

ASX Announcement

25 February 2021

HY21 Report

Proudly essential for 100 years

Reece Limited ("**Reece Group**"; ASX:REH) announces record financial results for the half-year ending 31 December 2020.

Attached is the HY21 Appendix 4D and half-year financial report.

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This announcement has been authorised by Chantelle Duffy, Company Secretary at the direction of the Board of Directors.

About the Reece Group

Reece Group is a leading distributor of plumbing, waterworks and HVAC-R products to commercial and residential customers through over 800 branches in Australia, New Zealand and the United States.

Established in 1920 and listed on the Australian Securities Exchange (ASX: REH), Reece Group has approximately 8,000 employees committed to improving the lives of its customers by striving for greatness every day.

For further information on Reece Group and its portfolio of businesses please visit www.reecegroup.com.au.

Appendix 4D

Half-year report for the six months ended 31 December 2020

1. Reporting period

Report for the half-year ended 31 December 2020. The information in this report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2020.

Previous corresponding period is the financial year ended 30 June 2020 and half-year ended 31 December 2019.

2. Results for announcement to the market

			\$A'000
Revenues from sale of goods	Up	3.8%	3,073,532
EBITDA excluding business acquisition costs and finance income/(costs), net	Up	11.8%	349,452
EBIT	Up	15.4%	236,448
Statutory net profit after tax	Up	17.3%	123,043
Net profit for the period attributable to members	Up	17.3%	123,043
Dividends	Amount per security	Franked amount per security	
Interim dividend	6.0 cents	6.0 cents	
Previous corresponding period – interim dividend	6.0 cents	6.0 cents	
Record date for determining entitlements to the dividend is 30 March 2021 to be paid on 15 April 2021.			

Review of Operations

Refer to the Review of Operations contained in the financial report for the half-year ended 31 December 2020.

3. Details of entities over which control has been gained during the period

Not applicable.

4. Net tangible assets per security

	31 Dec 2020	31 Dec 2019
Net tangible asset backing per ordinary security	146 cents	13 cents

Explanatory note: In May 2020, Reece Limited issued 85,161,326 new shares as part of the \$647 million equity raise.

Appendix 4D

Half-year report for the six months ended 31 December 2020

5. Dividends	31 Dec 2020	31 Dec 2019
	\$A'000	\$A'000
Dividends paid during the half-year (fully franked)	38,759	79,917

The final dividend relating to the year ended on 30 June 2020 of 6.0 cents (30 June 2019: 14.25 cents) was paid on 28 October 2020.

On 25 February 2021, the directors declared a fully franked dividend of 6.0 cents per fully paid ordinary share (31 December 2019: 6.0 cents) with a record date of 30 March 2021 and payment date of 15 April 2021.

6. The financial information provided in the Appendix 4D is based on the half-year financial report (attached).

7. Independent review of the financial report

The financial report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

25 February 2021
Melbourne

Chantelle Duffy
Company Secretary

Financial report

**for the half-year
to 31 December 2020**

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Directors' Report

The Directors present their report together with the condensed financial report of the consolidated entity consisting of Reece Limited and the entities it controlled (the 'Group' or 'Reece'), for the half-year ended 31 December 2020 and independent review report thereon. This financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

Directors' Names

The names of the Directors in office at any time during the period until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

L. Alan Wilson
Peter Wilson
Tim Poole
Bruce C. Wilson
Megan Quinn
Andrew Wilson
Georgina Williams (ceased 29 October 2020)

Review of Operations

	31 December 2020 (\$000's)	31 December 2019 (\$000s)	Variance %
Sales	3,073,532	2,961,668	3.8%
Normalised EBITDA*	349,452	312,706	11.8%
EBIT	236,448	204,861	15.4%
Statutory net profit after tax	123,043	104,930	17.3%
EPS (cents)	19.0	18.7	2%
Dividends per share (cents)	6.0	6.0	-

HY21 has seen the Group continue to execute its strategy with resilient financial results. Sales revenue has increased by 3.8% to \$3,074m (HY20: \$2,962m), driven by increased sales in all geographic locations during the period. Normalised EBITDA¹ was up 11.8% to \$349m (HY20: \$313m) and statutory net profit after tax grew 17.3% to \$123m (HY20: \$105m).

