Coventry Group Ltd

ASX RELEASE — CYG – Q4 FY26 Trading Update

17 July 2026

Coventry Group Ltd (ASX: CYG) is pleased to provide an update to the Group's trading performance for Q4 of FY26. The result confirms the Group's operational turnaround is continuing to gain traction.

Trading update

Unaudited Q4 FY26 Sales were $98.5m, growing 11.7% on Q3 FY26 and 6.0% on the prior corresponding quarter (Q4 FY25). Pre AASB16 EBITDA was $4.1m, almost doubling quarter-on-quarter (up from $2.1m in Q3 FY26) and improving materially from approximately breakeven in Q4 FY25.

Q4 FY26 marks the second consecutive quarter of EBITDA improvement since the Group's near-breakeven result in Q2 FY26. Trading in the quarter reflected the strength of the Group's strategy and value proposition, combined with an uplift in core market activity in Australia and New Zealand.

Second half FY26 EBITDA of $6.2m almost doubled the first half result of $3.2m on broadly flat sales, demonstrating the operating leverage in the business and a strong exit run rate heading into FY27.

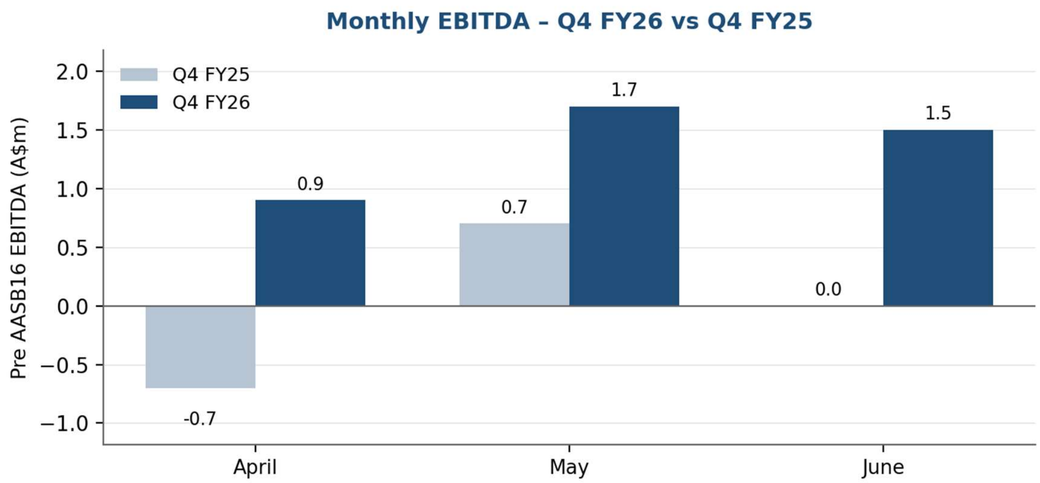
The improvement reflects the progressive realisation of benefits from our "back to basics" operating improvement initiatives across sales, gross margins and operating costs, which were only nominally reflected in first half earnings.

Segment (A$m)	Q4 FY26	vs Q4 FY25 (pcp)		vs Q3 FY26 (QoQ)		FY26 vs FY25	
	Actual	Actual	Change	Actual	Change	Actual	Change
Trade Distribution	58.6	54.1	+8.3%	52.2	+12.3%	223.2	+2.5%
Fluid Systems	39.9	38.8	+2.8%	36.0	+10.9%	152.1	+3.2%
Group Sales	**98.5**	**92.9**	**+6.0%**	**88.2**	**+11.7%**	**375.3**	**+2.8%**
Group EBITDA[1] [2]	**4.1**	**0.0**	**n.m.[3]**	**2.1**	**+96.2%**	**9.4**	**-23.7%**

Note 1: All references to EBITDA are to unaudited normalised Pre AASB16 EBITDA before Significant Items

