

## Quarterly Activity Report & Appendix 4C 1QFY2022

30 September 2021





# Quarterly Update

## Solid Performance with New Contract Wins

### Key Highlights

- **Building the pipeline:** Revenue backlog at 30 September 2021 of \$56M, up 52% on the same period last year.
- **Significant upcoming industry contracts:** Brockman well positioned to secure a share of \$100M of new tank construction contracts that are expected to be awarded prior to 31 December 2021.
- **Increased tender activity:** Syfon tender activity increasing as pandemic restrictions transition to the return to work phase. Recently secured selected preferred contractor status on two new large contracts with a combined value of \$4M.
- **New opportunities in energy transition:** Increasing demand for our hybrid power generation solutions as the market shifts to a carbon zero future.
- **Reducing debt:** Debt reduction of \$0.3M during the quarter. Total term debt balance of \$1.2M at 30 September 2021 planned reduction to zero balance by 30 September 2022. Net cash balance at 30 September 2021 was \$2.2M, cash on hand \$3.4M.

### GENERAL BUSINESS

In the first quarter of FY22, EVZ delivered a solid operating performance with new contract wins and disciplined cost control. The business environment continued to rebuild following the disruption of COVID 19 lockdowns. Construction site lockdowns in Victoria and Kuala Lumpur were managed effectively with resources redeployed elsewhere in the business where possible. Capital expenditure commitments and maintenance expenditure across the liquid fuels, construction sector and gas energy sector are forecast to rebound in 2HFY22 and 1HFY23 as the worldwide economy opens.

### BROCKMAN ENGINEERING

During the quarter, Brockman secured five new tank projects with cumulative contract values totalling \$22M. The largest single contract being chemical fertiliser tanks in Kwinana for \$8M.

Tendering activity increased significantly during the period as the federal governments “Boosting Australia’s Diesel Storage Program” grant contracts are executed and proponents seek to secure the skills of a reputable liquid fuel tank constructor.

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Brockman is currently delivering seven tank design and construction projects, the largest of these being the Hastings Terminal Expansion project for United Petroleum which is expected to complete in November 2021.

It is expected that \$100M of contracts will be awarded in the tank construction industry before 31 December 2021. Brockman is well positioned to secure a share of these contracts and remain available for further contract wins from the six remaining grant scheme proponents during 2HFY22.

## **SYFON SYSTEMS**

Syfon Systems has delivered a solid performance in difficult operating conditions, enduring a two week construction shutdown in September. The outlook remains positive for FY22 and beyond as the worldwide economy returns to business as usual.

Syfon in Asia has also remained profitable during the pandemic shutdowns across our major Asian markets and is now responding to increased demand for our services for new large infrastructure and building developments in Kuala Lumpur, Penang and Vietnam. The outlook in Asia is positive for 2HFY22 and we expect activity levels to increase further in FY23.

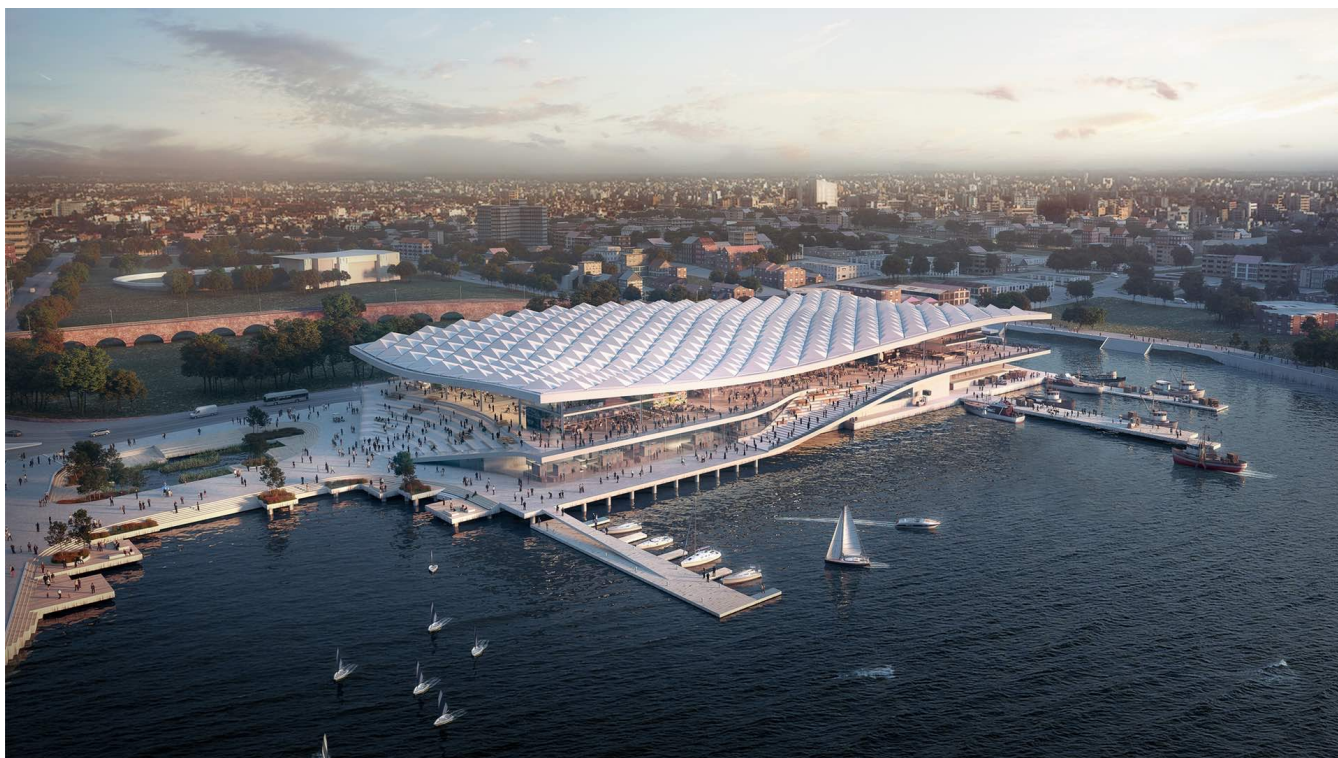
Work in hand remains at historically high levels supporting growth in future periods. Recent success in securing selected contractor status on new projects in Penang & Malaysia (combined value of \$4M) provides a positive forward outlook based on an internationally diversified project portfolio.



