

VYSARN



VYSARN

INVESTOR UPDATE

AUGUST 2024

Corporate Snapshot



A fundamentally driven company, solving critical water and environmental issues

About Vysarn Limited (ASX:VYS)

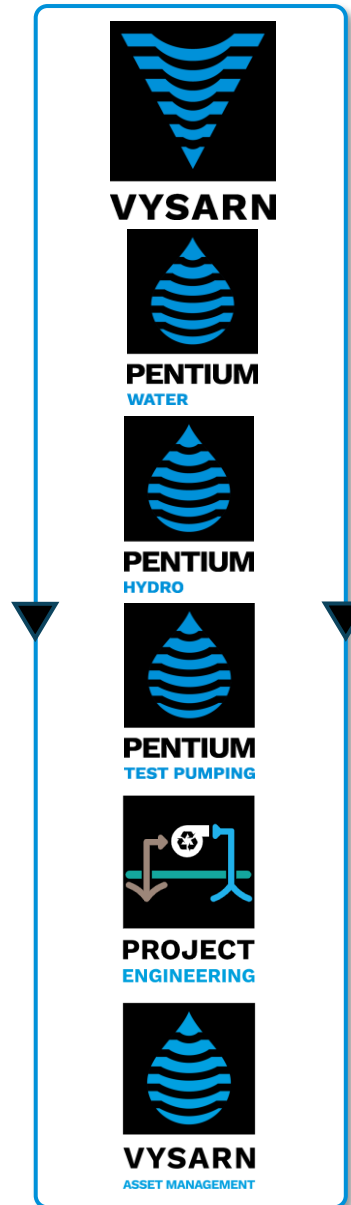
Vysarn Limited ('Vysarn' or 'the Company') is a dynamic company focused on the integration and development of water, carbon and environmentally specialised services and technologies.

Vysarn's vertically integrated model currently provides 'end-to-end' water services to various sectors, including resources, urban development, government, utilities and agriculture.

The responsible management of water and environment is a critical and escalating issue that the Company anticipates will continue to present significant growth opportunities, both vertically and horizontally.

Corporate Snapshot*

| | |
|-------------------------|------------------|
| Share Price | \$0.38 |
| Shares on Issue | ~418.6m |
| Market Capitalisation | ~\$159.1m |
| Net Cash | ~\$0.9m |
| Enterprise Value | ~\$158.2m |
| Top 20 | 60.0% |
| Board and Management | 25.6% |



Board of Directors

Peter Hutchinson - Non-Executive Chairman

Business leader with over 30 years' experience managing a diverse portfolio of industrial investments in manufacturing, engineering, construction and property, at the most senior levels. Founding Director of Forge Group Ltd, floated in 2007 with a market cap of \$12m and reaching over \$450m market capitalisation at the time of his resignation as CEO and final sell down in July 2012. Former Chair of Resource Equipment Ltd and founding shareholder and Chairman of Mareterram Ltd both subject to successful takeover bids at significant premiums to market.

James Clement - CEO & Managing Director

An experienced executive and ASX company director with a demonstrated history of successfully managing and leading businesses. Holds a MBA, a Bachelor of Science and a Graduate Diploma in Agribusiness. Previously the CEO and MD of ASX listed company Mareterram Ltd prior to its successful takeover at a significant premium to market.

Sheldon Burt - Executive Director

Industry professional with over 30 years of national and international experience, including field-based, operations, senior management and directorship roles. Former General Manager of Easternwell Minerals, a leading hydrogeological drilling specialist.

*Share price, market capitalisation, share holdings as at 31ST July 2024. Net cash sourced from Vysarn FY2024 unaudited management accounts

Investment Highlights



A fundamentally driven company, solving critical water and environmental issues

Unlocking the Water Thematic

Vysarn has positioned itself as a unique vertically integrated end-to-end provider of water services, technologies and infrastructure that aims to efficiently and sustainably manage significant quantities of water.

Strong YoY Earnings Growth Since Inception

Delivering strong year-on-year growth, with NPBT of \$1.1m in FY21, \$4.1m in FY22, \$7.1m in FY23 and \$11.0m in FY24*. This growth has been predominantly self-funded with minimal dilution (1.19%).

Strong Growth Anticipated in FY25

Subject to successfully executing a range of potential growth initiatives in FY25, management anticipates an opportunity to continue the Company's track record of YoY earnings growth. New key management hires have been made to support potential growth initiatives.



