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The Manager
Market Announcements Office
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MELBOURNE VIC 3000

FIRST HALF FINANCIAL YEAR 2023
EVZ DELIVERS RECORD HALF YEAR REVENUE & POSITIVE CASHFLOW

EVZ Limited (ASX:EVZ 'the Company') a leading provider of innovative engineering solutions is pleased to report the financial results for the six months ended 31 December 2022 (1HFY23).

Key Highlights

- Revenue of $49M, up 69% versus 1HFY22.
- EBITDA of $2.1M up 43% versus 1HFY22.
- Positive momentum. Operational and financial momentum in first half of FY23 as business conditions improved across all markets.
- Strong balance sheet with $12.9M in cash with zero drawn debt.
- Executed major strategic initiatives during the period with acquisition of Tank Industries and the expansion of Syfon Systems into Asia via a five-year license agreement with Wahana Duta Jaya Rucika ('Rucika') in Indonesia
- EVZ continues to secure new contract wins and maintains a solid contracted backlog position above $90M.
- Improved industry outlook across the Australian and Asian markets in FY23 and FY24 will provide further opportunities for organic and acquisitive growth.
- FY23 revenue expected to be greater than 30% above FY22 levels

EVZ Limited CEO, Scott Farthing said.

"EVZ delivered a strong period of operational and financial performance in the first half of the 2023 financial year. Our revenue growth of 69% was a result of a combination of the increased in activity we are seeing across our business, the commencement of recent contract wins and our strong work backlog. Importantly, we are growing in a sustainable manner which is reflected in the increased EBITDA and cashflow performance during the period. We are continuing to deploy initiatives to mitigate the impact of inflation on our business as well as ensure we continue to retain key talent to execute on our growth plans. With a work backlog in excess of $90M and strong tendering activity, EVZ remain well positioned to drive further improvement in our financial performance."

Financial Performance

EVZ reported revenue of $49.0M in 1HFY23, up 69% from 1HFY22 as the Company witnessed growth across all end markets.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was $2.1M.

EVZ delivered an operating positive cashflow of $5.6M during the period driven by advance payments on current projects. The Company's balance sheet continued to improve with $12.9M in cash and cash equivalents, with zero drawn debt at 31 December 2022 ($3.9M net cash at 31 December 2021).

Strategic Objectives Progressed

The group progressed two strategic objectives during the period.

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.

Operational Performance

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 have required additional expenditure and investment on technical staff due to mobilisation on numerous work fronts simultaneously to meet schedules.

Brockman Engineering

Tendering activity during the period 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 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

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 large new 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 southeast Asian business.

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.

Outlook

The outlook for EVZ remains positive and we remain confident in the industry outlook in the liquid fuels, building construction and gas energy sectors. EVZ will benefit from an increasing workload from recently successful tenders and negotiated contracts and an improved industry outlook across the Australian and Asian markets which will provide further opportunities for organic and acquisitive growth. We continue to expect FY23 revenue to be 30% above FY22 levels.

For further information please contact.

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About EVZ Limited

EVZ Limited is an industrial group with a portfolio of specialist businesses in the engineering services sector. EVZ operates in the areas of mechanical engineering services, bulk storage tank design and construction, syfonic storm water and roof drainage, water storage tanks and distributed renewable power generation through subsidiaries, Brockman Engineering, Syfon Systems, Tank Industries and TSF Power. www.evz.com.au