*Micron Technology, Penang – Syfon Systems project underway*



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*Sydney Fish Market – Syfon Systems project underway*

## **TSF POWER**

TSF Power service workload and parts sales have grown in recent months with the improvement of global supply chain logistics over the past few months compared to a year ago. There is strong customer demand for our technical support and our value for money offering.

The recent renewal of the NBN power systems maintenance contract for a multi year (3+1+1) term for all Australian NBN sites was material for TSF Power. This contract supports our business strategy of delivering value across the distributed power generation sector and underpinning our recurring revenue streams.

As the power industry shifts emphasis to a carbon zero future our offering of hybrid power generation solutions and distributed power generation solutions with integrated operational support will deliver value as the market expands.

## **BALANCE SHEET**

The group made term debt reductions of \$300,000 in the first quarter of the 2022 financial year. Term debt has now reduced to \$1,200,000. Net assets have increased to \$24.8M.

Cash management and trade creditors balances remained stable during the quarter as trading moderated due to lockdowns across our network of projects. Improved operating environments across the Australian and Asian markets in 2HFY22 and FY23 will provide further opportunities for organic growth. We are also assessing strategic acquisitions to expand the scale of our operations.

# Appendix 4C

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

EVZ Limited

ABN

87 010 550 357

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	16,154	16,154
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(5,757)	(5,757)
(c) advertising and marketing	(63)	(63)
(d) leased assets	(122)	(122)
(e) staff costs	(7,626)	(7,626)
(f) administration and corporate costs	(2,542)	(2,542)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(123)	(123)
1.6 Income taxes paid	(1)	(1)
1.7 Government grants & tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(80)</b>	<b>(80)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire of for:		
(a) entities		
(b) businesses		
(c) property plant and equipment	(146)	(146)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(146)</b>	<b>(146)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issue of equity securities (excluding convertible debt securities)		
3.2	Proceeds from of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(300)	(300)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(300)</b>	<b>(300)</b>
<b>4.</b>	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,960	3,960
4.2	Net cash from / (used in) operating activities (item 2.6 above)	(80)	(80)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(146)	(146)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(300)	(300)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>3,434</b>	<b>3,434</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,434	3,960
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should be equal to item 4.6 above)</b>	<b>3,434</b>	<b>3,960</b>

6.	Payments to related entities of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1	
6.2	Aggregate amount of cash flow from loans to these parties included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	1,500	1,200
7.2	Credit standby arrangements		
7.3	Other (Bank Guarantee Facility )	5,000	4,768
7.4	<b>Total financing facilities</b>	<b>6,500</b>	<b>5,968</b>
7.5	<b>Unused financing facilities available at quarter end</b>	<b>232</b>	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entering into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The above secured loan and bank guarantee facilities are provided by the Commonwealth Bank of Australia. The interest rate on the term loan is 3.75% plus the variable bank bill rate. The interest rate on the bank guarantee facility is 3.5% on drawn balance. The current facility agreement expires on 31 October 2022.			

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(80)
8.2 Cash and cash equivalent at quarter end (item 4.6)	3,434
8.3 Unused finance facilities available at quarter end (item 7.5)	232
8.4 Total available funding (item 8.2 + item 8.3)	3,666
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>45.8</b>
<i>Note: if the entity has reported positive net operating cash flow in item 1.9, answer item 8.5 as N/A. Otherwise a figure for the estimated quarters of funding available must be included in item 8.5</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: Where item 8.5 is less than 2 quarters, all questions, 8.6.1, 8.6.2 and 8.6.3 must be answered.</i>	



## Compliance statement

1. This statement has been prepared in accordance with the accounting standards and policies which comply with listing rule 19.11A
2. This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021  
Authorised by: Pieter van der Wal

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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