Throughout the uncertainty of COVID-19, the Group has continued to accelerate its strategies across both of its geographical regions. In the US the focus has been improving the operational foundations of the business, investing in talent and elevating customer service levels. In the Australian and New Zealand region, the focus remained on the provision of customised service enhanced by digital solutions. The Group has maintained a continued focus on operational discipline and implementing strategies to drive efficiency.

The health and safety of our people and customers is a priority at Reece. In the US region, approximately 250 stores were impacted by COVID-19 during the period. The Group developed an efficient process for testing staff, deep cleaning branches and communicating with our stakeholders. This process ensured that our people and customers remained as safe as possible whilst maintaining service levels. The Australia and New Zealand ('ANZ') region worked within various geographical restrictions to ensure we could continue to safely support the essential work of our customers.

Despite disruptions, our branches remained open when possible, as such, the Group did not receive JobKeeper or any other government stimulus during this period. The financial performance of the Group for the six months ended 31 December 2020 has not been materially impacted by COVID-19.

¹ Normalised EBITDA excludes business acquisition costs and finance income/ (costs) net.

Directors' Report

Review of Operations (cont)

US Region

In the US region, sales revenue increased by 1% to \$1,509m (HY20 \$1,496m) which represented an uplift of 7% on a constant currency (US Dollar) basis. COVID-19 has consistently impacted our US operations, through restrictions in certain states, short-term branch closures and increased cost of doing business. During HY21, the US region continued to optimise its branch network, with a total of 189 branches at 31 December 2020.

The Group continues to follow an insight led approach to understanding the end markets and customers. These insights have led us to trialling a new store design format at three branches. Concept branches provide the flexibility to test, learn and iterate, ultimately guiding the long-term approach for the network across the growing Sun-Belt region.

ANZ Region

In the ANZ region, sales revenue increased by 7% to \$1,564m (HY20: \$1,465m) in a market that continues to be impacted by operational COVID-19 restrictions.

Reece continues to deliver customised service, through quality products, strong relationships and expertise, alongside an innovation focus. The Group's footprint in ANZ remain consistent with a total of 640 branches at 31 December 2020.

Reece Cares

Supporting those who need it most has never been more important. Through the Group's corporate and social responsibility strategy, Reece Cares, the business strives to improve the lives of its customers and people, while having a lasting impact on the community.

There are five pillars to the Reece Cares initiative, The Reece Grant, Reece Gives, Reece Wellness, Reece Reconciliation and Reece Partners. Reece supports three charity partners that align with the causes affecting our people, customers and the industry as a whole.

Dividends

The Board has declared an interim dividend of 6.0 cents per share (HY20: 6.0 cents per share), fully franked with a record date of 30 March 2021 and payment date of 15 April 2021.

Significant changes in the state of affairs

There have been no significant changes in the Group's state of affairs during the financial period.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Signed in accordance with a resolution of Directors.



L.A. Wilson
Executive Chair

Melbourne
25 February 2021



P.J. Wilson
Group Chief Executive Officer



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

To the Directors of Reece Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Reece Limited for the half-year ended 31 December 2020 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 contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'BW Szentirmay'.

BW Szentirmay

Partner

Melbourne

25 February 2021

Condensed Consolidated Income Statement and Other Comprehensive Income

for the half-year ended 31 December 2020

	Notes	31 Dec 2020 (\$000's)	31 Dec 2019 (\$000's)
Revenue			
Revenue from sale of goods	2	3,073,532	2,961,668
Other income		3,945	1,697
		3,077,477	2,963,365
Less: Expenses			
Cost of sales		2,216,171	2,133,290
Employee benefits expense		348,726	345,040
Depreciation		90,864	89,287
Amortisation		22,054	17,410
Business acquisition costs		86	1,148
Other expenses		163,128	172,329
		2,841,029	2,758,504
Operating profit		236,448	204,861
Finance income	3(a)	-	517
Finance cost	3(b)	(66,561)	(54,691)
Profit before income tax expense		169,887	150,687
Income tax expense		(46,844)	(45,757)
Net profit after tax		123,043	104,930
Other comprehensive income			
<i>Items that will not be reclassified subsequently to the income statement:</i>			
Share-based payment reserve		230	96
		230	96
<i>Items that may be reclassified subsequently to the income statement</i>			
Items that may be reclassified subsequently to the income statement (net of tax):			
Exchange differences on translation of foreign operations, net of tax		(66,115)	1,675
Change in fair value of effective cash flow hedges, net of tax		(66,738)	1,725
		(132,853)	3,400
Total comprehensive income/(loss), net of tax		(9,580)	108,426
Basic earnings per share		19.0 cents	18.7 cents
Diluted earnings per share		19.0 cents	18.7 cents

