

Appendix 4D

Korvest Ltd
ABN 20 007 698 106

Half-Year Financial Report 31 December 2020

Results for announcement to the market:

\$A'000

Revenues from ordinary activities	Down	9.7%	to	32,612
Net profit after tax for the period attributable to members	Up	33.1%	to	2,835
Dividends	Amount per security		Franked amount per security	
Proposed interim dividend (#)				
- current reporting period	15.0¢		15.0¢	
- previous corresponding period	15.0¢		15.0¢	
Paid final dividend (##)				
- current reporting period	13.0¢		13.0¢	
- previous corresponding period	13.0¢		13.0¢	
<p># Interim dividend proposed in respect of the current reporting period. The financial effect of this dividend will be recognised in the next reporting period.</p> <p>## Final dividend is paid during the first-half reporting period and relates to the second half of the prior financial year</p>				
Record date for determining entitlements to the dividend	19 February 2021			
<p>Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:</p> <p style="text-align: center;">Refer Directors' report on pages 2 to 4 of this financial report.</p>				

This financial report is all the half-year information provided to the Australian Stock Exchange under listing rule 4.2A. The report also satisfies the half-year reporting requirements of the Corporations Act 2001.

This half-year financial report should be read in conjunction with the 2020 annual financial report.

Korvest Ltd Directors' Report

The Directors present their report together with the financial report of Korvest Ltd ("the Company") and its subsidiaries ("the Group") for the half-year ended 31 December 2020 and the auditor's review report thereon.

Directors

The Directors of the Company at any time during or since the end of the half-year are:

Graeme Billings BCom, FCA, MAICD
Chairman – appointed 18 September 2014
Independent Non-Executive Director
A Director since May 2013
Chairman G.U.D. Holdings Limited
Director Clover Corporation Limited
Chairman Austco Healthcare Ltd
Director DomaCom Ltd

Chris Hartwig BA(Acc), MAICD
Managing Director
Appointed 28 February 2018

Gary Francis BSc. (Hons) (Civil), MAICD
Independent Non-Executive Director
Chairman of Remuneration Committee
A Director since February 2014

Gerard Hutchinson MBA, MBL, MSc(IS), BEc, MA (research), FCA, FAICD, FAIM
Independent Non-Executive Director – appointed 19 November 2014
Chairman of Audit Committee
Chief Financial Officer for Al-Futtaim Contracting, a division of the Al-Futtaim Group of Companies
Director Depa PLC

Andrew Stobart B. Eng (Hons), Grad Dip Bus Admin, GAICD
Independent Non-Executive Director – appointed 1 August 2016
Former Executive Chairman Nexans Olex Australia & New Zealand

Steven McGregor BA (Acc), FCA, AGIA, ACG
Finance Director
A Director since January 2009
Company Secretary since April 2008

Result

The profit for the half-year attributable to the members of the Company was:

	31 Dec 20	31 Dec 19
<i>In thousands of AUD</i>		
Profit after income tax expense	2,835	2,130
Net profit attributable to owners of the Company	2,835	2,130

Korvest Ltd Directors' Report

Other Ratios

	31 Dec 20	31 Dec 19
Net tangible asset (NTA) backing		
Net tangible assets per ordinary share	\$2.65	\$2.40
Profit before tax / revenue (excluding JobKeeper)	6.9%	8.5%
Profit before tax / total revenue (including JobKeeper)	11.9%	8.5%
Profit after tax / equity interests	8.3%	6.7%

Review of Operations

Revenue from trading operations for the half-year decreased by 9.7% to \$32.6 million with less Industrial Products project work undertaken during the period compared to the prior comparative period (PCP). From July to September the Group was eligible to receive the Federal Government's JobKeeper subsidy and as a result \$1.86 million of income from this subsidy is included in the FY21 first half result.

COVID-19

The Group did experience some disruptions to normal trading during the first half. The Victorian branch felt the greatest impact as a result of the significant and lengthy restrictions that were implemented in Victoria. Whilst the branch was able to continue to trade throughout the extended restrictions, there were reductions on the number of staff who could be onsite at any time. These restrictions affected building sites and therefore had a negative effect on sales of products. In November, South Australia implemented a state-wide shutdown in response to a cluster of COVID cases. This forced production at Kilburn to cease, however, fortunately it was only for a period of two days and this lost production time was able to be quickly caught up once the lockdown was lifted. There were some additional staffing costs associated with overtime to recover this lost production.

