

## ASX ANNOUNCEMENT

### VYSARN FINANCIAL RESULTS FOR FY2024

Vertically integrated water service provider Vysarn Limited (ASX:VYS) (Vysarn) (Company) announces its financial results for the twelve (12) months to 30 June 2024 (FY2024).

#### Summary of group results for FY2024:

- Revenue from Operations \$75.89 million
- EBITDA \$16.32 million
- NPBT \$11.06 million
- NPAT \$7.96 million
- Net Tangible Assets \$37.66 million
- Operational Cashflow \$10.21 million

#### FY2024 Results Commentary

Vysarn's revenue from operations to 30 June 2024 of \$75.89 million exceeded previous corresponding period revenue from operations by \$10.93 million.

Revenue from operations in FY2024 represents a full twelve month operational contribution from all of the Company's wholly owned subsidiaries across consultancy, hydrogeological drilling, test pumping and managed aquifer recharge.

FY24 Key Financial Metrics	FY24	FY23	Variance	Variance
Description	\$	\$	\$	%
Operational Revenue	75,885,416	64,957,156	10,928,260	17%
EBITDA	16,322,531	12,453,788	3,868,743	31%
NPBT	11,060,393	7,075,570	3,984,823	56%
NPAT	7,960,510	3,872,558	4,087,952	106%
Operational Cashflow	10,213,381	9,664,934	548,447	6%

Net Profit Before Tax (NPBT) was \$11.06 million and Net Profit After Tax (NPAT) was \$7.96 million for the 12 months to 30 June 2024. The Company has now exhausted its carried forward tax losses.

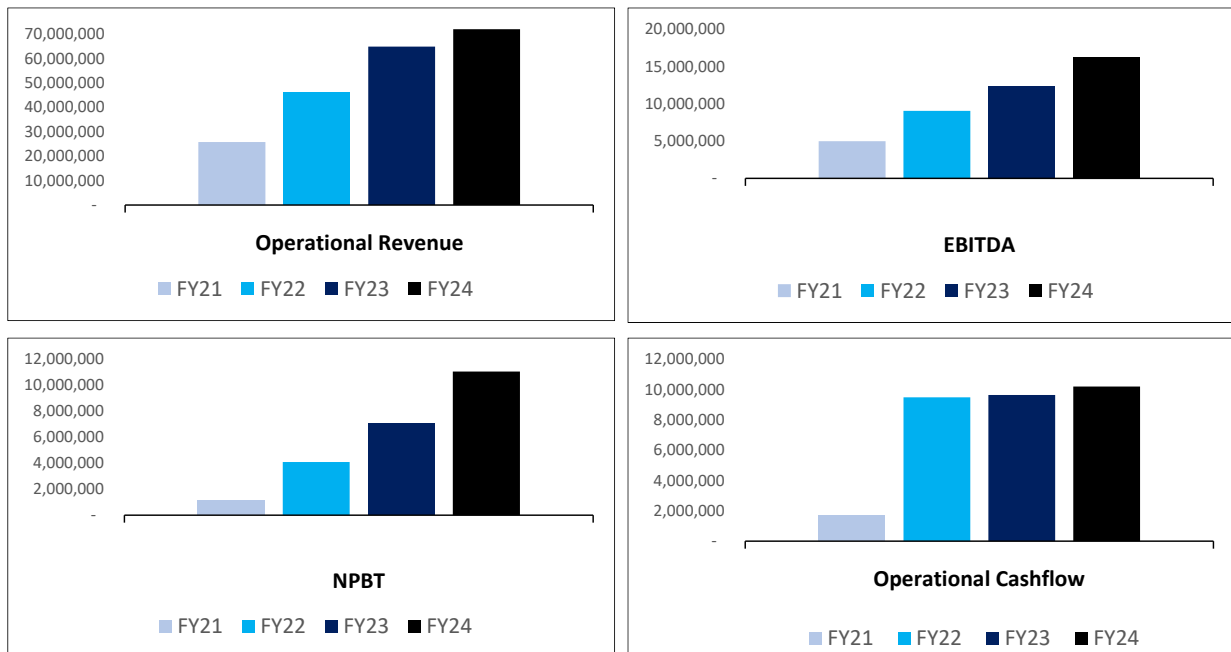
Key Financial Metrics	Operational Revenue			EBITDA			NPBT		
	FY23	FY24	Percentage Change	FY23	FY24	Percentage Change	FY23	FY24	Percentage Change
Description	(\$)	(\$)	(%)	(\$)	(\$)	(%)	(\$)	(\$)	(%)
Vysarn	-	50,773	N/A	(2,813,661)	(3,232,606)	(14.9%)	(2,900,439)	(3,622,957)	(24.9%)
Pentium Hydro	50,982,210	55,620,392	9.1%	11,945,539	13,301,920	11.4%	7,330,593	9,120,036	24.4%
Pentium Test Pumping	2,759,290	3,635,896	31.8%	857,228	1,117,942	30.4%	430,122	524,908	22.0%
Pentium Water	4,065,944	4,771,061	17.3%	772,451	1,044,954	35.3%	642,516	956,737	48.9%
Project Engineering	7,149,711	11,807,293	65.1%	1,721,819	4,090,322	137.6%	1,572,778	4,081,670	159.5%
<b>Group Total</b>	<b>64,957,155</b>	<b>75,885,416</b>	<b>16.8%</b>	<b>12,483,376</b>	<b>16,322,531</b>	<b>30.8%</b>	<b>7,075,570</b>	<b>11,060,393</b>	<b>56.3%</b>

