

FY22 Annual General Meeting

21 October 2022

At the Coventry Group we create a sustainable future by empowering our people to deliver great customer experiences

Agenda

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Our Purpose at the Coventry Group is to Create a Sustainable Future by Empowering Our People to Deliver Great Customer Service

A clear opportunity exists to build a highly focused scaled Industrial Supply and Services business with leading market positions across multiple geographies, market sectors and product categories

***Our customers needs are our priority
Our specialisation, value proposition, service levels and customer engagement differentiate us from our competitors***



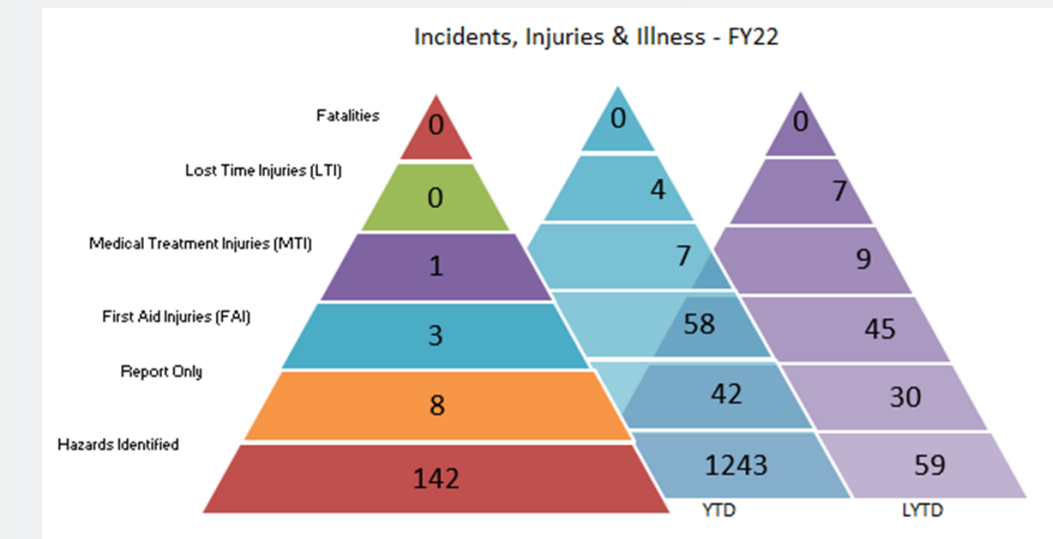
We Value the Health, Safety and Wellbeing of Our People First and Foremost

The health, safety and wellbeing of our people is our number one priority

- 4 Lost Time Injuries (LTI's) for a total of 63 lost days for FY22 (7 LTI's for 56 lost days in FY21)
- Detailed root cause analysis investigations completed and shared across the Group for all LTI's and serious near misses to ensure we minimise risks and improve our safety systems
- Group Health, Safety and Environmental Manager role established in FY22
- Introduced new business wide safety app (*Donesafe*) to streamline safety audits and actions – resulted in a 200% increase in hazards reported and resolved
- Safety audits completed as part of our acquisition due diligence process
- Continued to improve steel and manual handling systems implemented in the Nubco network

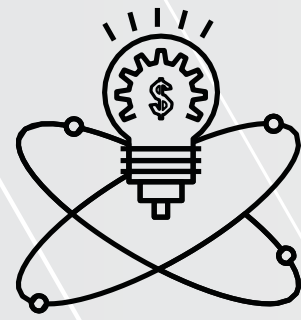
Continuous improvement plans for our health, safety and wellbeing systems in FY23

- We will continue to prioritize the health, safety and wellbeing of our people
- 1 Lost time injury for a total of 2 lost days in FY23.



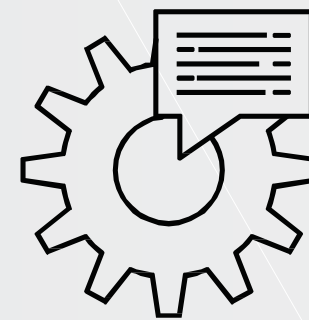
Our Vision is to be Australia and New Zealand's Leading Industrial Supply and Services Group where we do the Right Thing by our People, Customers and Partners to Create a Sustainable Future

AN EXCITING OPPORTUNITY EXISTS TO BUILD A LEADING SCALED INDUSTRIAL SUPPLY AND SERVICES GROUP



The Board and Coventry Leadership Team (CLT) have developed a clear vision and strategy for the business for the next five years.

