

ASX:VYS

11 August 2022

VYSARN ENTERS INTO SHARE SALE AGREEMENT TO ACQUIRE PROJECT ENGINEERING

Vysarn Limited (**ASX:VYS**) (**Vysarn**) (**Company**) is pleased to announce that the Company has entered into a binding Share Sale Agreement (**SSA**) for the acquisition of Project Engineering (WA) Pty Ltd (**ProEng**).

Under the SSA, the Company will acquire 100% of the issued shares in ProEng for a consideration of \$2.60 million in cash. The purchase price assumes that ProEng is acquired debt free. There is a provision within the SSA for an adjustment to the cash consideration based on agreed working capital.

ProEng will become a wholly owned subsidiary of Vysarn upon completion of the acquisition. The cash component of the acquisition consideration will be funded via a combination of the Company's cash reserves and debt funding. Based on ProEng's historical trading results and their forecast FY23 EBT the acquisition will deliver an approximate 20% earnings accretion to Vysarn (using the full year FY22 EBT guidance announced to the ASX on 5 May 2022).

The Company has identified organic growth opportunities for ProEng as well as material integration opportunities with Pentium Test Pumping and Pentium Water. Management intends to rapidly integrate ProEng into the Vysarn Group of companies and then pursue these growth opportunities, initially via the planned expansions of Pentium Test Pumping's service offering into injection testing and Pentium Water's expansion into managed aquifer recharge consulting.

Subject to completion, the acquisition of ProEng will be effective from 1 July 2022 with completion of the acquisition conditional on the satisfaction or waiver of the following condition precedents:

- The Company completing its due diligence investigations and being satisfied with the results in its sole discretion, exercised reasonably;
- The Company obtaining funding sufficient to complete on terms acceptable to the Company in its absolute discretion; and
- The consent of or waiver from any person who is a counterparty to a material contract that contains a provision, such as a change of control provision, which requires the consent or waiver of such person and would be triggered by the transfer of the sale shares, on terms and conditions reasonably acceptable to the Company.

The condition precedents are to be satisfied or waived by no later than 30 September 2022.

About ProEng

ProEng is a hydraulic engineering business that primarily services the resource sector in Western Australia as well as providing ancillary engineering services to the commercial fishing and aquaculture sectors. ProEng's current core competency is the provision of managed aquifer recharge (MAR) systems to tier one iron ore clients in the Pilbara.

Over time ProEng has completed significant research and development of aquifer reinjection systems which has culminated in unique registered and patented MAR equipment and valve technology. As such, the ProEng MAR systems provide production critical infrastructure for mining operations to solve ongoing, high volume mine dewatering and environmental issues faced by tier one iron clients.

In addition, there is growing interest in MAR systems and their ability to assist in processes aimed at water harvesting and water banking to future proof water supplies from both regulated and non-regulated water abstraction sources.

In line with the Company's clearly defined strategy, the acquisition of ProEng provides Vysarn with additional diversified capability within its vertically integrated suite of water service offerings.

The ASX announcement has been authorised for release by the Board of Vysarn.

For more information:

James Clement
Managing Director
E: info@vysarn.com.au