Tuesday, 24 November 2020

Trifast plc

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

TRIFAST PLC
HALF-YEARLY FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Key financials

Underlying measures	CER HY2021	CER change	AER HY2021	AER change	HY2020
Revenue	**£81.5m**	**(21.0)%**	**£81.0m**	**(21.4)%**	£103.1m
Gross profit %	**27.1%**	**(170)bps**	**27.0%**	**(180)bps**	28.8%
Underlying operating profit (UOP)*	**£4.6m**	**(58.0)%**	**£4.6m**	**(58.9)%**	£11.1m
Underlying operating profit %*	**5.7%**	**(500)bps**	**5.6%**	**(510)bps**	10.7%
Underlying profit before tax*	**£4.1m**	**(60.8)%**	**£4.1m**	**(61.7)%**	£10.6m
Underlying diluted earnings per share*	**2.38p**	**(63.5)%**	**2.31p**	**(64.6)%**	6.52p
Bank facility headroom			**£40.6m**	**+£0.7m**	£39.9m
Adjusted net cash/(debt)^			**£3.4m**	**+£19.1m**	£(15.7)m
Return on capital employed (ROCE)*			**7.8%**	**(870)bps**	16.5%
GAAP measures					
Operating profit			**£3.2m**	**(62.6)%**	£8.4m
Operating profit %			**3.9%**	**(430)bps**	8.2%
Profit before tax			**£2.7m**	**(66.5)%**	£7.9m
Diluted earnings per share			**1.48p**	**(69.3)%**	4.82p

"CER" being Constant Exchange Rate & "AER" being Average Exchange Rate

* Before separately disclosed items (see notes 2, 6 and 9)

^Adjusted net cash/(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-liabilities, net cash would decrease by £13.9m to net debt of £10.5m (HY2020: net debt would increase by £16.1m to £31.8m)

Operational highlights

- Resilient performance in extremely challenging macroeconomic conditions
- Swift and effective operational and cost saving actions secure underlying operating profit margins of 5.7% (HY2020: 10.7%)
- Recovery begins across all sectors and regions during Q2:
  - Domestic appliances sector has shown the fastest recovery
  - European region returns to consistent growth for each month of Q2 against the prior year
  - Automotive and UK recovery begins, but is slower off the mark
- Operational Executive Board ('OEB') hits the ground running to develop and drive organic growth and efficiency opportunities
- Project Atlas:
  - First successful site roll-out in Ireland in October
  - New global HR system starts to be implemented across Europe and the USA first
- Net cash position following a successful equity raise and *c.*£40m of banking facility headroom provide flexibility and confidence to finance our investment driven growth plans

"In the short term, the outlook for the macroeconomic environment remains uncertain. Second waves of COVID-19 infection in our major markets in the UK, Europe and the USA and any resulting local lockdowns could impact on operations or trading volumes. However, we have already demonstrated that as a business we can react quickly and effectively in the face of such disruption. We continue to have good access to banking facilities, with headroom of c.£40m, providing us with the security and flexibility to continue to invest in our future growth. The Board therefore remains committed to its ongoing investment driven growth strategy and is optimistic for the medium and long-term future"

Jonathan Shearman, Non-Executive Chair

"We are not complacent, but we are excited by the activity levels and pipeline of opportunities that we are seeing, with additional prospects for growth already secured, and enquiries underway across a number of sectors including electric vehicle, 5G and medical"

Mark Belton, Chief Executive Officer

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Editors' note

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LEI number: 213800WFIVE6RUK3CR22

Trifast plc (*TR*) is an international specialist in the design, engineering, manufacture, and distribution of high quality industrial and Category 'C' components principally to major global assembly industries. *TR* employs *c*.1,300 people across 32 business locations within the UK, Asia, Europe, and the USA including seven high-volume, high-quality, and cost-effective manufacturing sites across the world. *TR* supplies to over 5,000 customers in >75 countries worldwide. As a full-service provider to multinational OEMs and Tier 1 companies spanning several sectors, *TR* delivers comprehensive support to its customers across every requirement, from concept design through to technical engineering consultancy, manufacturing, supply management and global logistics.

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 2020. Copies can be requested via 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 2020

BUSINESS REVIEW

Unless stated otherwise, 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 HY2021 figures by the average HY2020 exchange rate.

The impact of foreign exchange movements has decreased our AER revenue by 0.4%, £0.5m (HY2020: increased by 0.9%, £0.9m), our AER underlying profit before tax by 0.9%, £nil (HY2020: increased by 1.7%, £0.2m) and our AER underlying diluted EPS by 1.1%, 0.07p (HY2020: increased by 1.9%, 0.13p).