Joint Resource Agreement with traditional owners

Vysarn Asset Management has executed a 50/50 Joint Resource Agreement with the Kariyarra Aboriginal Corporation to develop a sustainable water resource to meet significant unmet demand for industrial water in the Pilbara region.

Pursuing Horizontal ESG Opportunities

Actively developing and pursuing ESG opportunities in water ownership, water infrastructure, asset management, carbon farming, irrigated agriculture, mine repurposing and urban rehabilitation.

Positioned to Execute

Vysarn is well positioned to execute its growth strategy with a strong earnings profile (\$11.0m NPBT*), robust balance sheet (net cash position) and a \$30.0m NAB acquisition facility.

*FY24 financial results based on unaudited management accounts

FY24: Strong Year-on-Year Performance



Vysarn's robust fundamentals are delivering sustainable and diversified YoY growth

Financial Performance*

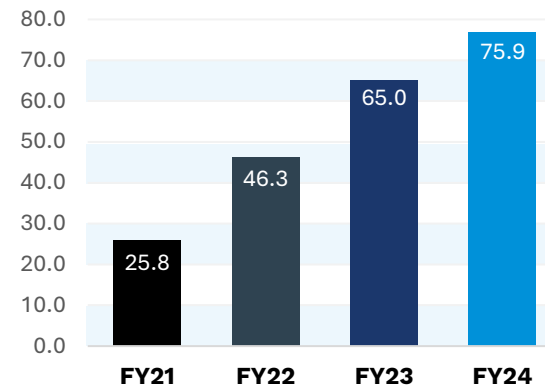
| FY23 – Profit & Loss | FY23 | FY24 | % |
|-------------------------|----------------|----------------|--------------|
| Operational Revenue | \$65.0m | \$75.9m | 16.8% |
| EBITDA | \$12.5m | \$16.3m | 30.8% |
| NPBT | \$7.1m | \$11.0m | 54.9% |
| FY23 – Balance Sheet | FY23 | FY24 | % |
| Net Tangible Assets | \$30.5 | \$38.9 | 27.4% |
| NTA Backing (per share) | \$0.075 | \$0.095 | 26.3% |
| Cash | \$8.3m | \$3.7m | -55.1% |
| Debt | \$9.7m | \$2.8m | -70.7% |
| Net (Debt) / Cash | (\$1.4m) | \$0.89m | N/A |
| Debtors | \$10.4m | \$16.6m | 59.5% |

FY2024 Results Commentary

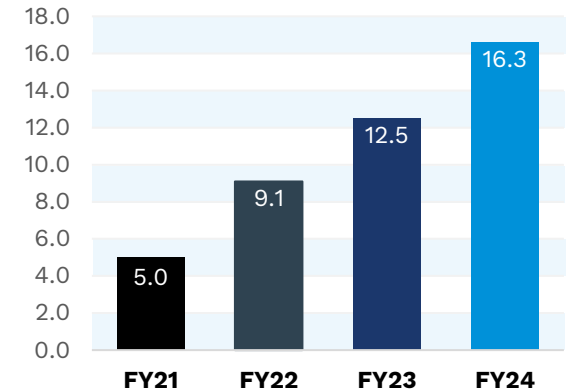
- **Strong 3-year Compound Annual Growth Rates:**
 - **Operational Revenue:** 43.3% CAGR
 - **EBITDA:** 48.3% CAGR
 - **NPBT:** 115.4% CAGR
- **Growth and divisional expansion self-funded with minimal dilution:**
 - 5.0m shares issued (1.19% dilution) to 3rd parties over 5 financial years
- **All divisions delivered growth**, whilst navigating resource sector headwinds, highlighting the robust nature of Vysarn's diversified model.
- **Strong Balance sheet** with NTA of \$38.9m with net cash
- **Debtors of \$16.6m** comprised of Tier 1 clients

