

EVZ LIMITED



Quarterly Activity Report & Appendix 4C 2QFY2023

31 December 2022



Quarterly Update

Syfon Systems expands into Indonesia

Key Highlights

- Cash receipts of \$32M for the quarter up 216% from previous corresponding period. Net operating cash inflow of \$5.3M
- At 31 December 2022, the Company has \$12.9M in cash and cash equivalents, with zero drawn debt.
- Syfon Systems expanded its Asian presence via a five-year license agreement with Wahana Duta Jaya Rucika ('Rucika') to market, distribute, sell and install Syfon's range of siphonic stormwater products throughout Indonesia.
- EVZ Limited recently completed the acquisition of Tank Industries increasing our exposure in the water industry products segment. The transaction will be earnings accretive during FY2023 following initial investment expenses for transition and integration.
- EVZ continues to secure new contract wins across all businesses and maintains a solid contracted backlog position above \$90M.
- Improved industry outlook across the Australian and Asian markets in FY2023 and FY2024 will provide further opportunities for organic and acquisitive growth.

GENERAL BUSINESS

EVZ has delivered a strong financial and operating performance, with cash receipts up 216% on the previous corresponding period. Additional new contract wins position the group for further growth during FY2023 and beyond.

The group progressed two strategic objectives during the quarter. Firstly, we expanded our Asian presence via executing a long-term licensing agreement with Rucika to market, distribute, sell and install Syfon's products throughout Indonesia. Secondly, the completion of the acquisition of Tank Industries on 10 January 2023 expanding our reach in the water products industry. The completion of these two strategic objectives will drive additional sales and profit as the business expansions mature and grow.

The group continues to seek out further geographic and complementary businesses for acquisitions to grow our market share in the technical services sector.

During the quarter, payments to related parties and their associates totalled \$52k. These related party payments consisted of consulting fees paid for non-executive Director related services. All payments were on normal commercial terms.

Quarterly Update

BROCKMAN ENGINEERING

Brockman is currently constructing new water storage and liquid fuel tanks in Victoria, New South Wales, Western Australia and the Northern Territory as part of our diversified project portfolio.

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.

Brockman has recently expanded to NSW with the appointment of a local management team to focus on executing on the growth opportunities within the northern states. Our diversified contract portfolio provides a balanced risk profile for stability in revenue and earnings growth as the group moves into the next phase of the growth strategy.

SYFON SYSTEMS

Syfon Systems delivered another strong performance in 1HFY2023. The outlook remains positive for FY2023 with historically high contracted backlog and tendering activity.

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.

Expansion into Indonesia with our partner Rucika is expected to take advantage of the growing built infrastructure needs over the next decade forming a significant part of our SE Asian business.



Mernda Water Reservoir, Melbourne – Brockman Engineering

Quarterly Update



Kwinana Lithium Plant – Tank Industries

TSF POWER

TSF Power service and parts sales continue to grow with the securing of new contracts with Sydney Water. Our services are in continuous demand as the use of renewable gas as an energy source rises in line with market demands for a lower carbon future in 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 and waste management entities in Australia and New Zealand.

BALANCE SHEET AND CASH FLOW

EVZ delivered an operating positive cashflow of \$5.3M during the quarter driven by advance payments on some current projects. Cashflow for the fiscal year to date is \$5.0M. At 31 December 2022, the Company has \$12.9M in cash and cash equivalents, with zero drawn debt.

To facilitate larger and a more diverse range of contracts and projects we have negotiated with our financier an increase in our contingent liability facility of \$2.0M to a total facility of \$7.0M.

Appendix 4C

Name of entity

EVZ Limited

ABN

87 010 550 357

Quarter ended ("current quarter")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	32,376	57,392
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(13,513)	(24,683)
	(c) advertising and marketing	(64)	(128)
	(d) leased assets	(197)	(634)
	(e) staff costs	(10,392)	(20,748)
	(f) administration and corporate costs	(2,857)	(6,031)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	30	32
1.5	Interest and other costs of finance paid	(63)	(155)
1.6	Income taxes paid	(5)	(19)
1.7	Government grants & tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from/(used) operating activities	5,315	5,026
2.	Cash flows from investing activities		
2.1	Payments to acquire of for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property plant and equipment	(575)	(1,814)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	Net cash from / (used) investing activities	(575)	(1,814)
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
3.6	Repayment of borrowings (<i>Loan</i>)		(300)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used) financing activities		816
4.	Net increase/ (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,221	8,933
4.2	Net cash from / (used in) operating activities (item 2.6 above)	5,315	5,026
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(575)	(1,814)
4.4	Net cash from / (used) financing activities (item 3.10 above)		816

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end period	12,961	12,961

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	12,961	8,221
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)	12,961	8,221

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	52
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.

7.	Financing facilities 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.	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Bank Guarantee Facility)	7,000	4,090
7.4	Total financing facilities	7,000	4,090
7.5	Unused financing facilities available at quarter end		2,910
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	5,315
8.2	Cash and cash equivalent at quarter end (item 4.6)	12,961
8.3	Unused finance facilities available at quarter end (item 7.5)	2,910
8.4	Total available funding (item 8.2 + item 8.3)	15,871
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	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: 31 January 2023
Authorised by: By the EVZ Limited 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.



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