Industrial Products

The EzyStrut business was quieter during the first half compared to the PCP. In the current year, one major infrastructure project was supplied compared to two during the PCP and this was responsible for a large portion of the reduction in revenue in the Industrial Products segment. Gross margins on major project work have been under pressure due to strong competition in this segment. The general market traded slightly below the levels of the prior year, with all States other than WA recording lower revenue than the corresponding PCP.

The Power Step and Titan Technologies businesses had a small decline in revenue compared to the PCP. Margins remained at the higher levels that have been achieved for the past year which meant that the reduction in profitability was minor and in line with the reduced revenue.

Production

The Galvanising business had another strong half with overall plant volumes eclipsing the PCP to be the highest since the first half of FY14. Compared to the PCP, a reduction in external customer work was more than offset by an increase in EzyStrut tonnes, due to EzyStrut product mix. After an extended period of increasing energy costs there has been some relief in the past twelve months. The total gas and electricity expense in the first half remained unchanged compared to the PCP. Electricity usage costs have been locked in at the 2020 rates until the end of 2023. New gas pricing becomes effective from 1 January 2021 and is a 22% reduction compared to the previous usage rates.

Dividends

On 22nd January 2021 the Directors announced a fully franked interim dividend of 15.0 cents per share.

The Dividend Reinvestment Plan (DRP) will not operate for the interim dividend. The dividend will be paid on 5 March 2021 and the record date is 19 February 2021.

**Korvest Ltd
Directors' Report**

Events Subsequent to Reporting Date

No matter or circumstance has occurred subsequent to 31 December 2020 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

2021 Outlook

It is expected that the second half trading will be similar to the conditions experienced during the first half. The major project that has been supplied during the first half will continue to be delivered throughout the second half. The small project and day-to-day markets are expected to continue at similar levels of activity during the second half. As Korvest has not qualified for JobKeeper 2 there will be no JobKeeper income in the second half. As a result of the evolving nature of the COVID-19 pandemic, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future performance and financial position of the Group.

The infrastructure pipeline for the next 3-5 years remains strong. Improvements continue to be made to the Kilburn factory to be able to take advantage of opportunities as they arise.

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

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the half-year ended 31 December 2020.

Rounding Off

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

Dated at Kilburn this 22nd day of January 2021.

Signed in accordance with a resolution of the Directors:



GA Billings
Chairman



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

To the Directors of Korvest Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Korvest Ltd 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.


KPMG


Paul Cenko
Partner

Adelaide

22 January 2021

Korvest Ltd**Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020**

<i>In thousands of AUD</i>	Note	31 Dec 20	31 Dec 19
Revenue	6(a)	32,612	36,128
JobKeeper income		1,864	-
Expenses excluding net financing costs	6(b)	(30,319)	(33,049)
Results from operating activities excluding net financing income		4,157	3,079
Finance income		10	41
Finance costs – lease liability interest		(63)	(57)
Net finance income / (expense)		(53)	(16)
Profit before income tax		4,104	3,063
Income tax expense		(1,269)	(933)
Net profit for the period		2,835	2,130
Total comprehensive income for the period			
Attributable to:			
Owners of the Company		2,835	2,130
Earnings per share			
Basic earnings per share		25.1¢	19.0¢
Diluted earnings per share		24.9¢	19.0¢

The Condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes set out on pages 10 to 15.

Korvest Ltd
Condensed consolidated statement of changes in equity for the half-year ended 31 December 2020

<i>In thousands of AUD</i>	Share capital	Equity compens- ation reserve	Asset revaluation reserve	Profits reserve	Retained earnings / (loss)	Total
Balance at 1 July 2020	14,202	433	4,393	13,621	-	32,649
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,835	2,835
Total comprehensive income for the period	-	-	-	-	2,835	2,835
Transactions with owners of the Company recognised directly in equity						
Shares issues under share plans	30	152	-	-	-	182
Dividends paid	-	-	-	(1,470)	-	(1,470)
Total transactions with owners of the Company	30	152	-	(1,470)	-	(1,288)
Transfer to the profits reserve	-	-	-	2,835	(2,835)	-
Balance at 31 December 2020	14,232	585	4,393	14,986	-	34,196
Balance at 1 July 2019	14,142	304	3,735	12,743	-	30,924
Total comprehensive income for the period						
Profit for the period	-	-	-	-	2,130	2,130
Total comprehensive income for the period	-	-	-	-	2,130	2,130
Transactions with owners of the Company recognised directly in equity						
Shares issued under share plans	29	64	-	-	-	93
Dividends paid	-	-	-	(1,461)	-	(1,461)
Total transactions with owners of the Company	29	64	-	(1,461)	-	(1,368)
Transfer to the profits reserve	-	-	-	2,130	(2,130)	-
Balance at 31 December 2019	14,171	368	3,735	13,412	-	31,686

The Condensed consolidated statement of changes in equity is to be read in conjunction with the notes set out on pages 10 to 15.