Key Financial Indicators*

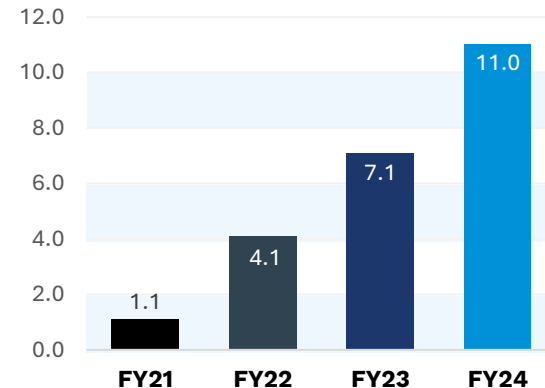
Operational Revenue



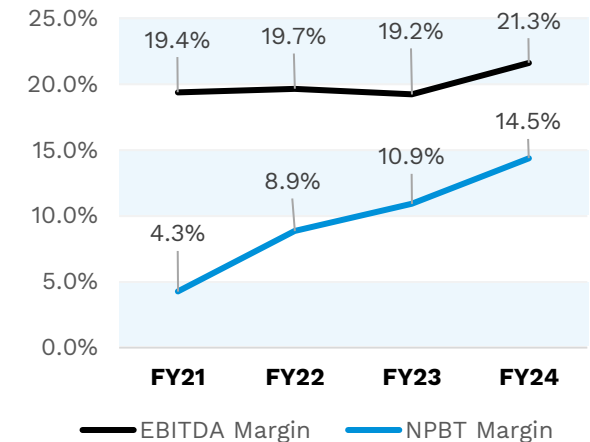
EBITDA



NPBT



EBITDA & NPBT Margins



*FY24 financial results based on unaudited management accounts

FY24: Divisional Performance & Review



Strong divisional performance facilitates Vysarn's self-funded growth strategy

| | | FY23 | FY24* | % |
|--------------------------------|----------------------------|------------------|------------------|----------------|
| PENTIUM WATER | Rev | \$4.07m | \$4.83m | 18.7% |
| | EBITDA | \$0.77m | \$1.04m | 35.3% |
| | EBT | \$0.64m | \$0.96m | 48.9% |
| PENTIUM HYDRO | Rev | \$50.98m | \$55.92m | 9.7% |
| | EBITDA | \$11.95m | \$13.30m | 11.4% |
| | EBT | \$7.33m | \$9.12m | 24.4% |
| PENTIUM TEST PUMPING | Rev | \$2.76m | \$3.64m | 31.8% |
| | EBITDA | \$0.86m | \$1.12m | 30.4% |
| | EBT | \$0.43m | \$0.52m | 22.0% |
| PROJECT ENGINEERING | Rev | \$7.15m | \$11.96m | 67.3% |
| | EBITDA | \$1.72m | \$4.09m | 137.6% |
| | EBT | \$1.57m | \$4.08m | 159.5% |
| DIVISIONAL CONTRIBUTION | Rev | \$64.96m | \$76.34m | 17.5% |
| | EBITDA | \$15.30m | \$19.56m | 27.8% |
| | EBT | \$9.98m | \$14.68m | 47.2% |
| VYSARN LTD | Corporate Overheads | (\$2.90m) | (\$3.62m) | (24.9%) |

