



Coventry Group Ltd

ABN 37 008 670 102

Appendix 4D

Half year report for the six months ended 31 December 2021

Reporting period

Report for the half year ended 31 December 2021

Previous corresponding period is the financial year ended 30 June 2021 and the half year ended 31 December 2020

Results for announcement to the market

	<u>31 Dec 2021</u>	<u>31 Dec 2020*</u>	<u>Change</u>	<u>Change</u>
	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>%</u>
Revenue from continuing operations	156,961	137,776	19,185	13.9%
Net profit/(loss) after tax from continuing operations attributable to members	2,419	1,120	1,299	116.0%

**The comparative information has been restated on account of a change in accounting policies. Refer to Note 11 in the half year report.*

Dividends

No dividends have been declared in relation to the half year ended 31 December 2021.

A final dividend of \$2.7 million was paid during the period in relation to the financial year ended 30 June 2021.

Amount of dividend per security

		<u>Amount per security</u>	<u>Franked amount per security at 30%</u>
Interim dividend	current year	Nil	Nil
	previous year	Nil	Nil
Final dividend	current year	Nil	Nil
	previous year	3.0 cents	3.0 cents

The Company's Dividend Reinvestment Plan has been reinstated.

Net Tangible Assets Per Security

As at 31 December 2021	0.43
As at 31 December 2020	0.39

The financial information provided in Appendix 4D is based on the half year condensed consolidated financial report

The attached financial statements and Directors' declaration have been subject to an independent review.



Coventry Group Ltd

and its controlled entities

Financial report for the half year ended 31 December 2021

This half year financial report is to be read in conjunction with the financial report for the year ended 30 June 2021.

Our Values

At Coventry Group, we value
Fairness, Integrity, Respect, Safety and Teamwork.

Above all, we value
Our People, Our Customers and Our Suppliers.



Coventry Group Ltd and its controlled entities

Financial report for the half year ended 31 December 2021

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Coventry Group Ltd

Directors' Report

For the half year ended 31 December 2021

The Directors present their report on the Consolidated entity consisting of Coventry Group Ltd and controlled entities at the end of, or during, the half year ended 31 December 2021. Throughout the report, the Consolidated entity is referred to as the Group.

Directors

The Directors of the Company at any time during the half year ended 31 December 2021 and up to the date of this report are:

Neil George Cathie, Chairman
Robert James Bulluss, Managing Director and Chief Executive Officer
Andrew William Nisbet
James Scott Charles Todd
Anthony John Howarth

Review of operations

Trading performance improved during H1 FY22 with the Group delivering growth in both EBITDA and EBIT despite COVID-19 related disruptions. Group sales growth for H1 FY22 of 13.9% compared with the prior corresponding period (pcp). Group sales at \$157.0m (\$137.8m H1 FY21). This growth was achieved despite the negative impact of an enforced New Zealand Government Alert 4 lockdown which we estimate negatively impacted sales in the order of \$3.0m.

Despite an estimated loss of \$750k of EBITDA due to the enforced lockdown in New Zealand, Group EBITDA of \$7.3m (\$7.0m H1 FY21). Proforma EBITDA up 15% compared with the pcp. Statutory net profit for the half year \$2.4m (\$1.1m H1 FY21).

The Group has a solid balance sheet with Net Tangible Assets of \$39.5m and Net Assets of \$111.1m as at 31 December 2021. Net debt of \$26.9m as at 31 December 2021 (\$16.3m as at 30 June 2021), predominantly due to increasing inventory by \$11.3m due to price inflation and planned increases in stock levels to mitigate supply chain issues.

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

COVID-19

All business units are operating with COVID-safe plans. We are managing the impact of supply chain issues, stock shortages, labour shortages and significant price inflation including maintaining above normal inventory levels.

Sales growth

Percentage sales growth change for H1 FY22 when compared with the prior corresponding period is shown below:

Revenue change	Half year FY22 vs Half year FY21 % sales change
Fluid Systems	+15.0%
Trade Distribution	+12.5%
Consolidated Group	+13.9%

Coventry Group Ltd

Directors' Report

For the half year ended 31 December 2021

Segment commentary

Fluid Systems (FS) sales up 15.0% on the pcp. H1 FY21 included \$5.0m sales from the large \$7.9m order delivered in FY21. EBITDA for FS was \$6.3m compared to \$6.7m in H1 FY21.