Korvest Ltd
Condensed consolidated statement of financial position as at 31 December 2020

<i>In thousands of AUD</i>	Note	31 Dec 20	30 Jun 20
Current Assets			
Cash and cash equivalents		6,116	6,470
Investments		275	275
Trade and other receivables	10	10,321	10,111
Prepayments		437	357
Inventories		11,405	10,555
Total current assets		28,554	27,768
Non-Current Assets			
Property, plant and equipment		16,415	15,857
Right-of-use asset		4,208	4,655
Total non-current assets		20,623	20,512
Total assets		49,177	48,280
Current Liabilities			
Trade and other payables		5,481	5,901
Employee benefits		2,774	2,624
Tax payable		862	832
Lease liabilities		734	782
Provisions		47	34
Total current liabilities		9,898	10,173
Non-Current Liabilities			
Deferred tax liabilities		749	801
Employee benefits		186	172
Lease liabilities		3,608	3,965
Provisions		540	520
Total non-current liabilities		5,083	5,458
Total liabilities		14,981	15,631
Net assets		34,196	32,649
Equity			
Issued capital	11	14,232	14,202
Retained earnings		-	-
Reserves		19,964	18,447
Total equity attributable to owners of the Company		34,196	32,649
Total equity		34,196	32,649

The Condensed consolidated statement of financial position is to be read in conjunction with the notes set out on pages 10 to 15.

Korvest Ltd

Condensed consolidated statement of cash flows for the half-year ended 31 December 2020

<i>In thousands of AUD</i>	Note	31 Dec 20	31 Dec 19
Cash flows from operating activities			
Cash receipts from customers		37,263	45,075
Cash receipts from JobKeeper		2,386	-
Cash payments paid to suppliers and employees		(35,567)	(36,738)
Interest received		10	41
Interest paid lease liabilities		(63)	(57)
Income taxes received / (paid)		(1,291)	(346)
Net cash provided by / (used in) operating activities		2,738	7,975
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1	23
Acquisition of property, plant and equipment		(1,219)	(940)
Net cash used in investing activities		(1,218)	(917)
Cash flows from financing activities			
Transaction costs related to the issue of share capital		(3)	(1)
Payment of lease liabilities		(401)	(399)
Dividends paid		(1,470)	(1,461)
Net cash used in financing activities		(1,874)	(1,861)
Net increase / (decrease) in cash and cash equivalents		(354)	5,197
Cash and cash equivalents at the beginning of the period		6,470	3,126
Cash and cash equivalents at 31 December		6,116	8,323

The condensed consolidated statement of cash flows is to be read in conjunction with the notes set out on pages 10 to 15.

Korvest Ltd – 31 December 2020 Interim Consolidated Financial Report Notes to the Condensed Interim Consolidated Financial Report

1. Reporting entity

Korvest Ltd (the Company) is a company domiciled in Australia. The condensed consolidated financial statements as at and for the half year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The annual financial report of the Group as at and for the year ended 30 June 2020 is available upon request from the Company's registered office at 580 Prospect Road Kilburn SA 5084 or at www.korvest.com.au.

2. Statement of compliance

The interim condensed consolidated financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim consolidated financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2020.

This interim financial report was approved by the Board of Directors on 22 January 2021.

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

3. Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2020.

4. Judgements and Estimates

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2020.

5. Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial report as at and for the year ended 30 June 2020.

6. Revenues and Expenses

In thousands of AUD

(a) Revenue

Sales revenue

Sale of goods and services

31 Dec 20

31 Dec 19

32,612

36,128

Disaggregation of revenue is presented in Note 7 Segment Disclosures.

Korvest Ltd – 31 December 2020 Interim Consolidated Financial Report
Notes to the Condensed Interim Consolidated Financial Report

6. Revenues and Expenses (cont)	31 Dec 20	31 Dec 19
(b) Expenses		
Costs of goods and services sold	20,065	21,992
Sales, marketing and warehousing expenses	6,347	6,282
Distribution expenses	2,440	2,406
Administration expenses	1,459	1,460
Bad and doubtful debts expense net of reimbursement right	8	905
Loss on sale of fixed assets	-	4
	30,319	33,049
(c) Depreciation		
Buildings	37	21
Plant and equipment	624	623
Total depreciation of property, plant and equipment	661	644
Right-of-use assets	443	444

7. Segment disclosures

The Group has two reportable segments. The business is organised based on products and services. The following summary describes the operations in each of the Group's reportable segments.

