



SUPPLY NETWORK LIMITED

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ASX Release

19 November 2021

Chairman's Address to Shareholders

Please find attached the Chairman's Address to Shareholders being delivered to the Annual General Meeting today at 2.00pm.

Authorised by the Board of Supply Network Limited

Robert Coleman

Chief Financial Officer

Telephone: + 61 2 8624 8077

Chairman's Address to 2021 Annual General Meeting

As I did last year, I will open by thanking our management and staff who have continued the safe and efficient operation of the business through yet another pandemic disrupted year while maintaining the strong growth we have been experiencing.

The 2021 year has again shown the resilience of our business and the commitment of our people to produce excellent results, with

Revenue growth of 18.8%,

Earnings per share up 45%, and

Dividends per share up 29%.

Our long-term organic growth strategy is working well, and we will continue to pursue it.

The 2021 financial year saw new branches opened in Sydney and Townsville with both performing well ahead of expectations.

Over the course of the 2022 financial year, we will move two existing branches to larger premises, double the capacity of another branch by taking over the adjacent unit, develop a second (smaller) Australian distribution centre with an adjoining branch in Melbourne and expand storage capacity at the existing New Zealand distribution centre by around 50%. Although we have experienced some construction and material delays, all new sites should commence operating over the second half except for the new Melbourne DC and branch, which should open in the first quarter of the 2023 financial year. These projects are the major investments in our business plan running to FY 2024.

Further, careful expansion of the branch network is under consideration as we look beyond our current 3-year plan and prepare the business for revenues of \$250 million.

At the request of one of our large customers we have developed a broad stock holding to support their growing fleet of full electric buses, and over the course of 2022 we expect to commence developing products to support fuel cell trucks that will begin trials in other customer fleets. Our development process for these emerging technologies is very similar to other development processes we have undertaken in the past with a lot of overlapping supply, and we expect existing close relationships with customers will give us early and important insights into future market opportunities.

Despite more lock downs, supply chain challenges and continued competitive pressures, results for the first four months of the current year have shown sustained strength and our current trend suggests first half revenue of around \$95m and Profit After Tax of around \$9.5m. We expect revenue to continue to grow in the second half but costs associated with the current expansion projects and an opening economy will dampen profit growth, and we expect second half Profit After Tax to be similar to the first half.

Again, I'd like to thank all our staff for their outstanding effort over the past year, my fellow Board members for helping steer us through recent challenges and shareholders for their continued support.