

EVZ LIMITED

# Quarterly Activity Report & Appendix 4C 1QFY2023

30 September 2022





# Quarterly Update

## EVZ acquires Tank Industries to expand water segment product sales

### Key Highlights

- EVZ Limited has agreed to acquire Tank Industries to increase our exposure in the water industry products segment. The transaction will complete in early November and be earnings accretive during FY2023 following initial investment expenses for transition and integration.
- Secured new contract wins. EVZ secured new contracts in the liquid fuels, water and built infrastructure to maintain the backlog above \$100M.
- Cash receipts of \$25M for the quarter up 55% from previous corresponding period. Cash balance of \$8.2M. Net operating cash outflow of \$0.3M for the quarter following a strongly positive cashflow during the preceding quarter. Annualised cashflow for the twelve months to 30 September 2022 was positive at \$4.8M.
- Tender activity remains strong. Tender activity and demand for EVZ services is at an all time high across the Brockman, Syfon, Tank Industries and TSF Power businesses.
- Strengthened balance sheet with no debt positioned for organic and acquisitive growth. EVZ Limited completed the retirement of all term debt during the quarter, a significant milestone for the group.

### GENERAL BUSINESS

In Q1 FY2023, EVZ delivered a strong financial and operating performance, with cash receipts up 55%, the elimination of term debt and additional new contract wins which position the group for growth during FY2023 and beyond.

The business maintained its strong backlog position with additional contract wins whilst also responding to a high level of tendering activity and relationship-based contract appointments. The recent commencements on multiple new projects has required additional expenditure and investment on technical staff due to mobilisation on numerous work fronts simultaneously to meet schedules.

The acquisition of Tank Industries from Hunt Engineering & Staff Pty Ltd was committed during the quarter. The transaction will complete in early November. Upon acquisition, Tank Industries will expand EVZ's presence in the building products and industrial water tank sector in Australia. From a strategic perspective, Tank Industries provides a base for EVZ to expand our water industry product sales business with the vision of becoming an innovator of water efficiency products.

The Tank Industries business will be accretive to earnings in FY2023 following a period of investment and transition as it aligns operations with Syfon Systems.

# Quarterly Update

## BROCKMAN ENGINEERING

Brockman recently secured the contract in conjunction with Aqua Metro for the replacement of a large water storage reservoir for Greater Western Water at Melton in Melbourne's western suburbs. The project value is \$11M and is scheduled to commence in Q3FY2023 and complete in Q3FY2024.

Brockman has recently commenced site works on four tank projects located in Victoria, Western Australia and the Northern Territory.

Tendering activity during the quarter remained high as industries aligned with our market segments continued to invest in new energy and water infrastructure. Brockman is well positioned to secure a share of these contracts and remains available for further contract wins from our current client base in the liquid fuels, gas and water sectors. Our current diversified project and revenue portfolio provides a balanced risk profile for stability in revenue and earnings growth as the group moves into the next phase of its growth strategy.

## SYFON SYSTEMS

Syfon Systems delivered another strong performance in Q1FY2023. The outlook remains positive for FY2023 with historically high contracted backlog and tendering activity also at historic highs.

Syfon Asia is progressively returning to full operating capacity due 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 FY2023 and FY2024 and we expect activity levels to increase further as the social infrastructure build phase returns to peak capacity in the region during FY2023.



Mernda Water Reservoir, Melbourne– Brockman project

# Quarterly Update



Melbourne Airport JUHI – Tank Industries project

## TSF POWER

TSF Power service and parts sales continued to grow in Q1 FY2023 as the demand for renewable gas energy rises in line with market demands for more renewable energy supply options to manage the transition to net zero.

Customer demand for our technical support and our value for money offering has risen across our four operating segments: gas engine service and maintenance, gas engine spare parts sales, standby power plant maintenance and gas engine sales and installation.

TSF Power is currently actively pursuing long term parts sale agreements and long term operations support contracts with large institutional water and waste entities in Australia and New Zealand.

## BALANCE SHEET AND CASH FLOW

EVZ delivered an operating cashflow deficit of \$0.3M during the quarter following a strong positive cashflow in the prior period. Annualised cashflow for the prior twelve month period was positive at \$4.8M inclusive of a \$3.7M capital raising in April 2022.

All term debt has now been retired a significant milestone for the group providing a greater basis to scale the group and build momentum in FY2023 and beyond.

Improved industry outlook across the Australian and Asian markets in FY2023 and FY2024 will provide further opportunities for organic and acquisitive growth.



# Appendix 4C

Name of entity

EVZ Limited

ABN

87 010 550 357

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	25,016	25,016
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(11,170)	(11,170)
	(c) advertising and marketing	(64)	(64)
	(d) leased assets	(437)	(437)
	(e) staff costs	(10,356)	(10,356)
	(f) administration and corporate costs	(3,174)	(3,174)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	(91)	(91)
1.6	Income taxes paid	(14)	(14)
1.7	Government grants & tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	<b>Net cash from/(used) operating activities</b>	<b>(289)</b>	<b>(289)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire of for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property plant and equipment	(1,239)	(1,239)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)		
2.6	<b>Net cash from /(used) investing activities</b>	<b>(1,239)</b>	<b>(1,239)</b>
3.	Cash flows from financing activities		
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 ( <i>New Leases</i> )	1,116	1,116
3.6	Repayment of borrowings ( <i>Loan</i> )	(300)	(300)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	<b>Net cash from /(used) financing activities</b>	<b>816</b>	<b>816</b>
4.	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	8,933	8,933
4.2	Net cash from / (used in) operating activities (item 2.6 above)	(289)	(289)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,239)	(1,239)
4.4	Net cash from / (used) financing activities (item 3.10 above)	816	816

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end period	8,221	8,221

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	8,221	8,933
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should be equal to item 4.6 above)	8,221	8,933

6.	Payments to related entities of the entity and the associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1	41
6.2	Aggregate amount of cash flow from loans to these parties included in item 2	-

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.

<b>7.</b>	<b>Financing facilities</b> 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.	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Bank Guarantee Facility )	5,000	4,509
<b>7.4</b>	<b>Total financing facilities</b>	<b>5,000</b>	<b>4,509</b>
<b>7.5</b>	<b>Unused financing facilities available at quarter end</b>		<b>491</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 interest rate on the bank guarantee facility is 3.5%. The bank guarantee facility is reviewed annually.		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(289)
8.2	Cash and cash equivalent at quarter end (item 4.6)	8,221
8.3	Unused finance facilities available at quarter end (item 7.5)	491
8.4	Total available funding (item 8.2 + item 8.3)	8,712
<b>8.5</b>	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</b>
	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	
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	
	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.	



# 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: 26 October 2022

Authorised by: By the Board

## 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.