- Industrial Products - includes the manufacture of electrical and cable support systems and steel fabrication. It includes the businesses trading under the EzyStrut, Power Step and Titan Technologies names.
- Production – represents the Korvest Galvanising business, which provides hot dip galvanising services.

Both reportable segments consist of the aggregation of a number of operating segments in accordance with AASB 8 *Operating Segments*.

Information regarding the operations of each reportable segment is included below in the manner reported to the chief operating decision maker as defined in AASB 8. Performance is measured based on segment earnings before interest and tax (EBIT). Inter-segment transactions are not recorded as revenue. Instead a cost allocation relating to the transactions is made based on negotiated rates.

Information about reportable segments

<i>In thousands of AUD</i>	Industrial Products		Production		Total	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
External Revenues	29,466	32,895	3,146	3,233	32,612	36,128
Reportable segment profit before tax	2,405	2,974	292	389	2,697	3,363
Reportable segment assets	23,756	18,949	5,287	4,936	29,043	23,885

Korvest Ltd – 31 December 2020 Interim Consolidated Financial Report
Notes to the Condensed Interim Consolidated Financial Report

7. Segment Disclosures (cont)

Reconciliation of reportable segment profit and assets

In thousands of AUD

	31 Dec 20	31 Dec 19
Profit		
Total profit or (loss) for reportable segments	2,697	3,363
JobKeeper income	1,864	-
Unallocated amounts – other corporate expenses	(457)	(300)
Profit / (loss) before income tax	<u>4,104</u>	<u>3,063</u>
Assets		
Total assets for reportable segments	29,043	23,885
Land and buildings	8,195	7,313
Right-of-use assets	4,208	4,718
Cash and investments	6,391	8,598
Unallocated amounts – other assets	1,340	1,202
Total assets	<u>49,177</u>	<u>45,716</u>

Geographical segments

The Group operates predominantly in Australia.

Customers

Revenues from one customer in the Industrial Products segment represents approximately \$3,271,000 (2019: \$4,585,000) of the Group's total revenues.

8. Write-down of obsolete inventory

During the six months ended 31 December 2020 the Group increased its obsolescence provision against inventory by \$26,000 (31 December 2019: \$207,000).

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2020, the Company acquired assets with a cost of \$1,219,000 (six months ended 31 December 2019: \$940,000). No assets were acquired through business combinations. Assets with a net book value of \$nil were disposed of during the six months ended 31 December 2020 (six months ended 31 December 2019: \$27,000), resulting in a \$1,000 profit on disposal (six months ended 31 December 2019: \$4,000 loss).

Capital commitments

The Group has capital commitments of \$964,000 at 31 December 2020 (31 December 2019: \$1,016,000).

10. Trade receivables

In thousands of AUD

	31 Dec 20	30 June 20
Trade receivables	10,490	9,758
Less: Allowance for impairment	(272)	(241)
Add: Reimbursement right	103	72
Jobkeeper receivable	-	522
Net trade receivables	<u>10,321</u>	<u>10,111</u>
Movement in allowance for impairment		
Balance at 1 July 2020	(241)	
Impairment loss recognised	(31)	
Balance at 31 December 2020	<u>(272)</u>	

Korvest Ltd – 31 December 2020 Interim Consolidated Financial Report
Notes to the Condensed Interim Consolidated Financial Report

11. Share Capital

	31 Dec 20	30 June 20
<i>In thousands of AUD</i>		
Issued and paid-up capital		
11,311,131 ordinary shares fully paid (30 June 2020: 11,257,933)	14,232	14,202

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of the winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

Employee Share Bonus Plan

The Company issued ordinary shares under the Employee Share Bonus Plan during the period. All employees meeting the service criteria were eligible to participate in the issue. The shares are issued at market value for no consideration. Details of the issue are as follows:

Date of issue	Total number of shares issued	Market value of shares issued \$	Shares issued per participating employee	Number of participating executive directors
31 December 2020				
15 September 2020	15,048	65,760	114	-
31 December 2019				
4 October 2019	19,080	59,911	159	-

Shares issued to employees under the Employee Share Bonus Plan are recognised in equity at the fair value of the shares issued. For the issue made during the period this was \$33,000 (2019: \$30,000). The fair value has been measured consistently with the previous annual report and takes into account that the shares issued are unable to be sold by employees for a period of 7 years after issue.