Condensed Consolidated Statement of Financial Position

as at 31 December 2020

	Notes	31 Dec 2020 (\$000's)	30 Jun 2020 (\$000's)
Current assets			
Cash and cash equivalents		953,797	1,004,708
Trade and other receivables		854,723	931,628
Inventories		1,023,314	967,510
Total current assets		2,831,834	2,903,846
Non-current assets			
Property, plant and equipment	5	625,574	655,214
Right-of-use assets	5	615,815	688,408
Investments		11,830	1,718
Intangible assets	5	1,765,056	1,970,942
Deferred tax assets		51,657	49,808
Derivative financial instruments	9	-	73,949
Total non-current assets		3,069,932	3,440,039
Total assets		5,901,766	6,343,885
Current liabilities			
Trade and other payables		706,837	792,977
Lease liabilities		90,072	81,936
Interest bearing liabilities	7	16,050	18,013
Deferred consideration	6	40,484	45,433
Current tax liability		6,221	34,431
Provisions		74,254	69,374
Derivative financial instruments	9	55,616	33,290
Total current liabilities		989,534	1,075,454
Non-current liabilities			
Long-term payables		26,800	31,408
Interest bearing liabilities	7	1,548,865	1,747,219
Lease liabilities		557,317	633,732
Deferred tax payable		56,602	74,424
Provisions		5,443	5,444
Derivative financial instruments	9	15,658	26,318
Total non-current liabilities		2,210,685	2,518,545
Total liabilities		3,200,219	3,593,999
Net assets		2,701,547	2,749,886
Equity			
Contributed equity		1,246,918	1,246,918
Reserves		(102,239)	30,384
Retained earnings		1,556,868	1,472,584
Total equity		2,701,547	2,749,886

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2020

	Contributed equity (\$000's)	Reserves (\$000's)	Retained earnings (\$000's)	Total equity (\$000's)
Balance as at 1 July 2019	604,849	29,580	1,357,151	1,991,580
Profit for the half-year	-	-	104,930	104,930
Exchange differences on translation of foreign operations, net of tax	-	1,675	-	1,675
Change in fair value of effective cash flow hedges, net of tax	-	1,725	-	1,725
Total comprehensive income/(loss) for the half-year	-	3,400	104,930	108,330
Transactions with owners in their capacity as owners:				
• Share-based payments (Note 8)	-	96	-	96
• Dividends paid (Note 4)	-	-	(79,917)	(79,917)
Balance as at 31 December 2019	604,849	33,076	1,382,164	2,020,089

	Contributed equity (\$000's)	Reserves (\$000's)	Retained earnings (\$000's)	Total equity (\$000's)
Balance as at 1 July 2020	1,246,918	30,384	1,472,584	2,749,886
Profit for the half-year	-	-	123,043	123,043
Exchange differences on translation of foreign operations, net of tax	-	(66,115)	-	(66,115)
Change in fair value of effective cash flow hedges, net of tax	-	(66,738)	-	(66,738)
Total comprehensive income /(loss) for the half-year	-	(132,853)	123,043	(9,580)
Transactions with owners in their capacity as owners:				
• Share-based payments (Note 8)	-	230	-	230
• Dividends paid (Note 4)	-	-	(38,759)	(38,759)
Balance as at 31 December 2020	1,246,918	(102,239)	1,556,868	2,701,547

