



Quarterly Activity Report & Appendix 4C 3QFY2022

31 March 2022

Quarterly Update

Key Highlights

- **Secured \$57M of new contract wins:** EVZ secured new contracts in the liquid fuels, water and defence sectors in Q3 FY22, increasing contracted backlog up to in excess of \$100M. This strong pipeline of new construction and capital projects is expected to underpin revenue growth in FY23 and beyond. Backlog is also expected to be maintained above \$100M for the foreseeable future.
- **Tender activity remains strong:** Tender activity and demand for EVZ services is at an all time high across the Brockman, Syfon and TSF Power businesses. The increase in activity is supported by the BADSP grant funded projects, upcoming grant funded cleaner fuels projects and capital works deferred during COVID.
- **Strengthened balance sheet and positioned for growth:** A \$3.7M capital raise in April 2022 has strengthening the balance sheet and provided working capital to support EVZ's strong pipeline of work.

GENERAL BUSINESS

In Q3 FY22, EVZ delivered a solid operating performance with additional new contract wins to position the group for growth in FY23 and beyond. The business consolidated its strong backlog position with additional contract wins of \$57M, whilst also responding to an increased level of tendering activity and relationship contract negotiations. Contracted backlog rose to beyond \$100M during the quarter and is expected to remain at this level for the foreseeable future.

We remain confident in the strength of the economic recovery post the COVID pandemic and in the outlook for the liquid fuels, building construction and gas energy sectors, which we expect to drive revenue growth during FY23 and FY24.

BROCKMAN ENGINEERING

Brockman executed the circa \$40M contract with Viva Energy for three new 30ML diesel tanks at the Geelong refinery during the quarter and also secured contracts worth a further \$17M on three tank design and construction contracts in the liquid fuels, water and defence sectors. In addition, EVZ was selected as preferred contractor for a further two liquid fuels major tank projects with a total expected contract value of \$27M.

The recent federal government announcement of the \$250M cleaner fuels grant to Viva Energy and Ampol to produce cleaner low sulphur fuels will underpin further capital expenditure within Brockman's area of business during FY23 and FY24. Total capital expenditure on the cleaner better quality fuels transition is estimated to be \$500M.

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Tendering activity increased significantly during the quarter as the first group of federal governments “Boosting Australia’s Diesel Storage Program” (BADSP) grant supported construction contracts were awarded. It is expected that \$400M of BADSP contracts will be awarded in the tank construction industry before 31 December 2022.

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 Q3 FY22. The outlook remains positive for the remainder of FY22 and beyond as the global economy recovers from the COVID related business disruptions.

The level of contracted backlog in the Syfon project portfolio remains at historic highs. Syfon Asia has recently returned to full 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 FY23 and FY24 and we expect activity levels to increase further as the social infrastructure build phase continues in the region.



Sydney Football Stadium – Syfon Systems project underway

Quarterly Update



Amazon Robotic Fulfillment Centre – Syfon Systems project

TSF POWER

TSF Power service and parts sales continued to grow in Q3 FY22 as the demand for renewable gas energy rises in line with market demands for more 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 service and maintenance and gas engine sales and installation.

As the power industry shifts emphasis to a carbon zero future our offering of renewable power generation solutions and distributed power generation solutions with integrated operational support will continue to deliver revenue growth.

BALANCE SHEET AND CASH FLOW

EVZ reduced term debt to \$600k during the quarter. An equity raising was successfully completed on 12 April 2022 raising approximately \$3.7M to provide working capital to support revenue growth in FY23.

EVZ reported an operating cash out flow in Q3 FY22, due to the seasonal Christmas holiday period and expenditure related to gearing up for large new contracts. Significant receipts were recorded in the first week of April neutralising the negative result in the first quarter.

Improved operating environments across the Australian and Asian markets in FY23 and FY24 will provide further opportunities for organic growth through new large contract wins. We are also assessing and pursuing strategic acquisitions in our sectors to expand the scale of our operations.

Appendix 4C

Name of entity

EVZ Limited

ABN

87 010 550 357

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,881	44,996
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,091)	(14,319)
(c) advertising and marketing	(63)	(190)
(d) leased assets	51	(311)
(e) staff costs	(7,368)	(21,660)
(f) administration and corporate costs	(2,811)	(8,016)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(90)	(298)
1.6 Income taxes paid	(117)	(140)
1.7 Government grants & tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(608)	62
2. Cash flows from investing activities		
2.1 Payments to acquire of for:		
(a) entities		
(b) businesses		
(c) property plant and equipment	(371)	(540)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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 in) investing activities	(371)	(540)
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		
3.6	Repayment of borrowings	(300)	(900)
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 in) financing activities	(300)	(900)
4.	Net increase/(decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,861	3,960
4.2	Net cash from / (used in) operating activities (item 2.6 above)	(608)	62
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(371)	(540)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(300)	(900)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,582	2,582

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	2,582	3,861
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)	2,582	3,861

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	600	600
7.2	Credit standby arrangements		
7.3	Other (Bank Guarantee Facility)	5,000	4,311
7.4	Total financing facilities	5,600	4,911
7.5	Unused financing facilities available at quarter end		689
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(608)
8.2 Cash and cash equivalent at quarter end (item 4.6)	2,582
8.3 Unused finance facilities available at quarter end (item 7.5)	689
8.4 Total available funding (item 8.2 + item 8.3)	3,271
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.4
<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 April 2022
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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