Each wholly owned subsidiary of Vysarn produced year on year earnings growth, while Vysarn corporate overheads increased by \$0.72 million. The move in corporate expenditure was primarily due to an increase in investment to accelerate the progression of Vysarn group water ownership projects. The increase also includes investment to expand the executive leadership team in anticipation of future growth initiatives.

Operational Cashflow was \$10.21 million. The reduction in the conversion of earnings to Operational Cash Flow compared to the previous corresponding period is primarily a reflection of the retention of due payments by Teir 1 debtors and a material number of ProEng MAR unit deliveries and sales being held back until late June in FY2024.

The Company has Net Tangible Assets (NTA) of \$37.66 million, Net Current Assets of \$11.24 million, Cash and Cash Equivalent position was \$3.73 million and Net Cash was \$0.89 million as at 30 June 2024.

### Key Financial Metrics



### Operations and Outlook

FY2024 proved to be another year where Vysarn continued to successfully execute its water services vertical integration strategy. All water service business units contributed material earnings growth year on year, while the Company laid the early foundations to own and develop groundwater water resources for the potential supply of water to consumers in regional Western Australia.

The board and management anticipate that the water and environment thematic will continue to evolve and strengthen domestically, and that the Company is well positioned to service and subsequently benefit from this opportunity.

While Vysarn's growth to date has primarily been underpinned by the iron ore sector in Western Australia, the Company is actively pursuing various diversified growth opportunities across other water services, commodities, sectors and geographies.

### **Pentium Water**

Since being organically launched in February 2022 to provide consulting services covering ground water, surface water and environmental planning, wholly owned subsidiary Pentium Water Pty Ltd (Pentium Water – [www.pentiumwater.com.au](http://www.pentiumwater.com.au)) has continued to grow staff head count, expand its suite of advisory service offerings and in turn has materially grown earnings.

The business aggressively targeted a 50% increase in staff headcount over the 2024 calendar year to meet demand for its advisory services. Pentium Water was able to execute this growth initiative inside the second half of FY2024 by taking staff numbers from 20 to 30 professionals primarily in the advisory areas of groundwater and surface water.

