

**Company announcements platform
Australian Securities Exchange**

**Korvest Ltd Annual Result
Year ended 30 June 2022**

REVIEW AND RESULTS OF OPERATIONS

The revenue from trading activities for the year ended 30 June 2022 (FY22) was \$99.223m, up 42.2% on the previous year. This resulted in an 87.2% increase in profit after tax to a record \$11.336 million. A significant volume of large project work in the Industrial Products segment was the key driver for the improved revenue.

DIVIDEND

The directors announced a fully franked final dividend of 35.0 cents per share (2021: 20.0 cents per share) following an interim dividend of 25.0 cents per share at the half year (2021: 15.0 cents per share). The Dividend Reinvestment Plan (DRP) will remain suspended for the final dividend. The dividend will be paid on 2 September 2022 with a record date of 19 August 2022.

COVID-19

The Group continued to experience a number of COVID-related impacts during FY22. Global supply chains were significantly disrupted throughout the year and for Korvest this caused delayed overseas shipments together with very significant increases in the freight costs to import goods.

Throughout the second half of the year, as COVID infections increased throughout Australia, Korvest experienced workforce disruption as staff isolated due to infection or being close contacts. The availability of casual labour became increasingly difficult as the year progressed, resulting in extended lead times and significant overtime requirements.

OPERATING SEGMENTS

Industrial Products

In the Industrial Products segment, the EzyStrut cable and pipe support business supplies products for major infrastructure developments and also supplies products to electrical wholesalers and contractors for small industrial developments.

The EzyStrut business performed very strongly throughout FY22. Four major infrastructure projects were supplied during the year whereas historically only one or two major projects are delivered in any one year. In addition to the record level of project work, the small project and day-to-day markets also performed well with improvement achieved in all states compared to the prior year. Significant input cost increases, particularly for steel and freight, were experienced during FY22 and these were passed onto customers through price rises applied in August and December 2021.

Inventory increased significantly during the year due to a combination of higher raw material costs, project items and increased holdings to mitigate supply chain risks.

The Power Step and Titan Technologies businesses were sold in August 2021 after it was determined that they were no longer core businesses that fitted with the remaining Korvest businesses.

Production

In the Production segment, the Galvanising business volumes grew to record levels with the plant's highest annual tonnes being processed in FY22. The significant increase in EzyStrut project work drove the higher galvanising volumes as all of the projects supplied during the year were galvanised product. External tonnes fell slightly in FY22 although the revenue achieved increased due to a higher average sell price.

Price rises to customers were implemented during the year as a result of the increased price of zinc. The cost of zinc rose rapidly during the year and peaked in April where the cost of zinc was 66% higher than the FY21 average. This has resulted in significantly higher value of zinc on hand despite little change in quantity.

OUTLOOK

Demand from the infrastructure sector has been increasing over recent years and this continued throughout FY22. Road and rail tunnels, primarily on the East Coast, is where the bulk of the infrastructure activity is occurring. One major project was supplied through FY21 and supply continued throughout FY22 and is now nearing completion. Three more projects commenced supply during FY22 and were supplied throughout the year. With ongoing secured projects Korvest enters FY23 with a healthy order book and project pipeline.

Korvest's recent and future focus for investment will be on improving production capability and capacity. Automation of processes is a key focus of the factory development plan.

An update on trading conditions will be provided at the Company's Annual General Meeting.

ANDREW STOBART CHAIRMAN

22 July 2022

For further information contact:

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This ASX announcement was approved and authorised for release by the Board.