Our Group performance

Underlying measures	HY2021 CER	Change at CER	HY2021 AER	Change at AER	HY2020
Revenue	**£81.5m**	**(21.0)%**	**£81.0m**	**(21.4)%**	£103.1m
GP%	**27.1%**	**(170)bps**	**27.0%**	**(180)bps**	28.8%
Underlying EBITDA*	**£7.5m**	**(45.5)%**	**£7.4m**	**(46.3)%**	£13.7m
Underlying EBITDA%*	**9.2%**	**(410)bps**	**9.1%**	**(420)bps**	13.3%
Underlying operating profit (UOP)*	**£4.6m**	**(58.0)%**	**£4.6m**	**(58.9)%**	£11.1m
UOP%*	**5.7%**	**(500)bps**	**5.6%**	**(510)bps**	10.7%
Underlying profit before tax*	**£4.1m**	**(60.8)%**	**£4.1m**	**(61.7)%**	£10.6m
Underlying diluted EPS*	**2.38p**	**(63.5)%**	**2.31p**	**(64.6)%**	6.52p
Return on capital employed ROCE*			**7.8%**	**(870)bps**	16.5%
GAAP measures					
Operating profit			**£3.2m**	**(62.6)%**	£8.4m
Operating profit %			**3.9%**	**(430)bps**	8.2%
Profit before tax			**£2.7m**	**(66.5)%**	£7.9m
Diluted EPS			**1.48p**	**(69.3)%**	4.82p

*Before separately disclosed items (see notes 2, 6 and 9)

The first half of FY2021 has been an extremely turbulent and challenging time for the business. COVID-19 has had a significant impact on trading in the first quarter. However as a result of swift and significant action taken, all the Group's facilities were back open and operational by 30 April 2020 and we are pleased to report we have kept supply chains open and did not let a single customer down over this difficult period.

As a result of this disruption, revenue in April 2020 was approximately 50 percent lower year-on-year, with profitability severely impacted. As previously reported, trading results in subsequent months continued to grow with a step change in June followed by incremental improvements against FY2020 throughout the rest of HY1. In the month of September, the Group overall returned to year-on-year growth, a trend that we have continued to see across October and into November.

End markets across all our key sectors had a weak start to the year, with the automotive sector showing the slowest start to recovery and making up a reduced 27% of Group revenues in the period (HY2020: 33%; FY2020: 34%). Encouragingly, towards the end of Q2, we saw a more steady state recovery in this market.

In the context of this high degree of uncertainty and volatility in the macroeconomic climate, we were pleased that we were able to contain the reduction in revenue to 21.0% to £81.5m (AER: down 21.4% to £81.0m; HY2020: £103.1m).

Gross margins have reduced by 170bps to 27.1% (HY2020: 28.8%) as fixed and semi-fixed costs are less easily absorbed by the reduction in sales, product mixes shift, and stock provisioning levels increase. Notwithstanding the mitigating cost saving actions we undertook, operational gearing has seen our underlying operating margins decrease by 500bps to 5.7% (HY2020: 10.7%).

Our underlying PBT is down 60.8% at CER to £4.1m (AER: 61.7%, to £4.1m, HY2020: £10.6m). This has resulted in a reduction in our underlying diluted earnings per share (EPS) at CER, down 63.5% to 2.38p and at AER, down 64.6% to 2.31p (HY2020: 6.52p).

Our cash generation has been strong over the period with an underlying conversion rate of 138.5% (HY2020: 60.5%). We remain in a net cash position following on from the successful equity raise in June 2020. We continue to have good access to banking facilities, with headroom of *c.*£40m, providing us with the security and flexibility to continue to invest in our future growth.

Revenue (CER)

We have seen challenging conditions across all our regions, with revenue reductions for the period ranging from 15.1% to 25.0%.

Europe has seen the smallest revenue decrease of 15.1% to £31.5m (AER: down 15.4% to £31.4m, HY2020: £37.1m) with automotive production shutdowns and subsequent volume reductions in Holland and Sweden having driven the biggest element of the decline. This has been partially offset by increased electronics volumes in Hungary as well as new automotive platform wins in our fast-growing Spanish greenfield site. Trading conditions in the general industrial sector in Germany have remained muted. In Italy, domestic appliances sales have reduced due to local lockdowns and manufacturing volume decreases at a number of our key OEMs. This being said, recovery in this sector has been faster, allowing our European region overall to consistently grow each month of Q2 against the prior year.

The UK has seen the highest reduction in revenues of 25.0% to £28.8m (AER: down 25.0% to £28.8m, HY2020: £38.4m). Automotive shutdowns extended longer into Q1 than in any other region, subsequent manufacturing volumes have been slower to recover and we have seen the continued pushback of start of production dates on several key platform builds. Distributor and general industrial trading volumes have also declined, reflecting the levels of general uncertainty in the marketplace and the slower relative recovery in the UK economy. On the positive side, we are pleased to report that PTS, our UK stainless steel distributor, continues to perform well year-on-year in this more specialist market.

In Asia, revenues declined by 23.4% to £22.7m (AER: down 24.4% to £22.4m, HY2020: £29.6m). Lockdowns and reduced manufacturing volumes in Malaysia significantly reduced electronics, domestic appliances and automotive sales in Q1. Recovery in all these local markets started to feed through towards the end of Q2, although this has been slower on the automotive side. In Taiwan, sales to European and US automotive distributors have reduced significantly as production volumes decreased. In contrast, our Shanghai operations have grown by 6.1% in the six-month period, reflecting a quicker COVID-19 recovery in the domestic market, especially in the automotive and medical sectors.

In the USA, sales have reduced by 21.5% to £4.3m (AER: down 22.4% to £4.2m, HY2020: £5.5m), primarily as a result of reduced automotive production volumes at a number of key multinational Tier 1 customers operating in the region. By the end of Q2, we had just started to see this turn around, allowing our smallest region to record an overall Q2 growth against the prior year.