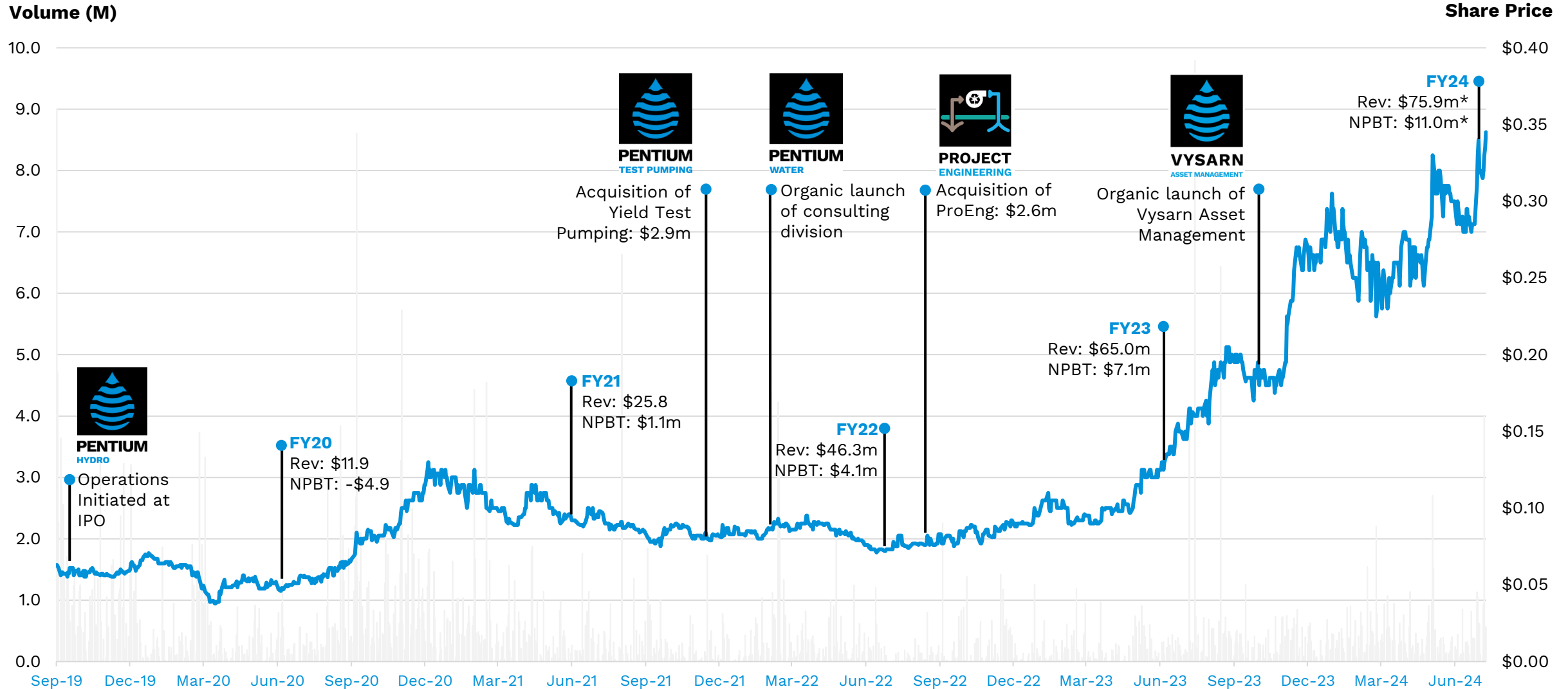
| Operational Review | |
|---|--|
| <ul style="list-style-type: none"> Delivering 49% EBT growth, Pentium Water is firmly establishing itself as one of Australia's premier providers of specialised consulting services. Targeting a 50% YoY increase in staff numbers to expand capacity and expertise to service a growing number of clients across new jurisdictions and fields across water and environment. | |
| <ul style="list-style-type: none"> Pentium Hydro successfully navigated FY24, delivering 24% EBT growth, despite exposure to the declining nickel sector and short-term iron ore sector headwinds. Established an asset mix (predominantly dual-rotary) and schedule (upgrades and allocation) capable of delivering long-term sustainable returns. Potential for ongoing incremental growth with further optimisation of assets and utilisation. | |
| <ul style="list-style-type: none"> Demand for Test Pumping and Injection Testing remained strong, resulting in the uptake of the division's newly deployed second rig and a material opportunity with a new Tier 1 client. Management are assessing opportunities to expand the fleet to further drive earnings, whilst diversifying client exposure. | |
| <ul style="list-style-type: none"> ProEng delivered exceptional EBT growth of 160% in FY24, supported by the continued adoption of MAR as a preferred methodology for the disposal of water in the Pilbara. ProEng is currently increasing its production capacity to satisfy the forecast demand from existing clients in the Pilbara and new opportunities nationally. | |
| <ul style="list-style-type: none"> Vysarn Ltd (Head-Co) corporate overheads increased by \$0.72m. Primarily due to an increase in expenditure (investment) to accelerate the progression of Vysarn group water ownership projects. Investment to expand the executive leadership team in anticipation of future growth initiatives. Vysarn has increased EBT margins from 15.4% to 19.2% (excluding Head-Co costs) whilst navigating short-term industry headwinds in the WA resource sector. | |

*FY24 financial results based on unaudited management accounts

Vysarn's Vertical Integration



Vysarn's evolution into a diversified, end-to-end water services provider



*FY24 financial results based on unaudited management accounts

Continue to drive the Company's YoY growth rate

Sustained YoY Growth

Subject to successfully executing a range of growth initiatives in FY25, **Management is targeting the continuation of the Company's YoY growth rate.**

Organic growth initiatives

Water thematic to provide continued organic growth tailwinds and opportunities. Vysarn aims to deliver growth via:

- Team, service offering & technological expansion;
- Conversion of new material client/project opportunities; and
- Further optimisation and enhancements in Return on Capital:
 - Asset optimisation & deployment to higher rate contracts;
 - Asset utilisation opportunities; and
 - Competitive tension in subsidiaries for allocation of growth capital.

Earnings accretive acquisitions

Vysarn is currently assessing acquisitions of varying scale that have the potential to:

- Further diversify and expand earnings;
- Materially increase scale and deliver operational synergies; and
- Provide a national footprint.