Trade Distribution (TD) sales up 12.5% on the pcp. Konnect and Artia Australia up 19.6% on the pcp. EBITDA for TD was \$7.6m compared to \$5.7m in H1 FY21.

Net debt position

Net debt as at 31 December 2021 of -\$26.9m (Net debt as at 30 June 2021 of -\$16.3m). Net Debt was impacted by:

- Increased inventory levels during the half of \$11.3m as a result of price inflation and to ensure high customer service levels while there are supply chain issues resulting from the COVID-19 pandemic.
- Capital expenditure of \$2.3m.

Our priority has been to maintain service levels to our customers during unprecedented uncertainty. In FY22 we will continue to take action to prudently manage inventory levels, collections and operating costs to improve our cash position.

Balance sheet

The Group has a solid working capital position with Current Assets exceeding Current Liabilities by \$34.0m at 31 December 2021.

The Group has a solid balance sheet with Net Tangible Assets of \$39.5 and Net Assets of \$111.1m as at 31 December 2021.

Dividends

The Board holds the view that in the context of current capital needs, a single final dividend is appropriate. The Company recommenced payment of a final dividend in FY21 and it is the Board's plan that this occurs in following years subject to the earnings and financial position of the Company.

Outlook

The markets in which FS and TD operate are to date performing well in FY22. Whilst pleased to report continuing positive performance, we are not providing FY22 guidance due to continuing COVID-19 uncertainty.

AASB16 Leases

EBIT and EBITDA exclude the impact of AASB16 Leases.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of this report.

Coventry Group Ltd
Directors' Report
For the half year ended 31 December 2021

Rounding of amounts

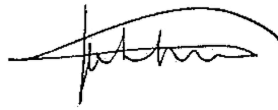
The company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



N.G. Cathie
Chairman

Melbourne
24 February 2022



R.J. Bulluss
Chief Executive Officer and Managing Director

Melbourne
24 February 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Coventry Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Coventry Group Ltd for the half-year ended 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contravention of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink that reads 'J. Carey.' The signature is written in a cursive style with a large initial 'J' and a period at the end.

J Carey

Partner

Melbourne

24 February 2022

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of profit or loss
For the half year ended 31 December 2021

	Note	31 December 2021 \$'000	31 December 2020* \$'000
Revenue from sale of goods		156,961	137,776
Cost of sales		(94,863)	(85,994)
Gross profit		62,098	51,782
Other income		2,040	1,282
Employment costs		(36,712)	(29,510)
Depreciation and amortisation expense	4,5,6	(7,148)	(5,458)
Occupancy costs		(962)	(1,052)
Communication costs		(1,661)	(1,523)
Freight		(4,172)	(3,288)
Vehicle operating costs		(1,030)	(849)
Significant costs	9	(410)	(2,109)
Other expenses		(5,900)	(4,839)
Profit/(Loss) before financial income and tax		6,143	4,436
Financial income, including net foreign exchange gain		79	29
Financial expense, including net foreign exchange loss		(2,584)	(3,041)
Net financial expense		(2,505)	(3,012)
Profit/(Loss) before income tax		3,638	1,424
Income tax benefit/(expense)		(1,219)	(304)
Profit/(Loss) for the half year		2,419	1,120
Earnings/(loss) per share:			
Basic earnings/(loss) per share:		2.7 cents	1.2 cents
Diluted earnings/(loss) per share:		2.6 cents	1.2 cents

The condensed consolidated statement of profit or loss is to be read in conjunction with the accompanying notes to the consolidated financial statements.

* The comparative information has been restated on account of a change in accounting policies. See Note 11.

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of comprehensive income
For the half year ended 31 December 2021

	31 December 2021 \$'000	31 December 2020* \$'000
Profit/(Loss) for the half year	2,419	1,120
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences	(12)	(34)
Effective portion of changes in fair value of cash flow hedges	108	(324)
Other comprehensive income/(loss) for the half year, net of income tax	96	(358)
Total comprehensive profit/(loss) for the half year	2,515	762

The condensed consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated financial statements.

* The comparative information has been restated on account of a change in accounting policies. See Note 11.