Underlying operating profit (CER)

Despite the 21.0% reduction in revenue and our in-built operational gearing, we have been able to restrict the reduction in underlying operating profit to a 58.0% decrease to £4.6m (AER: 58.9% to £4.6m, HY2020: £11.1m). This is the direct result of swift and effective cost saving actions including: pay-rise and bonus deferrals, recruitment freezes, reduced travel and discretionary spend and the use of job retention schemes.

In Europe, we have seen a reduction in UOP margins of 110bps to 7.4% (HY2020: 8.5%, FY2020: 7.9%). This primarily reflects the fall in sales against a fixed and semi-fixed cost base, offset by overhead cost savings and available government support programmes.

In the UK, UOP margins have reduced by 820bps to 2.1% (HY2020: 10.3%, FY2020: 9.1%), primarily due to operational gearing effects on a 25% revenue reduction combined with a shift in product mix due to lower distributor sales and higher stock provisioning levels. Appropriate cost savings have been made at both gross margin and overhead level to help mitigate the overall impact.

In Asia, UOP margins have decreased by 150bps to 14.4% (HY2020: 15.9%, FY2020: 15.1%). The reduction in sales has had the biggest negative impact on returns. However, cost saving actions taken and access to more generous regional government support programmes have helped to largely offset the impact of this. This is despite a balance sheet translation loss of £0.6m (HY2020: gain of <£0.1m) as the US$ has weakened against our main Asian trading currencies in the period.

In the USA, we have seen the biggest reduction in UOP margin of 900bps to a loss of 4.2% (HY2020: profit of 4.8%, FY2020: profit of 2.0%). Here the reduction in sales against a fixed and semi-fixed cost base has been further compounded by higher stock holding and provisioning levels as start of production dates have shifted outwards. Careful cost savings have been made, although this is more difficult in a region where we are investing for a return to high organic growth in the short to medium term.

Net financing costs (AER)

Net interest costs have remained in line with last year at £0.5m (HY2020: £0.5m) despite the decrease in average net debt reflecting higher average cash holding levels in the period.

Taxation (AER)
The HY2021 underlying effective tax rate (UETR) and effective tax rate (ETR) are higher at 25.4% and 26.7% than the previous half year. (HY2020: 23.4% and 24.5%, FY2020: 23.1% and 107.8%).

This is as a result of adjustments in respect of prior years in the period partially offset by a change in the mix of profits by legal entity. The main reason for the difference between the FY2020 ETR of 107.8% is due to the impairment charges and reduced deferred tax on share options in FY2020.

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 reduction in underlying profit before tax, has decreased our underlying diluted EPS by 64.6% to 2.31p (HY2020: 6.52p). Diluted EPS has decreased to 1.48p (HY2020: 4.82p).

Dividend
In order to allow us to appropriately manage our financial position and flexibility in the current uncertain times, we are not proposing an interim dividend for HY2021 (FY2020: interim of 1.20p, final of 0.0p). The Board plans to review this decision before year-end, depending on how the wider macroeconomic environment develops. As a Board, we remain keen that dividends play their part in our total shareholder returns (TSR) as soon as is practical.

Return on Capital Employed (AER)
As at 30 September 2020, the Group's shareholders' equity increased to £132.1m (FY2020: £115.7m). The £16.4m uplift reflects retained earnings of £0.5m (HY2020: £1.3m), net proceeds from the equity raise in June 2020 of £15.4m and a foreign exchange reserve gain of £0.4m.

Over this increased asset base and given the challenging macroeconomic trading conditions, our ROCE has reduced to 7.8% (FY2020: 12.0%).

At the 30 September 2020, the number of shares still held by the Employee Benefit Trust (EBT) to honour future equity award commitments had reduced to 830,610 shares (FY2020: 1,028,191 shares).

Adjusted net cash (AER)
As at the 30 September 2020 the Group is in an adjusted net cash position of £3.4m (FY2020: adjusted net debt of £15.2m). Some £15.4m of this increase relates to the net proceeds from the equity raise.

Cash generation has been strong, with an increased conversion rate of underlying EBITDA to underlying cash of 138.5% (HY 2020: 60.5%, FY2020: 95.9%). We are particularly pleased to report that stock levels have remained stable against the year end at £59.0m (FY2020: £59.2m). This reflects a concerted effort across the business to effectively manage purchasing decisions despite the high degree of uncertainty in the market and the reduction in sales. As expected, we have also seen a noticeable reduction in trade debtors, down £3.7m (cashflow impact: £3.9m), as these are trailing a comparatively quieter Q2.

Supporting the Board's ongoing strategic investments in the business. capital expenditure in the period amounted to £1.5m (HY2020: £1.9m). With £0.6m in regard to Project Atlas, in addition to £0.9m of plant and machinery routine maintenance spend across our manufacturing sites.

Including the impact of IFRS16 Leases, the Group's net debt position would be £10.5m (FY2020: net debt of £30.3m).

