

PRESS RELEASE

Korvest First Half FY2022 results

The Chairman, Mr Andrew Stobart, today announced the following operating results for the 6 months ended 31st December 2021 for Korvest Ltd.

Mr Stobart said that revenue from trading operations increased by 58.2% to \$51.6 million primarily as a result of a concentration of large project work in the Industrial Products segment. In August, the Power Step and Titan Technologies businesses were sold realising a pre-tax profit on sale of \$0.74 million net of selling costs.

COVID-19

The Group did experience some COVID -related impacts during the first half. The most significant impact has been the disruptions to global supply chains that have been widely reported. For Korvest this has meant delayed overseas shipments together with very significant increases in the freight cost to import goods.

In January 2022 we are now seeing workforce disruptions as staff are required to isolate as either COVID cases or close contacts of a COVID case.

Industrial Products

The EzyStrut business had a very strong first half. This business generally supplies either one or two major projects at any given time however, in the current half, four major projects were supplied. As a result, the contribution from major projects was higher compared to the PCP. Furthermore, the small project and day-to-day market also improved when compared to the PCP with all states experiencing improved revenue. It should be noted that significant input cost increases (steel and freight) required EzyStrut to pass these onto customers via price rises and these have also contributed to the increase in revenue.

Inventory increased during the first half due to a combination of higher raw material costs, projects items and increased holdings to mitigate COVID-19 related supply chain risks.

Production

The Galvanising business also had a very strong half with overall volumes almost reaching the record level for the last decade. Galvanising benefited from the strong EzyStrut trading as all of the EzyStrut major projects utilise galvanised product. This resulted in record internal tonnes for the half. External tonnes were marginally below the levels that have been achieved in recent halves although the average sell price was higher than it was in the PCP. Price rises to customers were required to counteract the cost of zinc which. increased by 23% in Australian dollar terms during the half.

DIVIDEND

The Directors announced a fully franked interim dividend of 25.0 cents per share.

The Dividend Reinvestment Plan (DRP) will not operate for the interim dividend. The dividend will be paid on 4 March 2022 and the record date is 18 February 2022.

OUTLOOK

Korvest begins the second half with a strong order book of major infrastructure project work. However, it is not expected that project work in the second half will match the record levels delivered in the first half. The small project and day-to-day markets are expected to maintain recent activity levels. Considering these factors, prior to the potential impacts of COVID-19 mentioned below, it is expected that the second half result will be more comparable with 2H FY21 than with 1H FY22.

The significant unknown is what the impact of the COVID-19 pandemic will be on Korvest's operations and customer base over the remainder of the financial year. Like most other businesses, Korvest has experienced workforce disruption in January with workers being unable to attend work due to contracting COVID-19 or being a close contact. It is not possible to estimate the impact on trading over the next 3-6 months that any ongoing workforce disruptions will have.

From a longer term perspective, the infrastructure pipeline for the next 3-5 years remains strong. Therefore, Korvest's market opportunities remain strong over that period.

A STOBART CHAIRMAN

21 January 2022

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For further or more detailed information refer to the Appendix 4D lodged with the ASX.