Pentium Water continues to be instrumental in the creation of intellectual property that provides opportunities to identify and execute internal projects such as securing ground water assets for Vysarn commercial purposes as well as projects in carbon and urban restoration. The intellectual property provided by Pentium Water played a major role in the formation of the Company's wholly owned subsidiary Vysarn Asset Management Pty Ltd, the Company's commercial partnerships with traditional owner groups, and the identification of large scale water demand in the Pilbara region.

The outlook for domestic advisory services in general is strong. While the short term strategy for Pentium Water as a Western Australian focussed business is to consolidate headcount in FY2025 to help drive higher utilisation and earnings growth, the Company is targeting opportunities to expand advisory capability in other geographies and sectors via organic or acquisitive means. This is not only a function of where the Company sees opportunities for material increases in business scale and earnings but references a core part of Vysarn's strategy to pursue capital light avenues for further diversification and growth.

### **Pentium Hydro**

Despite Pentium Hydro Pty Ltd (Pentium Hydro – [www.pentiumhydro.com.au](http://www.pentiumhydro.com.au)) being Vysarn's most mature wholly owned subsidiary, the business produced another financial period of material year on year earnings growth. Of note, this result included the navigation of operational challenges presented primarily by the business' exposure to the nickel sector's decline in the first half of FY2024, and the developing headwinds in the iron ore sector due to the broader global macro environment.

While operational and financial performance were subsequently negatively affected by these short term utilisation issues, ongoing demand for water well rigs has meant redeployment opportunities have already been identified with these rigs now either recommitted to current clients or in the process of being negotiated and reallocated to new work streams.

Consistent with the long term Pentium Hydro strategy, a non-core conventional rig was sold during the period to partially fund the acquisition and rebuild of an additional dual rotary rig sourced internationally. The Company continues to believe that a rig fleet mix skewed towards primarily owning and operating dual rotary rigs will continue to provide Pentium Hydro with a strong

competitive moat. The rebuilt dual rotary rig is expected to be completed and deployed late in the first half of FY2025, with the rig having already been allocated to a current client.

Management continues to look for avenues to keep improving Pentium Hydro's operational performance and optimisation of assets to meet client demands as well as positioning the business to be first in class in what is expected to be an increasingly competitive environment. As such, Pentium Hydro is participating in encouraging early discussions with clients about opportunities in automation and electrification.

### **Pentium Test Pumping**

Pentium Test Pumping Pty Ltd (Pentium Test Pumping – [www.pentiumtestpumping.com.au](http://www.pentiumtestpumping.com.au)) produced another year of credible operational and financial performance defined by the completed construction and deployment of a second technologically advanced test pumping rig.

Pentium Test Pumping's year on year earnings growth was primarily a function of the increased scale of the business via the addition of the second rig. The second rig was deployed in September of FY2024 and then had a period of commissioning leading up to the Christmas period mine site shutdowns. Consequently, utilisation and earnings contribution from the second rig only eventuated in any meaningful capacity in the second half of the financial period.

Looking forward to FY2025, it is anticipated that Pentium Test Pumping will produce further year on year earnings growth due to the opportunities for increased utilisation of the test pumping fleet over a full financial year. In support of this opportunity, the business has entered into a contract extension with its key client with visibility of a solid stream of work scopes going forward, as well as a major multi rig extended trial with a new Tier 1 client expected to begin late first half FY2025.

In hand with the extended trial with the new client, Pentium Test Pumping has also invested in a new scaled down suite of test pumping equipment that will not only provide opportunities to target smaller and more sporadic work scopes with current clients, but will also enable the provision of services to Tier 2 and non-resource clients that the business has traditionally passed up while it has concentrated on its core strategy of servicing the iron ore sector with large scale test pumping rigs. This growth initiative will not only provide opportunities to grow earnings but will provide Pentium Test Pumping with a level of growing diversification in equipment, techniques and client base.