Share-based payment – Executive Share Plan

In August 2011 the Company established the Korvest Performance Rights Plan. The Plan is designed to provide long term incentives to eligible senior employees in the Company and entitles them to acquire shares in the Company, subject to the successful achievement of specified performance hurdles.

Under the plan, eligible employees are offered Performance Rights which enables the employee to acquire one fully paid ordinary share in the Company for no monetary consideration once the Performance Rights vest. The conditions attached to the Performance Rights are measured over the three year period commencing at the beginning of the financial year in which the Performance Rights are granted. If the performance conditions at the end of the three year period are met, in whole or in part, all or the relevant percentage of the Performance Rights will vest.

A total of 84,814 Performance Rights were issued in October 2020 (2019: 91,796).

The previous share plan, the Korvest Ltd Executive Share Plan is still operational for employees granted options under that plan. The share option plan entitled selected senior managers to acquire shares in the Company subject to successful achievement of performance targets related to improvements in total shareholder returns.

The shares issued pursuant to these options are financed by an interest free loan from the Company repayable within twenty years from the proceeds of dividends declared by the Company. These loans are of a non-recourse nature. For accounting purposes these 20 year loans are treated as part of the options to purchase shares until the loan is extinguished at which point the shares are recognised.

11. Share Capital (cont)

Fair value of Performance Rights granted

For the Performance Rights issued during the period, half will be tested against an Earning Per Share (EPS) measure whilst the other half will be tested against a Return on Invested Capital (ROIC) measure.

The fair value at grant date was assessed in accordance with AASB 2 *Share Based Payments*. A Black Scholes valuation methodology was used to value both the EPS and ROIC performance rights and the value was \$3.92 per Performance Right. The inputs to the calculations have been set out below.

- a) Exercise price: \$0.00
- b) Vesting period: 3 years
- c) Grant date (for Accounting Standards): 23 October 2020
- d) Expiry date: 30 June 2023
- e) Share price at grant date: \$4.69
- f) Expected price volatility of the Company's shares: 48%
- g) Expected dividend yield: 5.97%
- h) Risk-free interest rate: 0.86%
- i) Restricted period: 2 years (post vesting)

Total expenses arising from share-based transactions recognised during the period as part of employee benefit expense were as follows:

In thousands of AUD

	31 Dec 20	31 Dec 19
Performance rights issued under Korvest Performance Rights Plan	152	64
Shares issued under Employee Share Bonus Plan	30	29
	182	93

12. Dividends

Dividends paid or provided for by the Company in the current period and the previous corresponding period are:

	Cents per share	Total amount \$'000	Franked / unfranked	Date of payment
31 December 2020				
Final – ordinary	13.0	1,470	Franked	4 September 2020

31 December 2019

Final – ordinary	13.0	1,461	Franked	6 September 2019
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Subsequent events

Since the end of the half-year, the Directors declared the following dividends:

Interim – ordinary	15.0	1,699	Franked	5 March 2021
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The financial effect of these dividends has not been brought to account in this financial report. It will be recognised in the next reporting period.

All dividends paid or declared are fully franked at the tax rate of 30%. The Directors expect that dividends will be fully franked for the foreseeable future.

Korvest Ltd – 31 December 2020 Interim Consolidated Financial Report
Notes to the Condensed Interim Consolidated Financial Report

13. Financial Instruments

Carrying amounts versus fair values

The fair values of all financial assets and liabilities approximate their carrying amounts.

14. Contingent Liabilities and Contingent Assets

There have been no material changes in contingent liabilities or contingent assets since 30 June 2020.

15. Events Subsequent to Reporting Date

No matter or circumstance has occurred subsequent to 31 December 2020 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

16. Related Parties

There have been no material changes to arrangements with related parties since 30 June 2020.

Korvest Ltd
Directors' Declaration

In the opinion of the Directors of Korvest Ltd ("the Company"):

- 1 the condensed consolidated financial statements and notes set out on pages 6 to 15, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the Group as at 31 December 2020 and of its performance, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 "*Interim Financial Reporting*" and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Kilburn this 22nd day of January 2021.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'GA Billings', with a long horizontal flourish extending to the right.

GA Billings
Chairman



Independent Auditor's Review Report

To the shareholders of Korvest Ltd

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Korvest 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 Korvest 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 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:

- Condensed consolidated statement of financial position as at 31 December 2020;
- Condensed consolidated statement of profit or loss and other 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 16 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Korvest 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 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.



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 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.



Paul Cenko
Partner

Adelaide

22 January 2021