Post balance sheet event - Disposal of *TR* Formac (Malaysia) SDN Bhd
Following a strategic review of the Group's businesses around the world, the Board made the decision to dispose of our smallest manufacturing site in Penang, Malaysia. In contrast to the rest of our production facilities, this business is focused on more standard product manufacture and was, therefore, no longer considered a good fit with the Group's strategic direction.

Assets and liabilities are shown as Held for Sale at the 30 September 2020. On 04 November 2020, the sale to the local Managing Director was completed for proceeds of £0.2m. Final calculations are still being performed, however the loss on sale (including the recycling of the relevant foreign exchange reserve) is expected to be c.£0.3m.

Operational Executive Board (OEB)

At the start of this financial year we updated shareholders on the creation of an Operational Executive Board (OEB) made up of global and cross-functional leaders. The Board is delighted by the early impact this team has made in driving the Group's strategy. This has been primarily centred on a review and development of the Group's organic growth and efficiency opportunities to drive operational gearing benefits, including initiatives relating to:

- Strategic sales expansion – product, sector, geography
- Sourcing strategy – external and intercompany supplier management
- Manufacturing process efficiency
- Atlas benefits case realisation
- Targeted cost optimisation – clear focus on measured/appropriate actions to position the business for future growth

Acquisitions

In the latest Annual Report, we highlighted that we would shortly be joined by an experienced M&A professional, Paul Ranson, to lead our global acquisition activities. This has now taken place and his initial weeks have been spent reviewing acquisition criteria, processes and opportunities with the relevant teams and external advisers. In a fragmented market with a track record of successful integration, acquisitions remain a vital part of the long-term strategy and we continue to believe that the current macro uncertainty is likely to generate more opportunities.

Project Atlas

As planned HY1 has been about upfront site by site preparations, and additional development and training of our teams to increase internal expertise and self-sufficiency. As a result of all that hard work, we are delighted to report that with minimal disruption our first pilot site, Mallow in Ireland, successfully went live at the beginning of October 2020.

The Project team are now working hard on getting ready for our next roll-out in the new year. There can be no doubt that COVID-19 is causing some practical issues with roll-out, especially with the second wave of infections taking hold in Europe and the USA. We will continue to monitor this situation carefully and react accordingly.

Our global HR system is also in the process of being implemented around the Group. The first site in Holland successfully went live in October 2020 and roll-out across the rest of Europe and the USA has quickly followed. All distribution sites in both of these regions were on board at the start of November.

Because of the work undertaken to date on this project, we have incurred direct costs of £1.1m in HY2021 (cumulatively £11.1m), largely relating to project team, consultancy, 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 £0.6m (cumulatively £5.0m) as fixed assets on the balance sheet at 30 September 2020. These will start to be amortised as the new IT system is rolled out across our global sites.

Looking ahead from a strong foundation

In HY2021, the Group has delivered a resilient performance despite the extremely challenging market conditions and the impact of COVID-19.

In the short term, the outlook for the macroeconomic environment remains uncertain. Second waves of infection in our major markets in the UK, Europe and the USA and any resulting local lockdowns could impact on operations or trading volumes. However, we have already demonstrated that as a business we can react quickly and effectively in the face of such disruption.

When it comes to Brexit, our cross-functional team, which has been in place for the last three years, has completed its contingency planning. We currently consider that both the operational and financial impact of any Brexit scenario will be manageable in the short-term, although longer-term implications for the wider UK economy remain less easy to predict.

Encouragingly, volumes have begun to recover in all key end markets. We have not lost any customers and we continue to hold preferred supplier status at a wide range of large manufacturers across the globe. We are not complacent, but we are excited by the activity levels and pipeline of opportunities that we are seeing, with additional prospects for growth already secured, and enquiries underway across a number of sectors including electric vehicle, 5G and medical.

The long-term fundamentals of our business model and strategy remain unchanged. We believe that the combination of our reputation for *T*rusted *R*eliability, our flexible and established global supplier networks, and our balance sheet strength 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 builds in the market.

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

RISKS AND UNCERTAINTIES

The Directors do not consider that the principal risks and uncertainties of the Group have changed since the publication in July 2020 of the Group's Annual Report for the year ended 31 March 2020. The principal risks and uncertainties include: COVID-19 and the macroeconomic environment, a major quality issue, a breach of cyber security and Brexit. 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 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. Past and future acquisitions can also carry impairment risks on goodwill should there be a sustained downturn in trading within an acquired subsidiary.

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 IAS 34 Interim Financial Reporting as adopted by the EU.
- 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.