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of financial position
As at 31 December 2021

	Note	31 December 2021 \$'000	30 June 2021 \$'000
Assets			
Cash and cash equivalents		9,581	8,221
Trade and other receivables		39,832	43,464
Inventories		75,171	63,913
Other financial assets		2,944	3,958
Other current assets		4,863	3,481
Income tax refundable		220	200
Total current assets		132,611	123,237
Other receivables		1,707	1,817
Deferred tax assets		22,836	23,778
Property, plant and equipment	4	10,543	9,180
Right-of-use assets	5	40,706	41,449
Intangible assets	6	48,758	49,211
Total non-current assets		124,550	125,435
Total assets		257,161	248,672
Liabilities			
Trade and other payables		43,712	49,117
Employee benefits		7,681	6,773
Interest-bearing loans and borrowings	7	36,473	24,500
Provisions		823	-
Lease liability		9,984	9,304
Total current liabilities		98,673	89,694
Employee benefits		376	410
Other payables		313	340
Provisions		2,119	3,771
Lease liability		44,559	44,689
Total non-current liabilities		47,367	49,210
Total liabilities		146,040	138,904
Net assets		111,121	109,768
Equity			
Issued capital	8	151,618	149,773
Reserves		(4,086)	(3,896)
Profit reserve		6,944	7,246
Accumulated losses		(43,355)	(43,355)
Total equity		111,121	109,768

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities

Condensed consolidated statement of changes in equity
For the half year ended 31 December 2021

	Hedge reserve	Translation reserve	Other reserve	Total reserves	Profit reserve	Share capital	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2021	32	(1,980)	(1,948)	(3,896)	7,246	149,773	(43,355)	109,768
Total comprehensive (loss)/income for the half year								
Profit for the half year	-	-	-	-	-	-	2,419	2,419
Other comprehensive (loss)/income for the half year:								
Foreign currency translation differences	-	(12)	-	(12)	-	-	-	(12)
Effective portion of changes in fair value of cash flow hedges	108	-	-	108	-	-	-	108
Total other comprehensive (loss)/income	108	(12)	-	96	-	-	-	96
Total comprehensive (loss)/income for the half year	108	(12)	-	96	-	-	2,419	2,515
Transactions with owners, recorded directly in equity								
Share issue	-	-	-	-	-	1,851	-	1,851
Share issue costs	-	-	-	-	-	(6)	-	(6)
Equity-settled share-based payments	-	-	(286)	(286)	-	-	-	(286)
Dividends	-	-	-	-	(2,721)	-	-	(2,721)
Transfer to Profit Reserve	-	-	-	-	2,419	-	(2,419)	-
Balance at 31 December 2021	140	(1,992)	(2,234)	(4,086)	6,944	151,618	(43,355)	111,121

Amounts are stated net of tax

	Hedge reserve	Translation reserve	Other reserve	Total reserves	Profit reserve*	Share capital	Accumulated losses*	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2020	-	(1,814)	(3,574)	(5,388)	-	149,617	(42,109)	102,120
Total comprehensive (loss)/income for the half year								
Profit for the half year	-	-	-	-	-	-	1,120	1,120
Other comprehensive (loss)/income for the half year:								
Foreign currency translation differences	-	(34)	-	(34)	-	-	-	(34)
Effective portion of changes in fair value of cash flow hedges	(324)	-	-	(324)	-	-	-	(324)
Total other comprehensive (loss)/income	(324)	(34)	-	(358)	-	-	-	(358)
Total comprehensive (loss)/income for the half year	(324)	(34)	-	(358)	-	-	1,120	762
Transactions with owners, recorded directly in equity								
Share issue	-	-	-	-	-	158	-	158
Share issue costs	-	-	-	-	-	(2)	-	(2)
Transfer to Profit Reserve	-	-	-	-	1,120	-	(1,120)	-
Balance at 31 December 2020*	(324)	(1,848)	(3,574)	(5,746)	1,120	149,773	(42,109)	103,038

Amounts are stated net of tax

* The comparative information has been restated on account of a change in accounting policies. See Note 11.

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of cash flows
For the half year ended 31 December 2021