Vysarn is well positioned to execute with:

- Robust balance sheet and earnings profile;
- \$30.0m acquisition facility (NAB); and
- Attractive scrip supported by a strong culture & vision.

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Unlocking the value of water

The development of Vysarn water resources **aims to deliver quantifiable value.**

Developing world class water assets

The continued execution of Vysarn's three pillar strategy has the potential to unlock significant value in the Company:

1. Own water

- ✓ JV with Kariyarra Aboriginal Corporation
- ✓ 26D Water licence to define and develop water resource
- 5C Water Licence to abstract & sell water

2. Convey Water

- Secure a funding partner to build, own and operate pipelines (discussions ongoing)

3. Sell Water

- Secure off-take agreements for long-term delivery of commercial quantities of water (discussions ongoing)

Landmark Joint Resource Agreement

The JRA is structured to deliver sustainable multigenerational benefits to the Kariyarra people

Landmark Joint Resource Agreement

- Vysarn Asset management (VAM) and the Kariyarra Aboriginal Corporation RNTBC (KAC) have entered into a landmark Joint Resource Agreement (JRA).
- The KAC is entrusted to hold the determined native title in trust to protect the rights and interests for all Kariyarra people, including traditional cultural **interests in all water resources on Kariyarra country.**
- Under the terms of the JRA, KAC and VAM will be **equal partners** in a legally binding joint venture (JV) for the purpose of:
 - Investigating, assessing, managing, owning, controlling and extracting **sustainable quantities of water** from identified and secured water resources on Kariyarra country.

Targeted outcomes of the JRA

- 1. Develop a newly identified water source**
 - A sustainable, high-quality freshwater paleochannel aquifer.
- 2. Supply customers in the Port Hedland region,** including:
 - Municipal town supply, industrial users at the Boodarie SIA and nearby mining operations.
- 3. Deliver multigenerational benefits to Kariyarra people.**
 - Enable economic development that provides the Kariyarra people with an opportunity to generate **their own income from their own Country.**

Vysarn is pursuing additional Joint Resource Agreements of a similar scale.



1. <https://www.ymac.org.au/photos/kariyarra-native-title-determination/>

Helping Reshape WA's Water Market



Vysarn aims to be part of Western Australia's future regional water supply

Western Australia Underdeveloped Regional Water Market

- Relies on groundwater and desalination facilities.
- **5C Water Licence:** If available/applicable groundwater may be accessed and utilised via 5C Licence.
- **Value of annual trade:** Does not currently exist.
- **Commercial Pricing:** WA Government's 'Water Corporation' Regional Commercial Rates range between:
 - **\$2.94 – \$9.69/kL¹** for groundwater
 - **\$8.23 to 17.35/kL¹** for desalinated water
- **Port Hedland Commercial Volume Water (Step 5) = \$4.13/kL¹**

Versus

Murray Darling Basin (MDB): Highly Developed Water Market

- The MDB is Australia's largest water system, interconnected to facilitate a 'capex free' exchange of water allocations.
- **Water Rights are two-tiered:**
 - **Entitlements:** Perpetual right to a quantum of water
 - **Allocations:** Annual right to a quantum of water
- **Value of Annual Trade \$4Bn² – \$7Bn³**
- **Allocation Pricing:** Variances in allocation prices:
 - **Post Drought 2019 = \$900/ML (\$0.90/kL)⁴**
 - **Post Floods 2022 = \$20/ML (\$0.02/kL)⁵**

Participating in Western Australia's Regional Water Supply

Step 1 Identify water

- ✓ Leverage Vysarn's substantial intellectual property to identify large scale **sustainable water sources**.

Step 2 Partner with Traditional Owners

- ✓ **Each 'Country' has an established Corporation** that is entrusted to hold the native title in trust to protect the rights and interests of Traditional Owners.
- ✓ **Execute Joint Resource Agreements** to define, investigate, assess, manage, own, control and extract sustainable quantities of water.

Step 3 Licensing

- ✓ **26D License** to define sustainable water resources
- **5C Licence** specifies the authorised use of water and the **annual water entitlement**.

Step 4 Offtake

- **Identify Tier 1 offtaker** of the annual water entitlement
- Enter into take or pay agreements providing the potential for **long term annuity income streams**

Step 5 Infrastructure

- Build transmission pipelines.
- May be owned by VAM, off-taker and/or third party.