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

23 November 2020

Condensed consolidated interim income statement

Unaudited results for the six months ended 30 September 2020

	Notes	**Six months ended 30 September 2020 £000**	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Continuing operations				
Revenue	3	**81,018**	103,107	200,221
Cost of sales		**(59,117)**	(73,461)	(145,114)
Gross profit		**21,901**	29,646	55,107
Other operating income		**299**	165	424
Distribution expenses		**(1,955)**	(2,311)	(4,627)
Administrative expenses before separately disclosed items		**(15,692)**	(16,423)	(32,815)
IFRS 2 share-based payment charge	2	**(69)**	(581)	(2,030)
Cost on exercise of executive share options	2	**(24)**	(88)	(307)
Acquired intangible amortisation	2	**(718)**	(712)	(1,409)
Project Atlas	2	**(497)**	(1,267)	(2,505)
Impairments in goodwill	2	**—**	—	(7,761)
Loss on assets in disposal group classified as Held for Sale	2, 13	**(35)**	—	—
Equity raise costs	2, 12	**(59)**	—	—
Total administrative expenses		**(17,094)**	(19,071)	(46,827)
Operating profit		**3,151**	8,429	4,077
Financial income		**18**	44	82
Financial expenses		**(517)**	(550)	(1,117)
Net financing costs	3	**(499)**	(506)	(1,035)
Profit before tax	3	**2,652**	7,923	3,042
Taxation	4	**(709)**	(1,938)	(3,280)
Profit/(loss) for the period (attributable to equity shareholders of the parent company)		**1,943**	5,985	(238)
Earnings/(loss) per share				
Basic	6	**1.48p**	4.92p	(0.19)p
Diluted	6	**1.48p**	4.82p	(0.19)p

Condensed consolidated interim statement of comprehensive income

Unaudited results for the six months ended 30 September 2020

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Profit /(loss) for the period	**1,943**	5,985	(238)
Other comprehensive income:			
Exchange differences on translation of foreign operations	**1,562**	3,439	1,342
Loss on a hedge of a net investment taken to equity	**(1,199)**	(1,142)	(924)
Other comprehensive income recognised directly in equity, net of income tax	**363**	2,297	418
Total comprehensive income recognised for the period (attributable to equity shareholders of the parent company)	**2,306**	8,282	180

Condensed consolidated interim statement of changes in equity

Unaudited results for the six months ended 30 September 2020

	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**

*Previously the merger reserve was reported in retained earnings at a consolidated level. Due to the additional merger reserve created from the equity raise (see note 12) in the current period, management now consider it appropriate to separately disclose the merger reserve. Therefore, we have transferred the £1.5m previously reported in retained earnings to the merger reserve.

Unaudited results for the six months ended 30 September 2019	Share capital £000	Share premium £000	Own shares held £000	Translation reserve £000	Retained earnings £000	Total equity £000
Balance at 1 April 2019	6,095	21,914	(3,019)	13,988	81,046	120,024
Total comprehensive income for the period:						
Profit for the period	—	—	—	—	5,985	5,985
Other comprehensive income for the year	—	—	—	2,297	—	2,297
Total comprehensive income for the period	—	—	—	**2,297**	**5,985**	**8,282**
Transactions with owners, recorded directly in equity:						
Issue of share capital	1	23	—	—	—	24
Share based payment transactions (net of tax)	—	—	—	—	482	482
Dividends	—	—	—	—	(5,134)	(5,134)
Total transactions with owners	**1**	**23**	**—**	**—**	**(4,652)**	**(4,628)**
Balance at 30 September 2019	**6,096**	**21,937**	**(3,019)**	**16,285**	**82,379**	**123,678**

Condensed consolidated interim statement of financial position

Unaudited results for the six months ended 30 September 2020

	Notes	**30 September 2020 £000**	30 September 2019 £000	31 March 2020 £000
Non-current assets				
Property, plant, and equipment		**20,302**	21,130	20,427
Right-of-use asset		**12,598**	14,732	13,788
Intangible assets		**39,392**	46,352	39,155
Deferred tax assets		**2,114**	2,251	1,926
Total non-current assets		**74,406**	84,465	75,296
Current assets				
Inventories		**59,005**	63,271	59,187
Trade and other receivables		**49,277**	51,908	52,928
Cash and cash equivalents	14	**29,822**	25,027	28,727
Assets in disposal group classified as Held for Sale	13	**682**	—	—
Total current assets		**138,786**	140,206	140,842
Total assets	3	**213,192**	224,671	216,138
Current liabilities				
Other interest-bearing loans and borrowings	7	**—**	537	266
Trade and other payables		**33,440**	34,032	34,914
Right-of-use liabilities	7	**2,873**	2,933	3,113
Tax payable		**2,403**	1,748	1,817
Dividends payable	5	**—**	3,688	—
Liabilities in disposal group classified as Held for Sale	13	**204**	—	—
Total current liabilities		**38,920**	42,938	40,110
Non-current liabilities				
Other interest-bearing loans and borrowings	7	**26,548**	40,204	43,622
Right-of-use liabilities	7	**11,056**	13,115	11,996
Provisions		**959**	959	959
Deferred tax liabilities		**3,652**	3,777	3,791
Total non-current liabilities		**42,215**	58,055	60,368
Total liabilities	3	**81,135**	100,993	100,478
Net assets		**132,057**	123,678	115,660
Equity				
Share capital		**6,796**	6,096	6,132
Share premium		**22,358**	21,937	22,340
Merger reserve	12	**16,328**	—	—
Own shares held	10	**(1,562)**	(3,019)	(1,934)
Translation reserve		**14,769**	16,285	14,406
Retained earnings		**73,368**	82,379	74,716
Total equity		**132,057**	123,678	115,660

