

PRESS RELEASE

Korvest First Half FY2023 results

The Chairman, Mr Andrew Stobart, today announced the following operating results for the 6 months ended 31st December 2022 for Korvest Ltd.

Mr Stobart said that revenue from trading operations increased by 2.7% to \$53.0 million however the composition of revenue did change compared to the prior comparative period (PCP) and these changes are discussed below. In the PCP, the Power Step and Titan Technologies businesses were sold realising a pre-tax profit on sale of \$0.74 million net of selling costs.

Industrial Products

The EzyStrut business continued to trade strongly with similar revenue compared to the PCP albeit that the revenue mix in the two periods was quite different. Major project activity continued at similar levels to 2H FY22 albeit considerably lower than the abnormally high levels experienced in the PCP. As a result of the rising input costs, price rises were applied in the general market to recover these increased costs. This resulted in higher revenue from the day-to-day market which more than offset the reduced major project revenue.

During this period the rising cost of inputs including steel, transport and staffing combined with the fixed price nature of some contracts have contributed to reduced margin compared to the PCP. These increased costs have led to an increase in the value of inventory on hand.

In recent times inventory holdings were increased to mitigate COVID related supply chain risk for key items. These risks appear to be reducing which may allow for some of the increased holdings to be reduced over time.

Production

The Galvanising business had reduced volumes overall compared to the near record volumes of the PCP. External tonnes increased compared to the PCP however the reduction in EzyStrut major project work resulted in a lower level of internal work. The average sell price for external work increased compared to the PCP however despite this the increased cost of zinc resulted in lower margins this year. The average cost of zinc per tonne consumed this year was 28% higher than the cost of zinc consumed during the PCP.

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 3 March 2023 and the record date is 17 February 2023.

OUTLOOK

Korvest's order book of major infrastructure work remains strong at the beginning of the second half. In Addition the small project and day-to-day markets are expected to continue at recent activity levels. As a result, it is expected that 2H FY23 will be similar to 1H FY23.

Korvest continues to see a strong pipeline of infrastructure opportunities over the next 3-5 years.

A STOBART CHAIRMAN

23 January 2023

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