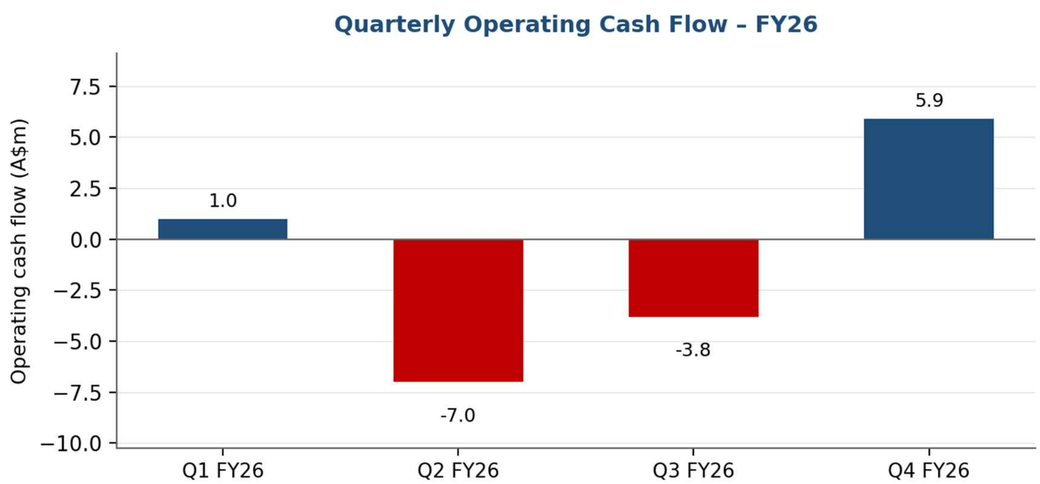
Note 2: Results are presented on a constant currency basis, which restates New Zealand results at the prior corresponding period's average NZD/AUD exchange rate to remove the impact of currency translation. On a reported basis, at actual average exchange rates, FY26 EBITDA would be approximately $0.27m lower than the constant currency figure presented.

Note 3: Percentage movement not meaningful as Q4 FY25 EBITDA was approximately breakeven.



Cash flow

The Group generated positive operating cash flow of $5.9m in Q4 FY26, a significant improvement on the quarterly cash flow performance recorded earlier in the financial year and the strongest quarterly result of FY26. This outcome reflects improved earnings, disciplined working capital management and the benefits of our inventory optimisation program.



Cost-out program – $10m target achieved

The Group achieved its cost out target of $10m in annualised savings, up from the $5.1m reported at the half year. The full run-rate benefit of these savings will be progressively reflected in monthly operating expenses, materially lowering the Group's cost base and accelerating earnings momentum heading into FY27.

Management has identified further efficiency opportunities across the business and the cost-out program remains ongoing. Importantly, the savings delivered are expected to enable the Group to broadly hold its cost base in an inflationary operating environment, absorbing upward pressure on wages, rents and other operating costs. This positions the Group so that the benefits of continued sales growth and gross margin initiatives flow more directly through to earnings in FY27.

Funding

The Group has received waivers from its lender, National Australia Bank (NAB), in respect of the June 2026 quarter covenant testing. As weaker prior trading periods progressively roll out of the trailing 12-month EBITDA covenant calculation, the Group's covenant position is expected to continue to improve in future testing periods, supported by the earnings improvement delivered in the second half of FY26.

The Group is also working constructively with NAB on an extension of its financing facility, which is due to expire in July 2027. These discussions are positive and the Group will update the market as appropriate. The Group maintains sufficient liquidity of $14.9m at 30 June 2026 and has the ongoing support of the bank.

Balance sheet review and one-off adjustments

Over the past four months the Group has undertaken a comprehensive inventory verification and optimisation program, including a detailed stocktake covering approximately 88% of the value of the Group's inventory holdings.

The stocktake resulted in a write-off of $2.3m, which included disposal of identified obsolete stock. In addition, the Group has revised its inventory provisioning methodologies, resulting in a further one-off impact of $2.1m.

The Group has also written off $1.1m relating to a job management system previously capitalised as part of the ERP upgrade program, and has made an adjustment to employee leave provisioning, resulting in a further one-off impact of $0.55m.

These adjustments are one-off and non-cash in nature and provide a clean, well-verified balance sheet heading into FY27, supporting improved stock accuracy and working capital efficiency going forward.

Outlook

The Group enters FY27 with positive momentum. Sales growth has continued across both Trade Distribution and Fluid Systems, gross margin initiatives are gaining traction, and the full benefit of the $10m cost out program is yet to be reflected in run-rate earnings. Momentum in New Zealand is accelerating and the integration of Steelmasters is progressing to plan, with operational consolidation activities advancing and management confident in the medium-term synergy opportunities. The integration is expected to be substantially complete over the coming six months, representing a further source of earnings uplift and operating leverage.

With these initiatives now largely embedded, the Board and management are confident that the earnings trajectory established in the second half of FY26 provides a strong foundation for improved financial performance in FY27.

There is no material update to provide in relation to the strategic review announced on 23 January 2026, which remains ongoing. A further update will be provided as part of the Company's FY26 full year results announcement.

Authorised for release by the Board of Directors of Coventry Group Limited.

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