Condensed consolidated interim statement of cash flows

Unaudited results for the six months ended 30 September 2020

	Notes	**Six months ended 30 September 2020 £000**	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Cash flows from operating activities				
Profit /(loss) for the period		**1,943**	5,985	(238)
Adjustments for:				
Depreciation, amortisation, and impairment		**1,919**	1,872	11,541
Right-of-use asset depreciation		**1,616**	1,487	3,118
Unrealised foreign currency loss/(gain)		**74**	(95)	89
Financial income		**(18)**	(44)	(82)
Financial expense (excluding right-of-use liabilities' financial expense)		**361**	378	752
Right-of-use liabilities' financial expense		**156**	172	365
Gain on sale of property, plant & equipment, and investments		**—**	(3)	(3)
Loss on assets in disposal group classified as Held for Sale		**35**	—	—
Equity settled share-based payment charge		**59**	539	1,981
Taxation charge		**709**	1,938	3,280
Costs incurred on issue of share capital		**59**	—	—
Operating cash inflow before changes in working capital and provisions		**6,913**	12,229	20,803
Change in trade and other receivables		**3,932**	2,918	2,060
Change in inventories		**339**	(4,528)	(1,217)
Change in trade and other payables		**(1,516)**	(3,469)	(2,242)
Cash generated from operations		**9,668**	7,150	19,404
Tax paid		**(542)**	(2,159)	(3,889)
Net cash from operating activities		**9,126**	4,991	15,515
Cash flows from investing activities				
Proceeds from sale of property, plant & equipment		**—**	—	7
Interest received		**18**	45	82
Acquisition of subsidiary, net of cash acquired		**—**	(503)	(503)
Acquisition of property, plant and equipment, and intangibles		**(1,547)**	(1,899)	(4,594)
Net cash used in investing activities		**(1,529)**	(2,357)	(5,008)
Cash flows from financing activities				
Net proceeds from the issue of share capital	12	**15,430**	24	447
Purchase of own shares		**—**	—	(1,693)
Proceeds from new loan		**—**	46,774	45,026
Repayment of borrowings		**(18,627)**	(46,638)	(41,620)
Repayment of right-of-use liabilities		**(1,782)**	(1,729)	(3,487)
Payment from finance leases		**—**	(17)	(74)
Dividends paid		**(1,457)**	(1,447)	(5,134)
Interest paid		**(275)**	(378)	(752)
Net cash used in financing activities		**(6,711)**	(3,411)	(7,287)
Net change in cash and cash equivalents	8	**886**	(777)	3,220
Cash and cash equivalents at 1 April		**28,727**	25,199	25,199
Effect of exchange rate fluctuations on cash held		**320**	605	308
Cash and cash equivalents at end of period	7,14	**29,933**	25,027	28,727

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 EU. 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 2020. The annual financial statements of the Group are prepared in accordance with International Reporting Standards (IFRSs) as adopted by the EU.

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 2020 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 2020.

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 from the Chief Executive Officer and Chief Financial Officer. 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 2020 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. Considering the current forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 ultimately 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 2020.

The key judgement made by management relates to Project Atlas costs meeting the capitalisation criteria under IAS 38 Intangible Assets, allowing directly attributable costs to be capitalised. 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 2020 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 (£3.1m). COVID-19 impacted short to medium-term cash flows as well as a higher than usual discount rate at year end, resulting in an impairment. As at 30 September 2020, this discount rate had reduced to 9.3% (FY2020: 10.8%). However, we note that the ongoing recoverability of the *TR* VIC goodwill amount continues to be sensitive to any subsequent increase in this rate.

2. Underlying profit before tax and separately disclosed items

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Underlying profit before tax	**4,054**	10,571	17,054
Separately disclosed items within administrative expenses:			
IFRS 2 share-based payment charge	**(69)**	(581)	(2,030)
Cost on exercise of executive share options	**(24)**	(88)	(307)
Acquired intangible amortisation	**(718)**	(712)	(1,409)
Project Atlas	**(497)**	(1,267)	(2,505)
Impairment of goodwill	—	—	(7,761)
Loss on assets in disposal group classified as Held for Sale	**(35)**	—	—
Equity raise costs	**(59)**	—	—
Profit before tax	**2,652**	7,923	3,042

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Underlying EBITDA	**7,370**	13,724	23,525
Separately disclosed items within administrative expenses:			
IFRS 2 share-based payment charge	**(69)**	(581)	(2,030)
Cost on exercise of executive share options	**(24)**	(88)	(307)
Project Atlas	**(497)**	(1,267)	(2,505)
Impairment of goodwill	—	—	(7,761)
Loss on assets in disposal group classified as Held for Sale	**(35)**	—	—
Equity raise costs	**(59)**	—	—
EBITDA	**6,686**	11,788	10,922
Acquired intangible amortisation	**(718)**	(712)	(1,409)
Depreciation (including right-of-use depreciation) and non-acquired amortisation	**(2,817)**	(2,647)	(5,436)
Operating profit	**3,151**	8,429	4,077

Consistent with prior periods, management feel it is appropriate to remove event driven costs and certain non-trading items 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.

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. The rationale for the exclusion of Project Atlas costs is provided within the Business Review.