We are on a journey of long term sustainable profitable growth through delivery of our mission and strategic objectives.

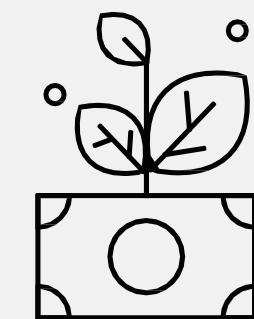


The Board and CLT have significant experience in B2B trade / industrial supply and service distribution markets and have developed a blueprint for success.

The CLT has substantial experience identifying, completing and integrating acquisitions.



A clear opportunity exists to build a highly focused scaled Industrial Supply and Services business with leading market positions across multiple geographies, market sectors and product categories.



Growth can be achieved through a combination of:

- Organic growth - market share gains, e-commerce, new branches, store makeovers, marketing and promotion, new products and new geographies
- Sensible strategic and accretive acquisitions

We do the Right Thing by our People, Customers and Suppliers

- Our values are Fairness, Integrity, Respect, Safety and Teamwork (FIRST)
- We live our values and strive to do the right thing in all our dealings with our people, customers and suppliers
- During FY22 we appointed an experienced Chief People Officer and expanded our Health and Safety and Human Resources team to support our growing business
- Despite a very competitive recruitment market, our reputation for having a values-based culture is attracting quality people into the organisation
- We expanded our social and community support programs during the year including supporting employees who lost possessions during the Lismore floods
- We retained and fully paid our Trade Distribution New Zealand team through the second NZ Government enforced lockdown. No COVID-19 related Government assistance was received in Australia



Coventry Group Ltd

Our Vision

To be Australia and New Zealand's leading industrial supply and services group where we do the right thing by our people, customers and partners to create a sustainable future.



Our Values

OUR PEOPLE We trust and empower our people.	FAIRNESS We treat everyone equally, without favouritism, or discrimination.
OUR CUSTOMERS We are dedicated to our customer's needs.	INTEGRITY We operate with competence, good judgement and work to the best of our abilities. We always do what is right.
OUR SUPPLIERS We work in partnership with our suppliers.	RESPECT We treat each other, our suppliers, our customers and our environment with respect.
	SAFETY We place the health, safety and wellbeing of our people first.
	TEAMWORK We act with strength and resilience together, finding new ways to grow our Company and each other.

We are Focussed on Our Customers Needs

- Our customers needs are our priority
- Our value proposition, service levels and customer engagement differentiate us from our competitors
- We continue to strengthen our business development and sales teams to meet our customers needs
- We have prioritized service levels over reducing inventory – particularly in the current uncertain times and with global supply issues
- We are investing in our store network with new stores and existing store makeovers and relocations to improve the customer experience
- We are upgrading our ERP system to improve service levels and point of sale capabilities
- We are introducing digital engagement strategies for customers who want to deal with us electronically



Coventry Group Ltd
Customer Value Proposition
Why our customers stay with us.

OUR PEOPLE, CUSTOMERS & SUPPLIERS
RESPECT
FAIRNESS
TEAMWORK
INTEGRITY
SAFETY

Solving customer's problems through:

- QUALITY PRODUCTS**
Quality products and recognized leading brands.
- STOCK AVAILABILITY**
The stock the customer needs when and where they need it.
- EXPERTISE**
Qualified and trained teams delivering solutions for our customers.
- AGILITY**
Responding to customer needs with flexible service.
- GEOGRAPHIC COVERAGE**
70+ locations across Australia and New Zealand and growing.

