5 pence ordinary share is based on profit for the period after taxation. In accordance with IAS 33 the weighted average number of shares in the period has been adjusted to take account of the effects of all dilutive potential ordinary shares (net of own shares held). The number of shares used in the calculation amount to 136,836,491 (HY2021: 130,933,814 FY2021: 134,257,324).

The underlying diluted earnings per share, which in the Directors' opinion best reflects the underlying performance of the Group, is detailed below:

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Profit after tax for the period	**4,405**	1,943	5,790
Separately disclosed items:			
Acquired intangible amortisation	**725**	718	1,428
Project Atlas	**512**	497	1,082
Acquisition costs	**495**	—	—
Loss on assets in disposal group classified as Held for Sale	**—**	35	—
Equity raise costs	**—**	59	59
Restructuring cost	**—**	—	377
Loss on disposal of TR Formac (Malaysia) SDN Bhd	**—**	—	280
Tax charge on adjusted items above	**(97)**	(279)	(641)
Underlying profit after tax	**6,040**	2,973	8,375
Basic EPS	**3.23p**	1.48p	4.33p
Diluted EPS	**3.22p**	1.48p	4.31p
Underlying diluted EPS	**4.42p**	2.27p	6.24p

HY2021 underlying earnings per share has been presented after the reclassification of IFRS2 Share-based Payments and other related costs into underlying results. The impact has been a reduction of 0.04p from 2.31p.

7. Analysis of net debt

	At 30 September 2021 £000	At 30 September 2020 £000	At 31 March 2021 £000
Net cash and cash equivalents (see note 12)	**23,819**	29,933	30,265
Debt due within one year	**(2,796)**	(2,873)	(2,726)
Debt due after one year	**(39,469)**	(37,604)	(27,030)
Gross debt	**(42,265)**	(40,477)	(29,756)
Net (debt)/cash	**(18,446)**	(10,544)	509
Right-of-use lease liabilities	**13,359**	13,929	12,786
Adjusted net (debt)/ cash	**(5,087)**	3,385	13,295

8. Reconciliation of net cash flow to movement in net debt

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Net change in cash and cash equivalents	**(6,874)**	886	3,264
Proceeds from new loan	**(11,479)**	—	—
Repayment of borrowings	**—**	18,627	26,656
Net (increase)/decrease in right-of-use lease liabilities	**(457)**	1,180	2,089
Net (proceeds)/repayment from borrowings	**(11,936)**	19,807	28,745
Movement in prepaid arrangement fees	**(89)**	—	(240)
Exchange rate differences	**(56)**	(967)	(990)
(Increase)/decrease in net debt	**(18,955)**	19,726	30,779
Opening net cash/(debt)	**509**	(30,270)	(30,270)
Closing net (debt)/cash	**(18,446)**	(10,544)	509

9. Alternative Performance Measure

The half-yearly financial report includes both IFRS measures and Alternative Performance Measures (APMs), the latter of which are considered by management to better allow the readers of the accounts to understand the underlying performance of the Group. A number of these APMs are used by management to measure the KPIs of the business (see the Business Review) 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 half-yearly financial 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.

• **Underlying figures**

The Group believes that underlying measures provide additional guidance to statutory measures to help understand the underlying performance of the business during the financial period. The term 'underlying' is not defined under Adopted IFRS. It is a measure that is used by management to assess the underlying performance of the business internally and is not intended to be a substitute measure for Adopted IFRSs' GAAP measures.

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.

Explanations for the items removed from the underlying figures are provided in note 2.

• **Constant Exchange Rate (CER) figures**

These are used in the Business Review and give the readers a better understanding of the performance of the Group, regions and entities from a trading perspective. They have been calculated by translating the HY2022 income statement results (of subsidiaries whose presentational currency is not sterling) using HY2021 average exchange rates to provide a comparison which removes the foreign currency translational impact. The impact of translational gains and losses made on non-functional currency net assets held around the Group have not been removed.

• **Underlying diluted EPS**

A key measure for the Group as it is one of the measures used to set the Directors' variable remuneration. The calculation is disclosed in note 6.

• **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 a rolling 12 month underlying EBIT divided by average capital employed (net assets + gross debt) over this period, multiplied by 100%. Underlying EBIT has been reconciled to operating profit below.

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Underlying EBIT/Underlying operating profit	**7,446**	4,460	11,982
Separately disclosed items within administrative expenses:			
Acquired intangible amortisation	**(725)**	(718)	(1,428)
Project Atlas	**(512)**	(497)	(1,082)
Acquisition costs	**(495)**	—	—
Loss on assets in disposal group classified as Held for Sale	**—**	(35)	—
Equity raise costs	**—**	(59)	(59)
Restructuring cost	**—**	—	(377)
Loss on disposal of TR Formac (Malaysia) SDN Bhd	**—**	—	(280)
Operating profit	**5,714**	3,151	8,756

• **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. Since the underlying cash conversion is compared to underlying EBITDA, which has removed the impact of separately disclosed items (see note 2), the impact of these have also been removed from the underlying cash conversion. The adjustments made to arrive at underlying cash conversion from cash generated from operations are detailed below. To reconcile operating profit to underlying EBITDA, see note 2.

