



**SUPPLY NETWORK LIMITED**

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## **ASX Release**

27 May 2022

### **FY2022 full year guidance update**

The Directors are pleased to advise, following continued strong performance consolidated sales revenue for the year is expected to be around \$197m and profit after tax around \$19.5m.

Market demand remains robust, supported by strong economic activity in all regions.

Over the past 12 months, the cost of most products we sell has inflated between 5% and 10% as a result of global increases in material, energy and shipping costs. We expect to see similar product inflation over the next 12 months before product costs stabilise. More recently we have also seen local inflationary pressures impacting our operating costs and we expect this to continue through next financial year.

In broad terms, our industry has been passing on product cost increases in higher prices. This has been our practice and we expect to maintain gross margins at around current levels.

Over the past two years our supply chain has been less reliable with average leads times extending by 6-8 weeks. We adjusted early in the pandemic and have avoided any material impact on our results. Recent lockdowns in China, particularly in Shanghai, have prolonged supply challenges, however, provided there are no new and substantial disruptions, we expect a gradual improvement in supply over the next 12-24 months.

Over the next two years we expect a return to more normal market activity and our rate of growth to progressively move towards our long-term average of around 12% p.a.

We intend releasing unaudited full year results based on management accounts following our Board Meeting on 27<sup>th</sup> July.

*Authorised by the Board of Supply Network Limited*

**Robert Coleman**

Chief Financial Officer

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