Trade Distribution (TD) comprises our network of Konnect and Artia Australia (KAA), Trade Distribution New Zealand (TDNZ) and Nubco branches

- KAA is one of Australia's leading fastener specialists and supplier of cabinet hardware, operating through 41 branches supported by Distribution Centres in Melbourne and Perth.
- TDNZ is New Zealand's leading fastener specialist and supplier of cabinet ware and temporary fencing, operating through 18 branches supported by a Distribution Centre in Auckland.
- Nubco is a major supplier of Steel, Reinforcing, Fasteners, Construction Products, Power Tools, Hand Tools, PPE and consumables in Tasmania through 7 branches supported by a Distribution Centre in Devonport.

The Business Has Significant Opportunity For Growth

- We have a strong value proposition based on our large range of quality products, high stock availability, having inventory where and when the customer wants it, our expertise, extensive branch network and our flexible and adaptable service model.
- Opportunity for expansion exists through:
 - Greenfield store growth and targeted makeovers for KAA, KANZ and Nubco branches
 - Broader product range and commercial construction and infrastructure market growth. Experienced business development team now in place
 - E-commerce and marketing and promotions
 - Acquisition opportunities



What we do

Sell, warehouse and distribute products through a network of branches across Australia and New Zealand

Specialists in our product categories

Product categories

Fastening Systems

Cabinet Hardware Systems

Steel

Construction products

Power and hand tools

PPE

Consumables

Temporary fencing

Customer segments

Industrial

Building and Construction

Infrastructure

Mining and Resources

Agriculture and Aquaculture

Transport

Fabricators and Manufacturing

Fluid Systems Is a Market Leader, Continuing to Deliver Excellent Results

- Fluid Systems is an innovative service provider to the mining, agriculture, defence, construction, manufacturing and allied industries – specializing in hydraulics, lubrication, fire suppression, refuelling and fluid transfer systems/products.

The Business has Substantial Room to Grow both through Organic Expansion and Acquisition Opportunities

- Delivery of additional services and geographic branch expansion to increase market share.
- Expand hydraulic cylinder market share – investment already made into required equipment.
- Expand hydraulics, fluid dispensing and refuelling systems capabilities and customers.
- Increase exposure to other sectors outside of mining such as agriculture, defence, transport, recycling, manufacturing and waste.
- E-commerce and marketing and promotions
- Acquisition opportunities.