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2020

	31 Dec 2020 (\$000's)	31 Dec 2019 ¹ (\$000's)
Cash flow from operating activities		
Receipts from customers	3,327,691	3,253,948
Payments to suppliers and employees	(3,108,036)	(2,965,560)
Interest received	2,135	816
Finance costs	(37,779)	(42,354)
Income tax paid	(84,642)	(45,628)
Net cash provided by / (used in) operating activities	99,369	201,222
Cash flow from investing activities		
Purchase of property, plant and equipment	(27,683)	(46,678)
Proceeds from sale of property, plant and equipment	6,632	6,352
Purchase of intangibles	(3,220)	(13,716)
Purchase of controlled entities / investments	(9,606)	(172,482)
Net cash provided by / (used in) investing activities	(33,877)	(226,524)
Cash flow from financing activities		
Proceeds from borrowings	-	183,830
Repayments of borrowings	(8,361)	(53,622)
Payment of lease liabilities	(51,360)	(50,495)
Dividends paid	(38,759)	(79,917)
Net cash provided by / (used in) financing activities	(98,480)	(204)
Net increase / (decrease) in cash and cash equivalents	(32,988)	(25,506)
Net foreign exchange translation difference	(17,923)	1,136
Cash and cash equivalents at the beginning of the half-year	1,004,708	127,707
Cash and cash equivalents at 31 December	953,797	103,337

¹: 'Receipts from Customers' and 'Payments to suppliers and employees' have been restated to gross up for the impact of taxes. There is no impact to net cash provided/ (used in) operating activities as previously reported.

Notes

for the half-year to 31 December 2020

1: Notes to the condensed half-year financial report

About this report

This condensed half-year financial report for Reece Limited and its controlled entities (the Group) for the six months ended 31 December 2020 was authorised for issue in accordance with a resolution of the directors on 25 February 2021. The information in this report should be read in conjunction with the most recent annual financial report for the year ended 30 June 2020.

The financial report covers Reece Limited and controlled entities (the Group). Reece Limited is a company limited by shares, incorporated and domiciled in Australia. Reece Limited is a for-profit entity for the purpose of preparing the financial statements. The registered offices of Reece Limited is 118 Burwood Highway, Burwood, Victoria, 3125.

The Group is a leading supplier of plumbing, bathroom, heating, ventilation, waterworks, air conditioning and refrigeration products with operations in Australia, New Zealand and the United States of America. The Group's activities include importing, wholesaling, distribution, marketing and retailing. The Group supplies customers in the trade, retail, professional and commercial markets.

Statement of Significant Accounting Policies

The half-year consolidated financial statements have been prepared using consistent accounting policies as used in the annual financial statements for the year ended 30 June 2020. Several other amendments and interpretations also applied to the Group for the first time from 1 July 2020, but do not have an impact on the condensed half-year financial report of the Group.

The Group has not early adopted any standards or interpretations.

AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2

In September 2020, AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform Phase 2, amended standards including AASB 9 *Financial Instruments*, AASB 139 *Financial Instruments: Recognition and*

Measurement, AASB 7 *Financial Instruments: Disclosures* and AASB 16 *Leases* to address accounting issues arising following the transition to alternative benchmark rates. The amendments provide certain relief from applying specific requirements related to hedge accounting and the modification of financial assets and financial liabilities if certain criteria are met.

Where modifications to a contract, or changes in the basis for determining the contractual cash flows under a contract, are necessitated as a result of the IBOR reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the relief allows an entity to reset the yield applied to such an exposure on a prospective basis. Thus, at the time of modification, where the relief applies, there is no impact to the profit or loss statement. The relief requires continuation of hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform.

The amendments, mandatorily effective for annual reporting periods beginning on or after 1 January 2021, also require additional quantitative and qualitative disclosures.

Rounding amounts

The Group has applied the relief available under the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and accordingly, the amounts in the Directors' Report and in the condensed half-year financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

Key judgements and estimates

In the process of applying the Group's accounting policies, management continues to consider the impact of COVID-19 when applying judgements and estimates of future events. These key accounting judgments and estimates have not changed materially from those described in the notes to the financial statements for the year ended 30 June 2020.