### **Project Engineering**

During FY2024 wholly owned subsidiary Project Engineering Pty Ltd (ProEng – [www.proengwa.com](http://www.proengwa.com)) continued its trend of exceptional growth. Managed aquifer recharge (MAR) unit sales were again underpinned by the Tier 1 iron ore miners and their growing adoption of MAR technology as the preferred methodology for the sustainable disposal of water. The use of MAR technology in the Pilbara region sees up to 180GL of an estimated 600GL of surplus water produced annually by the iron sector now disposed of via ProEng MAR units.

The expansion of ProEng premises during the financial year helped establish an expanded MAR unit production line which in turn enabled the doubling of MAR unit production year on year. During this phase staff numbers and expertise were also bolstered.

Investment in ProEng will continue over future periods with a particular focus on an expansion in business development focusing on providing MAR ancillary services to current customers, developing

potential adjacent services and equipment, as well endeavoring to open new MAR markets both domestically and internationally. ProEng has established an early presence on the east coast of Australia with an eye on developing the adoption of ProEng MAR technology in alternative sectors to resources.

The Western Australian iron ore sector in the short term will continue to be the primary contributor to ProEng earnings growth. While there has been large scale adoption of MAR in the Pilbara by several iron ore miners, the biggest producers of surplus water in the region are yet to fully adopt MAR. This provides ongoing growth opportunities for ProEng with early projects and trials anticipated to be delivered to these miners in FY2025.

### **Vysarn Asset Management**

Vysarn Asset Management Pty Ltd (VAM – [www.vysarnassetmanagement.com.au](http://www.vysarnassetmanagement.com.au)) was organically launched within the financial period.

VAM is the continuation of the Company's strategy to build a vertically integrated whole of life, end to end water business. By leveraging the Company's extensive in-house intellectual property VAM was established to target investment opportunities in water, infrastructure assets and associated opportunities to control, own and toll water.

VAM has subsequently entered into a Joint Resource Agreement (JRA) with the Kariyarra Aboriginal Corporation (KAC) to investigate, assess, manage, own, control and extract sustainable quantities of water from identified and secured water resources on Kariyarra country.

The first resource under the terms of the JRA was identified within the financial period and a subsequent application to the Western Australian Government (Department of Water and Environmental Regulation) was made to allow KAC to conduct a drilling and test pumping program on Indee and Kangan Stations in the Pilbara region of Western Australia.

Data gathered during the drilling and test pumping program will form part of a hydrogeological assessment for the commercial development and approval process for an associated 5C groundwater license that will determine the viability of the aquifer on Indee and Kangan Stations for the offtake of up to 10GL of water per annum.

The Company is targeting the drilling and test pumping program to begin in the second half of calendar year 2024. In parallel with the work to define and develop the water resource, discussions are progressing with potential funding partners for infrastructure to convey water, as well as discussions with potential water off-takers for the long term delivery of commercial quantities of water.

### **Group**

The Company produced material year on year earnings growth while continuing to successfully execute its vision and strategy to become a leading end to end, whole of life vertically integrated water service provider. The Company's performance in FY2024 further validates the board and management's strict focus on capital allocation, strategy execution and building scale through diversification.

The diversification across the vertical service offering has continued to insulate the Company from the operational and financial risks often associated with a single service model. The diversification to date has been Western Australian and resource sector centric. While this centricity has provided

exceptional growth over Vysarn's foundation years, the board and management think it is prudent to explore opportunities for further geographic and sectorial diversification away from Western Australia and resources, in turn providing the Company with an opportunity to establish a national footprint.

Vysarn is well positioned and funded as it enters FY2025. Subject to successfully executing a range of growth initiatives the Company anticipates opportunities for the continuation of year on year earnings growth, and in this regard has identified multiple acquisitive growth targets that have the potential to provide further scale and diversification. In executing this strategy, the Company's board and management will continue to focus on delivering long term and sustainable value for its shareholders.

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