What we do

Sell, warehouse and distribute products

Engineered solutions

Workshop service and repairs

Onsite service and repairs, shutdowns and installations

Design and manufacture of specialised equipment

Market/product segments

Hydraulics

Lubrication

Fluid dispensing

Re-fuelling systems

Fire suppression

High force tooling

Automation

Customer segments

Mining and resources

Agriculture

Defence

Transport

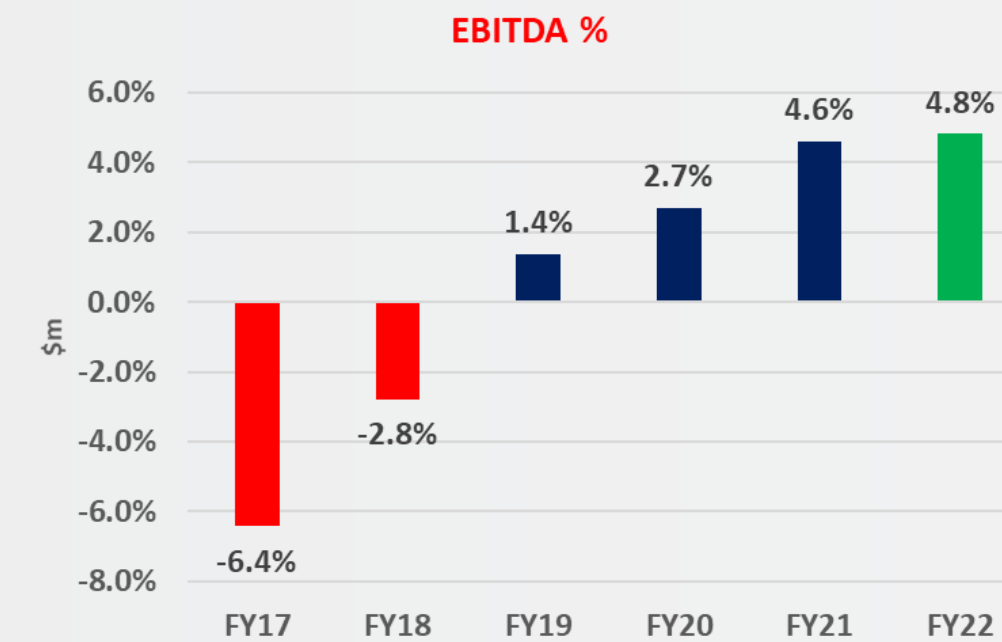
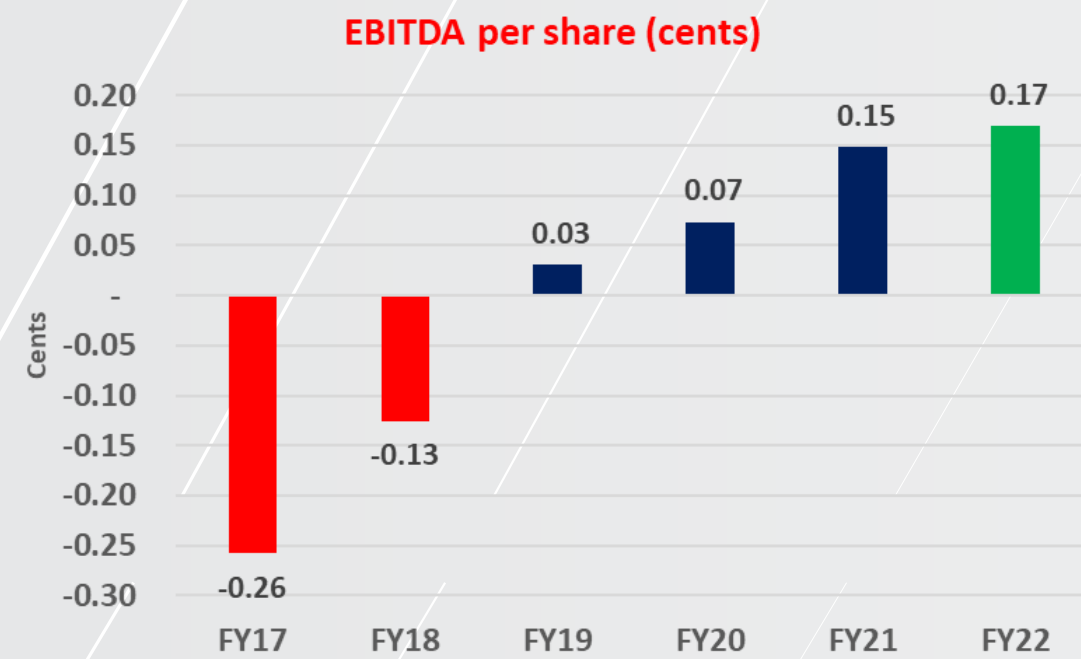
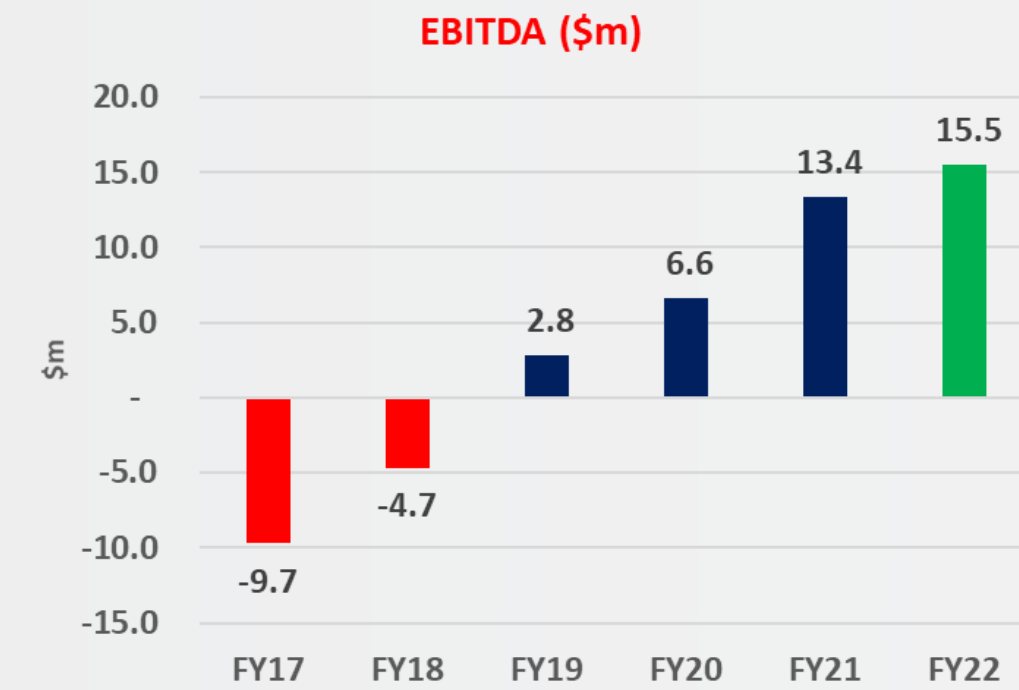
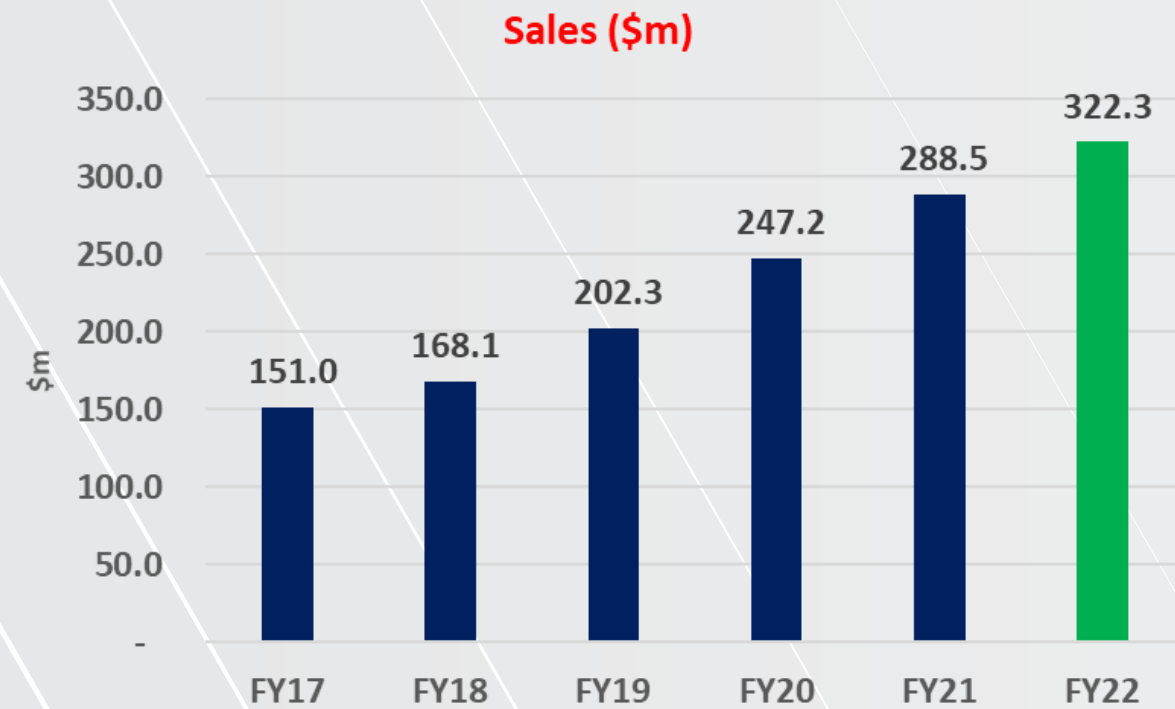
Recycling