	Note	31 December 2021 \$'000	31 December 2020 \$'000*
Cash flows from operating activities			
Cash receipts from customers		180,095	150,436
Cash paid to suppliers and employees		(178,971)	(144,020)
Cash from/ (used in) operations		1,124	6,416
Interest paid		(2,489)	(2,649)
Income taxes refunded/(paid)		(396)	(46)
Net cash from/ (used in) operating activities		(1,761)	3,721
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		75	76
Interest received		143	106
Payments for acquisition of businesses, net of cash acquired		-	(5,699)
Acquisition of property, plant and equipment	4	(2,324)	(1,806)
Acquisition of intangible assets	6	(87)	(76)
Net cash used in investing activities		(2,193)	(7,399)
Cash flows from financing activities			
Proceeds from Borrowings		214,500	136,916
Repayment of Borrowings		(202,527)	(133,745)
Repayment of Lease liabilities		(5,065)	(4,067)
Share issue costs		(6)	(2)
Dividends paid	8	(1,556)	-
Net cash from/ (used in) financing activities		5,346	(898)
Net increase/(decrease) in cash and cash equivalents		1,392	(4,576)
Cash and cash equivalents at the beginning of the half year		8,221	7,542
Effects of movements in exchange rates on cash and cash equivalents		(32)	(115)
Cash and cash equivalents at 31 December		9,581	2,851

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the consolidated financial statements.

* The comparative information has been restated on account of a change in accounting policies. See Note 11.

Coventry Group Ltd and its controlled entities

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2021

1. Significant accounting policies

Coventry Group Ltd (the “Company”) is a for profit company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2021 comprises the Company and its controlled entities (together referred to as the “Group”).

During the period the Company has entered into a deed of cross-guarantee with its subsidiary entities. Under the deed of cross-guarantee, each body has guaranteed that the debts to each creditor of each other body which is a party to the deed will be paid in full in accordance with the deed.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2021 are available upon request from the Company's registered office at 235 Settlement Road, Thomastown VIC 3074, Australia or at www.cgl.com.au.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2021.

The Group primarily is involved in the distribution of industrial products and the provision of fluid products and services.

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 February 2022.

a) Statement of compliance

The condensed consolidated interim financial statements for the half year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2021. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2021.

b) Basis of preparation

The interim report is presented in Australian Dollars. The interim report is prepared on the historical cost basis except share-based payments and derivative financial instruments which are stated at their fair value.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the half year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

c) Judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.

Coventry Group Ltd and its controlled entities
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2021

1. Significant accounting policies (continued)

d) Going concern

In preparing the half year financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern, which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the half year financial report. The Directors have a reasonable expectation that the Group will have adequate resources to continue to meet its obligations as they fall due.

2. Segment information

a) Description of segments

The Group has reportable segments as described below. For each of the strategic operating segments, the CEO reviews internal management accounts on a monthly basis. The following summary describes the operations of each of the Group's reportable operating segments:

Trade Distribution	Includes the importation, distribution and marketing of industrial fasteners, industrial hardware supplies and associated products and cabinet making hardware.
Fluid Systems	Includes the design, manufacture, distribution, installation and maintenance of lubrication and hydraulic fluid systems and hoses.

b) Information about reportable segments[#]

Information regarding the results of each reportable segment is included below.

	Trade Distribution	Fluid Systems	Other business units and consolidation adjustments	Total reportable segments
31 December 2021	\$'000	\$'000	\$'000	\$'000
Segment revenue	92,825	64,021	-	156,846
Inter-segment revenue	-	-	-	-
Revenue from external customers	92,825	64,021	-	156,846
Timing of revenue recognition at point in time	92,825	62,478	-	155,303
over time	-	1,543	-	1,543
	92,825	64,021	-	156,846
EBITDA^{##}	7,573	6,274	(6,516)	7,331
Depreciation and amortisation	377	441	739	1,557
EBIT^{##}	7,196	5,833	(7,255)	5,774

[#] EBITDA and EBIT are non-IFRS measures and reflect how management measures performance of the Group.

^{##} EBITDA is earnings before interest, tax, depreciation, amortisation and has been adjusted to exclude leases and significant items. EBIT is earnings before interest and tax and has been adjusted to exclude leases and significant items.

Coventry Group Ltd and its controlled entities
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2021

2. Segment information (continued)

b) Information about reportable segments (continued)

	Trade Distribution	Fluid Systems	Other business units and consolidation adjustments	Total reportable segments
31 December 2020	\$'000	\$'000	\$'000	\$'000
Segment revenue	82,516	55,662	(61)	138,117
Inter-segment revenue	-	-	-	-
Revenue from external customers	82,516	55,662	(61)	138,117
Timing of revenue recognition at point in time	82,516	55,662	(61)	138,117
over time	-	-	-	-
	82,516	55,662	(61)	138,117
EBITDA##	5,655	6,715	(5,364)	7,006
Depreciation and amortisation	307	359	657	1,323
EBIT##	5,348	6,356	(6,021)	5,683

c) Other segment information

i. Segment Revenue

A reconciliation of segment revenue to total revenue from sale of goods in the Condensed consolidated statement of profit or loss is provided as follows:

	2021 \$'000	2020 \$'000
Total segment revenue	156,846	138,117
Foreign exchange translation variance	115	(341)
Total revenue	156,961	137,776

ii. Segment Operating Profit/(Loss)

The performance of the Group's reportable segments is based on EBIT (Earnings before Interest, Tax, significant items and the effects of AASB 16 Leases). A reconciliation of EBIT to operating profit/(loss) in the condensed consolidated statement of profit or loss is provided as follows:

	2021 \$'000	2020 \$'000
Total segment EBIT	5,774	5,683
Foreign exchange translation variance	3	(22)
Significant costs	(410)	(2,109)
Net financing expense, excluding interest on lease liabilities (AASB16)	(532)	(698)
Other adjustments	182	126
Income tax expense	(1,630)	(771)
<i>Impact of AASB16</i>		
Depreciation of Right-of-use Assets	(5,772)	(4,262)
Net Interest on lease liabilities and sub-lease investment	(1,972)	(2,314)
Reversal of net rent and lease payments and receivables	6,365	5,020
Income tax benefit	411	467
Total operating profit (loss)	2,419	1,120

Coventry Group Ltd and its controlled entities
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2021

3. Business combination

Prior period business combination provisional amounts finalised

At 30 June 2021 the amounts disclosed as the fair value of the identifiable assets and liabilities acquired in the business combination of H.I.S Hose on 1 December 2020 were presented as provisional amounts. The amounts have now been finalised and there have been no changes to the provisional amounts of the fair value of assets and liabilities acquired.

The final acquisition accounting for H.I.S Hose is summarised below:

	\$'000
Purchase consideration	
Cash paid	4,641
Total purchase consideration	4,641
	Fair value
	\$'000
Inventories	2,798
Prepayments	13
Property, plant and equipment	321
Net deferred tax assets	214
Right-of-use assets	1,124
Employee benefit obligations	(713)
Lease liabilities	(1,124)
Net identifiable assets acquired	2,633
Add: Goodwill on acquisition	2,008
Purchase consideration	4,641

Prior period business combination provisional amounts not yet finalised

During the period there have been no changes to the provisional amounts of the fair value of identifiable assets and liabilities relating to the acquisition of Fluid Power Services, acquired on 30 April 2021, as disclosed in the 30 June 2021 annual financial report. The finalised amounts will be presented in the 30 June 2022 annual report.

4. Property, plant and equipment

	Plant and equipment
	\$'000
Cost at 1 July 2021	49,604
Accumulated depreciation at 1 July 2021	(40,424)
Carrying amounts at 1 July 2021	9,180
Additions	2,324
Depreciation for the period	(836)
Disposals	(135)
Effects of movements in foreign exchange	10
Carrying amount at 31 December 2021	10,543

Coventry Group Ltd and its controlled entities
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2021

5. Right-of-use assets

	Property \$'000	Vehicles \$'000	Total \$'000
Carrying amounts at 1 July 2021	38,159	3,290	41,449
Additions	918	765	1,683
Terminations	-	-	-
Lease reassessments	1,623	1,658	3,281
Depreciation for the period	(4,124)	(1,648)	(5,772)
Effect of movements in foreign exchange	63	2	65
Carrying amount at 31 December 2021	36,639	4,067	40,706

6. Intangible assets

	Goodwill \$'000	Brand names \$'000	Customer relationships \$'000	Computer software \$'000	Total \$'000
Carrying amounts at 1 July 2021	30,310	11,376	4,679	2,846	49,211
Additions	-	-	-	87	87
Amortisation for the period	-	-	(305)	(235)	(540)
Carrying amounts at 31 December 2021	30,310	11,376	4,374	2,698	48,758

7. Interest bearing loans and borrowings

	31 December 2021 \$'000	30 June 2021 \$'000
Borrowing facility	36,473	24,500
Total interest-bearing loans and borrowings	36,473	24,500

Borrowing Base facility

The Group has a \$45.0 million Borrowing Base facility against eligible inventory and debtors with a current expiry of March 2024. The facility is subject to a floating interest on funds drawn. The facility limit is scalable for future growth. The facility is revolving in nature, with short term drawdowns and subject to a floating interest rate on funds drawn.

