

Letters to shareholders



“After 45 years at *Trifast*, I have been able to retire knowing I have offered commercial and strategic support and mentorship to the next generation of *TR*'s leadership teams”



Malcolm Diamond MBE
Chair
(Retired 31 March 2020)

Dear shareholder

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

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

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

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

to COVID-19. This will form the basis of a widespread roll-out following any bug fixes that, hopefully, will be minimal.

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

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

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

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

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

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

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

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

The Board remains committed to good corporate governance and ensuring there is a broad range of skill, diversity and experience that it can draw upon and on 31 March 2020 *Trifast* also announced two new NEDs.

I would also like to acknowledge and thank all my immediate colleagues, staff, and our long-standing shareholders, for their support, loyalty and commitment over my 45 years with *TR*.

I could not have wished for more.

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

Yours sincerely

Malcolm Diamond MBE
Chair

 Read more about our **Equity Placing** on page 14

 Read more about our **two new NEDs** on page 21

 Read more about our **s172 statement** on page 81

 Read more about our **OEB** on page 23

 Read more about our **designated NED** on pages 84, 92 and 118



Jonathan Shearman
Chair
(Appointed 1 April 2020)

Dear shareholder

As I start my tenure as Chair, it is fitting that I pause, express gratitude and celebrate the past. I have had the privilege of working with and learning from Malcolm so I can safely say that although he will be missed, he retires leaving behind a legacy.

When I first interviewed for the role of *Trifast* NED, the pain that Malcolm felt, was palpable. Those darker days have passed, and it has been a joy to watch *TR*'s people and culture be revitalised. This is in no small part down to Malcolm and the lead teams' unwavering and tenacious approach.

As shareholders, you have seen this translate into millions of pounds worth of value creation, and as a staff, together, we have created a business that we should be proud of. For customers and suppliers alike, we trust you have also felt a part of this.

In our recent trading updates, we have sought to keep all stakeholders updated in as much detail as possible, especially with regard to the impacts of COVID-19. Malcolm has highlighted our approach which has spanned people, supply lines and financial viability.

I want to extend my gratitude to Mark, Clare, Glenda, my fellow NEDs and the senior team for their approach in going above and beyond for many consecutive weeks. It is indeed no small feat that, in conjunction with our suppliers, we have not faltered in supporting customers during the most disruptive period of my working career. Moreover, *Trifast*'s culture has come to the fore during these recent months. I have been delighted to witness how our people, across the globe, have pulled together and supported each other in a truly Group fashion.

Alongside Project Atlas, I also want to mark our approach to people, training & development, and future succession. From the Main Board,

through to the newly created Operating Executive Board (OEB), and into the workforce, numerous structural changes have been made, including recruiting external talent. These developments are key and an essential part of fully maximising the opportunities that lie ahead for the business. I look forward to meeting all the new faces and those who have been part of *TR* for many years, once allowed to travel the business.

There is no doubt that the last financial year was a challenging period. However, as is often the case in such circumstances, there are opportunities a plenty. As the team charged with bringing leadership, we are grabbing these with both hands. Our ability to build on the foundations laid by the previous generation using a people and process centric approach, gives us the capability to walk forward into 'new normal' with great confidence.

Finally, on behalf of myself and the *Trifast* team, may I express condolences to those who have unexpectedly and suddenly lost dear friends and loved ones during the past few months. To all of us - let's be kind, to ourselves and others.

Yours sincerely

Jonathan Shearman
Chair



Mark Belton
Chief Executive Officer

Dear shareholder

As you will have read in Malcolm's letter he retired at the end of March 2020. It has been a privilege to both work with and develop a mutual respect and friendship with Malcolm over my own 20+-year career with the Group. He has played a key mentoring role from which I and many of the senior team have been lucky enough to gain invaluable commercial, plc experience and stakeholder engagement.

As we move into this new financial year, at plc Board level, I am delighted that Jonathan Shearman accepted the role as Chair; his wise counsel on many different facets of business and his understanding of our culture will continue to play an important role in the *Trifast* story. I am also very pleased to welcome our two new NED's Claire Balmforth who joined us in April 2020 and

Clive Watson who joined us on 30 July 2020 and will take up his post, replacing Neil Warner who retired on 31 July 2020.

On behalf of all stakeholders, I thank Malcolm and Neil for their contribution to the success of the business over the years. We continue to be extremely fortunate to have, three NEDs who add extensive skills, experience and insight to the Board and I look forward to working with them as we drive the business strategy forward to the next level.

Part of this strategy has been the creation of an Operational Executive Board (OEB). This strong global and cross-functional senior leadership team below the plc Board will form the foundation of strategic leadership within the business. The OEB comprises a wealth of experience both from our home-grown talent as well as newly appointed external industrial recruits. I am excited that the OEB will bring the Group even closer together and be part of the driving force to deliver the efficiency benefits from Project Atlas. Although Glenda Roberts chose to retire from the plc Board in March 2020 after 30 years of service to *TR* we are delighted she agreed to stay with the business and join the OEB to provide mentorship, guidance and support to *TR*'s operational teams around the business for the next twelve months.

Despite the rapidly changing developments regarding COVID-19, our business remains solid. Our priority has been to ensure a safe working environment for all our employees around the world. Over the last three months we have all had to adapt, understand, and work together, to

protect our businesses, our supply chains and partnerships but key, has been protecting our strongest asset, the physical and mental health and safety of our workforce.

I would like to take this opportunity to say to all our employees across the *TR* network, whether you are working from home, working reduced hours, furloughed, or have been continuing to work throughout at our sites, thank you for sticking with it and adjusting so well in such unusual and challenging circumstances.

I would also like to welcome new colleagues who have joined the *TR* family over the last year, all new shareholders who joined the register over the last 12 months and, thank those long-term investors for their continued support.

TR is made up of a team of people who are collaborating to deliver engineering skills, a first-class sales and logistics service 24/7 around the globe and ultimately shareholder value. My colleagues and I hope that you will find the Report interesting and that it gives you a feel for our business and its culture.

As a Company, our hearts go out to all those who have been affected by or tragically lost the fight in this invisible war. In these challenging times, stay safe and look after yourselves, your friends, and your families.

Yours sincerely

Mark Belton
Chief Executive Officer