Manufacturing

Waste

OEM's

5 years of profitable growth – Sales CAGR 16.4%



Note 1: EBIT and EBITDA exclude the impact of AASB 16 – Leases

Note 2: The Directors believe that the presentation of unaudited non-IFRS financial information on this slide is useful for users of the accounts as it provides useful information about the financial performance of the business.

A Significant Achievement over the Last Five Years

Five consecutive years of sales and profit growth

KAA returned to profit after >10 years of losses

Transformed the culture in the Group based on our core values

Six successfully integrated acquisitions – Torque Industries, Nubco, H.I.S. Hose, Fluid Power Systems, GHJ and Fraser Coast Bolts

Divested AA Gaskets

Profitably navigated the COVID-19 pandemic without emergency equity raises or asset divestments

Secured expanded banking arrangements with the NAB

Resumed dividend payments

Continued to improve Board governance, appointed aligned and experienced members

Fifth Consecutive Year of Revenue and Profit Growth



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Sales Growth Achieved in Both Business Segments

Trade Distribution

Revenue
\$193.1m
+13.4% on FY21

EBITDA
\$16.1m
+37.6% on FY21

Fluid Systems

Revenue
\$129.8m
+9.0% on FY21

EBITDA
\$12.9m
-6.8% on FY21

Net Assets Increased to \$113.6m

\$ Million	FY22	FY21	% change
Net debt	33.1	16.3	
Net assets	113.6	109.8	+3.5%
Net tangible assets	36.1	36.8	-1.9%
Current assets - current liabilities	27.7	33.6	-17.6%

Target cash conversion ratio of 80% to EBIT priority project for FY23 with strong focus on inventory

Maximising Cash conversion to Minimise Debt and Interest Charges

Commentary

- Net debt position at 30 June 2022 of \$33.1m (net debt position as at 30 June 2021 of \$16.3m)
- Increased net debt due to:
 - \$10.0m acquisition related payments
 - \$7.0m inventory price inflation
 - \$4.8m build in stock holdings to maintain service levels due to global supply chain issues and business growth
 - \$5.4m capital expenditure
- The Group has a strong working capital position with Net Assets of \$113.6m and Current Assets exceeding Current Liabilities by \$27.7m as at 30 June 2022
- Tax losses of \$76.6m available for use in Australia
- Franking credits of \$9.9m available at balance date
- Balance sheet will support \$15.0m ERP upgrade project over two and a half year project life.

Sales Growth Achieved in Both Business Segments

Group

Revenue ¹
+14.8% on Q1 FY22

EBIT ^{1 2}
+20.3% on Q1 FY22

Trade Distribution

Revenue ¹
+20.8% on Q1 FY22

Fluid Systems

Revenue
+6.4% on Q1 FY22

We estimate unplanned public holidays impacted Revenue -\$1.5m and EBIT -\$0.6m

Notes

1. TD Sales growth and adjusted EBIT positively impacted by the New Zealand Government lockdown in FY22.
2. For comparison purposes, unaudited EBIT has been adjusted for the estimated impact of the application of AASB16.

Upgrading our Enterprise Resource System (ERP) to the latest technology

Microsoft Dynamics 365 Finance and Operations system selected as our new Group ERP system

Replaces our 15 year old Oracle eBS system that no longer meets existing and future business needs

Project will be completed in stages over two and a half years at a total cost of \$15.0m

On-going costs lower in the order of \$500k per annum

Project currently progressing to plan – on time and on budget

The benefits of the new system are significant

- Enhanced customer service levels by improving stock availability and fill rates, point of sale capabilities, digital options and increased customer facing roles.
- We are introducing digital engagement strategies for customers who want to deal with us electronically.
- Business process improvements and automation removing repetitive labour intensive tasks.
- New solutions and capabilities such as Point of Sale, Manufacturing, Material and Distribution Requirement Planning, Demand Planning, Budgeting and Forecasting.
- Enables future integration of acquired businesses with confidence.
- Provides a pathway of digital transformation for the entire business - reducing paper orientated manual processes.
- Fits with existing CGL IT systems such as Office, SharePoint, CRM and Power BI.

Project delivery by an experienced dedicated project team supported by

FUSION5
Business Solutions

Microsoft Dynamics 365

The Group is Cautiously Optimistic for FY23

- There are significant growth opportunities across all segments of the business – market share gains, new branches, product range extension and acquisitions.
- Given continuing market uncertainty we will not be providing full year guidance but will continue to provide quarterly trading updates to the market.

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