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Underlying cash conversion	**(5,245)**	10,196	26,021
Expensed Project Atlas costs paid	**(488)**	(528)	(1,082)
Acquisition costs paid	**(350)**	—	—
Restructuring costs	**(19)**	—	(358)
Cash (used in)/generated from operations	**(6,102)**	9,668	24,581

• **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.

• **Adjusted net cash/(debt) and adjusted net cash/(debt) to Underlying EBITDA ratio**
This removes the impact of IFRS16 from both net cash/(debt) and Underlying EBITDA to better reflect the banking facility covenant calculations. Other minor adjustments are made to meet the calculations specified in the facility agreement. Underlying EBITDA is reconciled to operating profit in note 2.

	Six months ended 30 September 2021 £000	Six months ended 30 September 2020 £000	Year ended 31 March 2021 £000
Net (debt)/cash	**(18,446)**	(10,544)	509
Right-of-use	**13,359**	13,929	12,786
Adjusted net (debt)/cash (see note 7)	**(5,087)**	3,385	13,295
Underlying EBITDA	**10,104**	7,277	17,596
IFRS2 share-based payment charge and other related costs	**(398)**	93	1,225
Operating lease rentals	**(1,666)**	(1,733)	(3,583)
Adjusted EBITDA	**8,040**	5,637	15,238

10. Own shares held

The own shares held reserve comprises the cost of the Company's shares held by the Group. At 30 September 2021, the Group held 1,269,059 of the Company's shares (HY2021: 830,610; FY2021: 329,087).

11. Disaggregation of revenue

In line with IFRS15 *Revenue from Contracts with Customers* we have included the disaggregation of external revenue by sector, breaking this down by our geographical operating segments. In FY2021 we changed our sector categories and HY2021 has been re-presented for this.

September 2021	**UK**	**Europe**	**USA**	**Asia**	**Total**
Light vehicle	5%	12%	4%	4%	25%
Health & home	3%	13%	—	6%	22%
Distributors	13%	—	—	6%	19%
Energy, tech & infrastructure	7%	5%	1%	4%	17%
General industrial	6%	6%	—	1%	13%
Heavy vehicle	2%	2%	—	—	4%
Revenue from external customers (AER)	**36%**	**38%**	**5%**	**21%**	**100%**

September 2020	**UK**	**Europe**	**USA**	**Asia**	**Total**
Light vehicle	5%	11%	3%	5%	24%
Health & home	3%	14%	—	9%	26%
Distributors	11%	—	—	5%	16%
Energy, tech & infrastructure	7%	6%	2%	3%	18%
General industrial	5%	5%	—	2%	12%
Heavy vehicle	2%	2%	—	—	4%
Revenue from external customers (AER)	**33%**	**38%**	**5%**	**24%**	**100%**

12. Cash and cash equivalents

	At 30 September 2021 £000	At 30 September 2020 £000	At 31 March 2021 £000
Cash and cash equivalents per the statement of financial position	**23,819**	29,822	30,265
Cash included within Assets Held for Sale	—	111	—
Total cash and cash equivalents	**23,819**	29,933	30,265

13. 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 US$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.

As the acquisition completed so close to the 30 September 2021, the values disclosed below are all considered provisional. A full fair value assessment is being performed as part of the completion accounts process. Updated consolidated values (if required) will be disclosed in the Group consolidated financial statements for 31 March 2022.

Effect of Acquisition	**Provisional 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*	6,163
Goodwill on acquisition	1,200

*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 5 years
- £0.3m of contract-based intangibles, with an amortisation period deemed to be 4 years

Goodwill is the excess of the purchase price over the fair value of the net assets acquired and is deductible for tax purposes. It mostly represents potential future customer relationships and contracts and Falcon's assembled workforce.

Effect of acquisition

The Group has incurred £0.5m of costs in relation to the acquisition of Falcon in the period. These costs have been included as separately disclosed items in administrative expenses in the Group's consolidated statement of comprehensive income.

14. Related parties

During the period, a relative of the Chair became employed by TR Fastenings Ltd following an external recruitment process. The relative is paid on an arm's length basis, with aggregate payroll costs totalling £10k (HY2021: £nil).

15. IFRS2 Share-based Payments

During the period, a gain of £0.4m (HY2021: charge of £0.1m) was recognised in relation to IFRS2 Share-based payments due to the reversal of the cumulative charge relating to the 2019 Board and Senior Manager LTIP shares as the non-market performance conditions are unlikely to be met.

INDEPENDENT REVIEW REPORT TO *TRIFAST* PLC

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim statement of financial position, the condensed consolidated interim statement of cash flows and the related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this interim financial report has been prepared in accordance with UK adopted International Accounting Standard 34, ''Interim Financial Reporting''.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report
Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Anna Draper
BDO LLP
Chartered Accountants
Gatwick
22 November 2021

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