Guarantee facility

In addition to the borrowing facilities above, the Group has a \$5.0 million Standby Letter of Credit to provide security for Transactional Banking, Bank Guarantees, FX and other transactional facilities up to the limit specified in each individual guarantee.

ANZ Facilities

The Group maintains a small residual intraday facility with ANZ which will be closed upon full transition of transactional banking to the NAB.

Coventry Group Ltd and its controlled entities

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2021

8. Capital and reserves

Performance rights

In July 2021, 572,424 performance rights were granted in accordance with the Executive and Director Incentive Plan with a fair value of \$1.79 per right.

Share Capital

In September 2021, 677,334 performance rights were converted to ordinary shares at a weighted average fair value of \$1.01 per performance right.

Total expenses arising from share-based payment transactions during the year was \$400,000.

Dividends

A final dividend of \$2.7 million (3 cents per share, fully franked) in relation to the financial year ended 30 June 2021 was declared and paid by the Group in the 6 months ended 31 December 2021 (2020: nil). Final dividend paid includes dividend reinvested of \$1.2 million.

9. Significant costs

	For the 6 months ended 31 December	
	2021	2020
	\$'000	\$'000
Software-as-a-Service (SaaS) related costs	(258)	(1,780)
Other	(152)	(329)
	(410)	(2,109)

10. Events occurring after the reporting period

Other than the matters outlined elsewhere in the Group's half year financial statements, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs on the Group in subsequent accounting periods.

11. Changes to accounting policy

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- *Customer's right to receive access to the software hosted on the cloud* (March 2019). This decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- *Configuration or customisation costs in a cloud computing arrangement* (April 2021). This decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Group's accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has resulted in recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/ prior periods presented.

Coventry Group Ltd and its controlled entities
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2021

11. Changes to accounting policy (continued)

Historical financial information has been restated to account for the impact of the change in accounting policy in relation to SaaS arrangements, as follows:

Condensed consolidated statement of financial position

31 December 2020 \$'000	As previously reported	Adjustments	As restated
Deferred tax asset	19,146	496	19,642
Intangible assets	49,604	(1,654)	47,950
Total non-current assets	120,348	(1,158)	119,190
Total assets	224,157	(1,158)	222,999
Net assets	104,196	(1,158)	103,038
Profit reserve	2,278	(1,158)	1,120
Total equity	104,196	(1,158)	103,038

Condensed consolidated statement of comprehensive income

31 December 2020 \$'000	As previously reported	Adjustments	As restated
Restructuring and other significant costs	(329)	(1,780)	(2,109)
Depreciation and amortisation	(5,584)	126	(5,458)
Profit/(loss) before financial income and tax	6,090	(1,654)	4,436
Profit/(loss) before tax	3,078	(1,654)	1,424
Income tax benefit/(expense)	(800)	496	(304)
Profit for year	2,278	(1,158)	1,120
Total comprehensive income for year	1,920	(1,158)	762
Earnings per share			
Basic	2.5 cents		1.2 cents
Diluted	2.5 cents		1.2 cents

Condensed consolidated statement of cash flows

31 December 2020 \$'000	As previously reported	Adjustments	As restated
Cash paid to suppliers and employees	(143,743)	(277)	(144,020)
Cash from/ (used in) operations	6,693	(277)	6,416
Net cash from operating activities	3,998	(277)	3,721
Acquisition of intangible assets	(353)	277	(76)
Net cash from/ (used in) investing activities	(7,676)	277	(7,399)

Coventry Group Ltd and its controlled entities
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2021

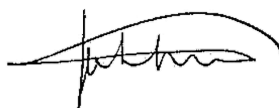
In the opinion of the Directors of Coventry Group Ltd ("the Group"):

1. the condensed consolidated interim financial statements and notes, set out on pages 7 to 18, are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of their performance, for the half year ended on that date; and
 - b) complying with Australian Accounting Standards AASB 134 '*Interim Financial Reporting*' and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



N.G. CATHIE
Chairman
Melbourne
24 February 2022



R.J. BULLUSS
Chief Executive Officer and Managing Director
Melbourne
24 February 2022



Independent Auditor's Review Report

To the shareholders of Coventry Group Ltd

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Coventry Group Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Coventry Group Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2021;
- Condensed consolidated statement of profit or loss, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Coventry Group Ltd (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report 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 *Australian Auditing Standards* 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.

KPMG

KPMG

J Carey

Partner

Melbourne

24 February 2022