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 2020 and 2019 are disclosed in the table below:

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)	**617**	**2,291**	**(180)**	**3,222**	**(1,397)**	**4,553**
Net financing costs	(68)	(56)	(34)	(25)	(316)	(499)
Underlying profit before tax	**549**	**2,235**	**(214)**	**3,197**	**(1,713)**	**4,054**
Separately disclosed items (see note 2)						(1,402)
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)

September 2019	UK £000	Europe £000	USA £000	Asia £000	Central costs, assets and liabilities £000	Total £000
Revenue*						
Revenue from external customers	36,963	36,093	5,351	24,700	—	103,107
Inter segment revenue	1,459	972	120	4,903	—	7,454
Total revenue	**38,422**	**37,065**	**5,471**	**29,603**	—	**110,561**
Underlying operating profit (see note 9)	**3,979**	**3,136**	**260**	**4,700**	**(998)**	**11,077**
Net financing costs	(89)	(47)	(61)	(10)	(299)	(506)
Underlying profit before tax	**3,890**	**3,089**	**199**	**4,690**	**(1,297)**	**10,571**
Separately disclosed items (see note 2)						(2,648)
Profit before tax						**7,923**
Specific disclosure items						
Depreciation and amortisation	(870)	(1,372)	(113)	(953)	(51)	(3,359)
Assets and liabilities						
Non-current asset additions	2,385	342	958	47	1,280	5,012
Segment assets^	67,192	76,909	9,159	63,152	8,259	224,671
Segment liabilities	(25,080)	(16,487)	(1,353)	(13,319)	(44,754)	(100,993)

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

^ Goodwill associated with the UK acquisition of Serco-Ryan in 2005 of £4,083k has been reclassified from Central costs, assets and liabilities to UK as this is considered a more appropriate reflection of where the benefit of this asset is held

4. Taxation

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Current tax on income for the period			
UK tax	**—**	134	59
Foreign tax	**920**	1,902	3,181
Deferred tax (income)/expense	**(328)**	(103)	172
Adjustments in respect of prior years	**117**	5	(132)
	709	1,938	3,280

The HY2021 underlying effective tax rate (ETR) of 25.4% (HY2020: 23.4%) is broadly in line with our normalised ETR range of *c*.22.5-25%, based on the geographical split of the Group's profits. The effective tax rate has increased to 26.7% (HY2020: 24.5%) due to the adjustments in respect of prior years, partially offset by a change in the mix of profits by legal entity.

5. Dividends

There is no dividend payable for HY2021 (FY2020: interim of 1.20p, final of 0.0p). For further details, see the Business Review.

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 130,928,786 (net of own shares held) (HY2020: 121,737,700, FY2020: 122,171,272).

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 130,933,814 (HY2020: 124,221,747 FY2020: 122,171,272).

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 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Profit/(loss) after tax for the period	**1,943**	5,985	(238)
Separately disclosed items:			
IFRS 2 share-based payment charge	**69**	581	2,030
Cost on exercise of executive share options	**24**	88	307
Acquired intangible amortisation	**718**	712	1,409
Project Atlas	**497**	1,267	2,505
Impairments of goodwill	**—**	—	7,761
Loss on assets in disposal group classified as Held for Sale	**35**	—	—
Equity raise costs	**59**	—	—
Tax charge on adjusted items above	**(320)**	(536)	(653)
Underlying profit after tax	**3,025**	8,097	13,121
Basic EPS	**1.48p**	4.92p	(0.19)p
Diluted EPS	**1.48p**	4.82p	(0.19)p
Underlying diluted EPS	**2.31p**	6.52p	10.54p

The impact of the equity raise on underlying EPS was a reduction of c.0.34p against HY2020.

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 above.

7. Analysis of net debt

	At 30 September 2020 £000	At 30 September 2019 £000	At 31 March 2020 £000
Net cash and cash equivalents (see note 14)	**29,933**	25,027	28,727
Debt due within one year	**(2,873)**	(3,470)	(3,379)
Debt due after one year	**(37,604)**	(53,319)	(55,618)
Gross debt	**(40,477)**	(56,789)	(58,997)
Net debt	**(10,544)**	(31,762)	(30,270)
Right-of-use lease liabilities	**13,929**	16,048	15,109
Adjusted net cash/(debt)	**3,385**	(15,714)	(15,161)

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

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Net change in cash and cash equivalents	**886**	(777)	3,220
Net change in right-of-use lease liabilities	**1,180**	(1,544)	(742)
Net change in borrowings	**18,627**	(124)	(3,406)
	20,693	(2,445)	(928)
Exchange rate differences	**(967)**	(867)	(892)
Movement in net debt	**19,726**	(3,312)	(1,820)
Opening net debt	**(30,270)**	(28,450)	(28,450)
Closing net debt	**(10,544)**	(31,762)	(30,270)

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.

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

These are used predominantly in the Business Review and give the readers a better understanding of the performance of the Group, regions and entities from a trading perspective. They have been calculated by translating the HY2021 income statement results (of subsidiaries whose presentational currency is not sterling) using HY2020 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 has been 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 underlying EBIT divided by average capital employed (net assets + net debt), multiplied by 100%. Underlying EBIT has been reconciled to operating profit below.