Notes

for the half-year to 31 December 2020

Note 2: Segment reporting

Segment information is presented in a manner which is consistent with the internal reporting to the Group Chief Executive Officer who is the entity's chief operating decision maker for the purpose of performance assessment and resource allocation. The Group's segments are based on the geographical operation of the business and comprise:

- Australia and New Zealand (ANZ)
- United States of America (US)

	ANZ		United States		Total	
	31 Dec 2020 (\$000's)	31 Dec 2019 (\$000's)	31 Dec 2020 (\$000's)	31 Dec 2019 (\$000's)	31 Dec 2020 (\$000's)	31 Dec 2019 (\$000's)
Revenue	1,564,034	1,465,482	1,509,498	1,496,186	3,073,532	2,961,668
Normalised EBITDA ¹	235,051	208,414	114,401	104,292	349,452	312,706
Income/(expenses)						
Depreciation	(58,320)	(56,050)	(32,544)	(33,237)	(90,864)	(89,287)
Amortisation	(1,797)	(432)	(20,257)	(16,978)	(22,054)	(17,410)
Business acquisition costs	-	-	(86)	(1,148)	(86)	(1,148)
Finance income	-	517	-	-	-	517
Finance costs	(48,684)	(29,929)	(17,877)	(24,762)	(66,561)	(54,691)
Segment profit before tax	126,250	122,520	43,637	28,167	169,887	150,687
Income tax expense	(34,688)	(38,804)	(12,156)	(6,953)	(46,844)	(45,757)
Segment profit after tax	91,562	83,716	31,481	21,214	123,043	104,930
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Current assets	1,826,695	1,750,681	1,005,139	1,153,165	2,831,834	2,903,846
Non-current assets	1,223,987	1,328,849	1,845,945	2,111,190	3,069,932	3,440,039
Total Assets	3,050,682	3,079,530	2,851,084	3,264,355	5,901,766	6,343,885
Total Liabilities	1,745,327	1,857,462	1,454,892	1,737,537	3,200,219	3,593,999

1. Normalised EBITDA is earnings before interest, tax, depreciation, amortisation, business acquisition costs and finance income/(costs) - net.

Note 3: Finance income and finance cost

	31 Dec 2020 (\$000's)	31 Dec 2019 (\$000's)
a) Finance income		
Unrealised foreign currency gain on derivative instruments	-	517
Total finance income	-	517
b) Finance cost		
Unrealised foreign currency (loss) on derivative instruments	(23,531)	-
Interest on debt and borrowings	(33,167)	(44,300)
Interest on lease liabilities	(9,863)	(10,391)
Total finance cost	(66,561)	(54,691)

Notes

for the half-year to 31 December 2020

Note 4: Dividends paid and proposed

	31 Dec 2020 (\$000's)	31 Dec 2019 (\$000's)
The following are the dividends paid and/or proposed for the financial year:		
Dividends paid at 6.0 cents per share fully franked (2020: 14.25 cents) paid on 28 October 2020 (2020: 30 October 2019)	38,759	79,917
Proposed dividends not recognised at the end of the half-year at 6.0 cents per share fully franked (2019: 6.0 cents) payable on 15 April 2021 (2020: 26 March 2020).	38,759	33,649

Note 5: Property, plant and equipment, leases and intangibles assets

	Property, plant and equipment		Right-of-use assets		Intangible assets	
	31 Dec 2020 (\$000's)	30 June 2020 (\$000's)	31 Dec 2020 (\$000's)	30 June 2020 (\$000's)	31 Dec 2020 (\$000's)	30 June 2020 (\$000's)
Net book value at 1 July	655,214	664,009	688,408	661,808	1,970,942	1,772,166
Additions and reassessments	36,732	85,139	21,809	130,292	2,964	216,223
Disposals	(6,851)	(7,666)	(5,425)	(122)	-	(3,919)
Depreciation, amortisation and impairment	(42,926)	(86,735)	(47,938)	(101,935)	(22,054)	(43,778)
Net foreign exchange impact	(16,595)	467	(41,039)	(1,635)	(186,796)	30,250
Net book value	625,574	655,214	615,815	688,408	1,765,056	1,970,942

Note 6: Business Combination

There have not been any material business combinations in HY21. In FY20 the Group acquired 100% of Todd Pipe Holdings, Inc and its controlled entities. Details of the business combination were disclosed in note 6.1 of the 2020 Annual Report.

Deferred consideration

As part of the purchase agreement of Todd Pipe, deferred consideration of US\$30m is payable in cash on 31 December 2021. The deferred consideration is classified as a current liability in the balance sheet and as at 31 December 2020, the value is \$40.5m (30 June 2020: \$45.4m) which is the maximum amount, undiscounted.