Target Pricing for Vysarn

Vysarn aims to **contract water at prices within the commercial parameters of WA**, but significantly higher than the MDB

Use: Regional Water Demand

The potential unmet regional demand outweighs Vysarn's potential supply

POTENTIAL DEMAND

Vysarn has a 'line of sight' on more than **100GL per annum** of potential demand.*

VYSARN'S POTENTIAL SUPPLY

Initial Kariyarra scheme target: **10GL**

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Additional scheme(s) on Kariyarra and/or neighbouring country: **Potential to secure and develop additional water resources**

+

Third-party sources, such as desalination to be required in the regional water mix.

*Demand/projects may not eventuate, Vysarn may not secure supply and/or off-take.

Land near Port Hedland was allocated **to five companies to accommodate downstream resource processing¹**.

The Boodarie Strategic Industrial Area¹



Green Steel Plant
posco

Green lithium sulphate plant
TEES VALLEY LITHIUM

Potential Demand 50-100GL

20-30GL water per 1Mt Hydrogen²
BP proposing 1.6Mt plant³

Mining operations in the Pilbara either have a significant surplus or shortage of water.

Pilbara Mining Operations

- Competitive complexities limit company cooperation, providing an opportunity for Vysarn.
- Vysarn has identified several large-scale iron ore and lithium mines with current and/or impending unmet water demand.

Potential Demand per mine ranges from 5-15GL

Water Corporations states: Customers currently use over 75% of the 20.5GL groundwater license, and demand will exceed the existing supply.

Port Hedland⁴

- An **additional 7.5GL/yr is required** by around 2030 to service community and commercial needs.
- **Does not include forecast demand from Boodarie Strategic Industrial Area**

Potential Demand 7.5GL

1. Boodarie SIA Overview: <https://developmentwa.com.au/projects/industrial-and-commercial/boodarie-sia/overview> 2. <https://rmi.org/hydrogen-reality-check-distilling-green-hydrogens-water-consumption/> 3 https://www.bp.com/en_au/australia/home/accelerating-australia/hydrogen/australian-renewable-energy-hub.html 4. <https://www.watercorporation.com.au/Outages-and-works/Ongoing-Works/Port-Hedland-water-source-planning>

Investment Summary



Vysarn is building upon its strong foundation to target further transformational growth

Strong Foundation & Thematic

Vysarn has successfully transformed itself into a diversified water service provider.

The Company's strategy continues to be underpinned by a long-term water and environmental thematic, which it is uniquely positioned to service and subsequently benefit from.

Sustained YoY Growth

Anticipated continuation of YoY growth rates subject to the execution of targeted growth initiatives.

Capacity to execute on both organic and acquisitive growth initiatives with:

- Strong earnings profile;
- Robust balance sheet;
- \$30m NAB acquisition debt facility; and
- Strengthening of key personnel.

Participate in Western Australia's Water

Vysarn is executing its strategy to unlock significant value from large scale sustainable water sources.

Positioned as a 'first mover' to potentially be a critical component of the water supply mix required to satisfy upcoming, significant regional water demand.

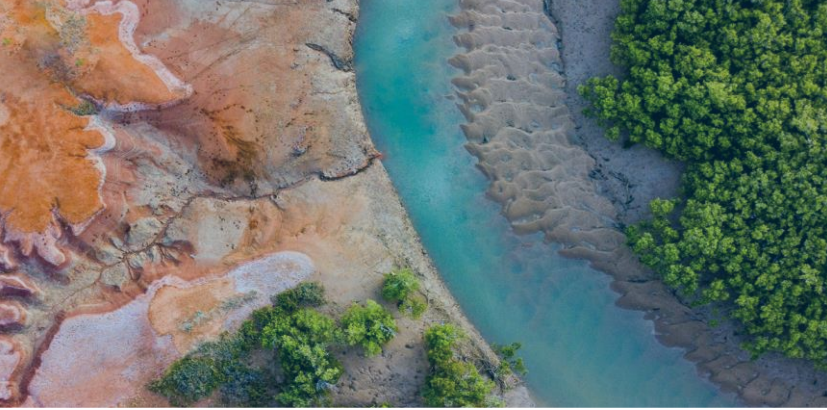
Making A Positive Difference

Vysarn is focused on the responsible management of water and the environment, also:

- Targeting expansion of environmental consulting services; and
- Assessing Carbon farming projects.

Executing landmark Joint Resource Agreements with Traditional Owner Corporations.

- Enable economic development that provides the Traditional Owners with an opportunity to generate their own income from their own Country.
- Develop true partnership agreements that can help deliver sustainable multigenerational economic returns.



Key Contacts

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