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Underlying EBIT/Underlying operating profit	**4,553**	11,077	18,089
Separately disclosed items within administrative expenses:			
IFRS2 share based payment charge	**(69)**	(581)	(2,030)
Cost on exercise of executive share options	**(24)**	(88)	(307)
Acquired intangible amortisation	**(718)**	(712)	(1,409)
Project Atlas	**(497)**	(1,267)	(2,505)
Impairments of goodwill	—	—	(7,761)
Loss on assets in disposal group classified as Held for Sale	**(35)**	—	—
Equity raise costs	**(59)**	—	—
Operating profit	**3,151**	8,429	4,077

• **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 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Underlying cash conversion	**10,204**	8,306	22,579
Cost on exercise of executive share options	**(8)**	(88)	(289)
Expensed Project Atlas costs paid	**(528)**	(1,068)	(2,383)
Deferred Consideration	—	—	(503)
Cash generated from operations	**9,668**	7,150	19,404

• **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.

	Six months ended 30 September 2020 £000	Six months ended 30 September 2019 £000	Year ended 31 March 2020 £000
Net debt	**(10,544)**	(31,762)	(30,270)
Right-of-use lease liabilities	**13,929**	16,048	15,109
Adjusted net cash/(debt) (see note 7)	**3,385**	(15,714)	(15,161)
Underlying EBITDA	**7,370**	13,724	23,525
Operating lease rentals	**(1,733)**	(1,654)	(3,505)
Adjusted EBITDA	**5,637**	12,070	20,020
Net debt to annualised Underlying EBITDA ratio	**0.65x**	1.16x	1.31x
Adjusted net cash/(debt) to annualised adjusted EBITDA ratio	**N/A**	0.65x	0.80x

10. Own shares held

The own shares held reserve comprises the cost of the Company's shares held by the Group. At 30 September 2020 the Group held 830,610 of the Company's shares (HY2020: 1,317,378; FY2020: 1,028,191).

11. Disaggregation of revenue

In line with IFRS 15 *Revenue from Contracts with Customers* we have included the disaggregation of external revenue by sector, breaking this down by our geographical operating segments.

September 2020	**UK**	**Europe**	**USA**	**Asia**	**Total**
Electronics	5%	6%	2%	4%	17%
Automotive	5%	11%	3%	8%	27%
Domestic appliances	1%	13%	—	8%	22%
Distributors	10%	—	—	2%	12%
General industrial	7%	3%	—	1%	11%
Other	5%	5%	—	1%	11%
Revenue from external customers (AER)	**33%**	**38%**	**5%**	**24%**	**100%**

September 2019	**UK**	**Europe**	**USA**	**Asia**	**Total**
Electronics	4%	4%	1%	6%	15%
Automotive	9%	12%	4%	8%	33%
Domestic appliances	2%	12%	—	6%	20%
Distributors	9%	—	—	2%	11%
General industrial	7%	4%	—	1%	12%
Other	5%	3%	—	1%	9%
Revenue from external customers (AER)	**36%**	**35%**	**5%**	**24%**	**100%**

12. Equity raise – Project Lavender

In June 2020, the Company incorporated a Jersey registered "cash box" company. This was used to facilitate the placing on 19 June 2020 of 12,448,132 ordinary shares of 5p, followed by a broker option on 23 June 2020 of 830,000 ordinary shares of 5p each, together at a placing price of 1.205p per share. The placing raised £16.0m and the Company received cash proceeds of £15.4m, net of expenses. The proceeds of the share issue were placed into the "cash box" company which was then acquired by way of a share exchange in circumstances which qualified for merger relief and so avoided the need to recognise a share premium on the share issue. The net amount booked to share capital and reserves was £15.5m, £0.7m was allocated to nominal share capital and £14.8m was recorded in the merger reserve in equity. Costs of £0.1m were recognised in administrative expenses in separately disclosed items. All shares are fully paid up.

13. Assets and liabilities classified as Held for Sale

In September 2020, following a strategic review of the Group's businesses around the world, the Board made the decision to dispose of our smallest manufacturing site, *TR* Formac (Malaysia) SDN Bhd. In contrast to the rest of our production facilities, this business is focused on more standard product manufacture and therefore was no longer considered a good fit with the Group's strategic direction.

Assets and liabilities are shown as Held for Sale in the 30 September 2020 statement of financial position:

	£000
Assets Held for Sale	
Trade and other receivables	**325**
Inventory	**246**
Cash	**111**
Total	**682**

	£000
Liabilities Held for Sale	
Trade and other payables	**204**
Total	**204**

An impairment loss of £35k on the measurement of the disposal group to fair value less cost to sell has been recognised and is included in administrative expenses as a separately disclosed item. The fair value of the nets assets has been derived from the sale price agreed with the local Managing Director.

The disposal does not constitute a discontinued operation as it does not represent the disposal of a separate major line of business or geographical area of operation.

On 4 November 2020, the sale to the local Managing Director was completed for proceeds of MYR 1.0m (*c.*£0.2m). Final calculations are still being performed, however the loss on sale (including the recycling of the relevant foreign exchange reserve) is expected to be *c.*£0.3m.

14. Cash and cash equivalents

	At 30 September 2020 £000	At 30 September 2019 £000	At 31 March 2020 £000
Cash and cash equivalents per the statement of financial position	**29,822**	25,027	28,727
Cash included within Assets Held for Sale	**111**	—	—
Total cash and cash equivalents	**29,933**	25,027	28,727

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 2020 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 are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

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 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, 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
23 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).