Notes

for the half-year to 31 December 2020

Note 7: Interest bearing liabilities

	31 Dec 2020 (\$000's)	30 June 2020 (\$000's)
Term loan - current	16,050	18,013
Term loan - non-current	1,548,865	1,747,219
Total interest-bearing liabilities	1,564,915	1,765,232

The Term Loan is a fully secured USD borrowing under the Syndicated Facility with the carrying value of the borrowings translated at the spot rate at period end date. The Term loan is secured by the Group and is subject to both foreign currency and interest rate hedging instruments, refer to note 9.

Note 8: Share-based-payments

In HY21, the Group made two grants under the Reece Group Long Term Incentive Plan (the Plan). The Group CEO was issued 267,588 options based on a 29 October 2020 (Grant date) with the fair value of \$5.97. The exercise price of the options is \$14.46, which is the volume weighted average price of the shares over the ten trading days immediately prior to Grant Date. The grant of awards to the CEO were issued on similar terms and conditions to the FY20 grant as disclosed in the Remuneration Report 2020.

In November, Senior Executives were granted 315,716 shares under the Plan based on a grant date fair value of \$4.53. The issue price of the shares of \$13.07 is the volume weighted average price of the shares over the ten trading days immediately prior to 23 November 2020 (Grant Date). The shares will vest subject to achieving the performance hurdles and provided the Senior Executives remain continuously employed, or engaged with the Group at all times from Grant Date until the end of the five-year performance period. Any awards that are eligible to vest after the five-year performance period have a further two-year holding period that prohibits the Senior Executives from exercising and selling the resulting shares. Once the holding period ends, the vested shares may be exercised.

No options or plan shares have been exercised, forfeited, vested, or expired during the period.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transaction recognised during the period as part of employee benefit expense were \$229,964 (30 June 2020: \$191,700).

Notes

for the half-year to 31 December 2020

Note 9: Fair value measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

The table below provides information about how the Group determines the fair value of various derivative financial instruments used for managing financial risk. As at 31 December 2020 and 30 June 2020, all derivative financial instruments were determined by a third party based on observable market inputs and categorised as Level 2 financial instruments using Discounted Cash Flows and standard option models. There were no transfers between categories during the period.

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

	Consolidated Entity			
	31 December 2020		30 June 2020	
	Current (\$000's)	Non-Current (\$000's)	Current (\$000's)	Non-Current (\$000's)
Financial Assets				
Trade and other receivables	854,723	-	931,628	-
Derivative financial instruments assets				
- Interest rate swaps	-	-	-	-
- Cross-currency interest rate swaps	-	-	-	73,949
Total financial instrument assets at fair value	854,723	-	931,628	73,949
Financial Liabilities				
Trade and other payables	706,837	26,800	792,977	31,408
Interest-bearing liabilities	16,050	1,548,865	18,013	1,747,219
Lease liabilities	90,072	557,317	81,936	633,732
Derivative financial instruments liabilities				
- Interest rate swaps	10,698	15,658	9,287	26,318
- Forward exchange contracts	5,976	-	2,899	-
- Cross-currency interest rate swaps	38,942	-	16,450	-
- Interest payable	-	-	4,654	-
Total financial instrument liabilities at fair value	868,575	2,148,640	926,216	2,438,677

Note 10: Subsequent events

There have been no material events subsequent to the end of the half-year that require recognition or disclosure in the half-year financial report, except for the proposed interim dividend payable as detailed in note 4.

Directors declaration

The directors declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 8 to 16, are in accordance with the *Corporations Act 2001*:
 - (a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of this declaration, 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 the directors.



L. A. Wilson
Executive Chair



P. J. Wilson
Group Chief Executive Officer

Melbourne
25 February 2021



Independent Auditor's Review Report

To the shareholders of Reece Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Reece Limited.

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 Reece Limited 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 2020 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:

- Consolidated statement of financial position as at 31 December 2020
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Reece Limited (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 Financial Report* section of our report.

We are independent of the Company 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.

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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*
- 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 Company's financial position as at 31 December 2020 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



BW Szentirmay

Partner

Melbourne

25 February 2021

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