

ASX:VYS



30 September 2021

VYSARN ENTERS INTO SHARE SALE AGREEMENT TO ACQUIRE YIELD TEST PUMPING

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 Australian Groundwater Solutions Pty Ltd trading as Yield Test Pumping (**Yield**).

Under the SSA, the Company will acquire 100% of the issued shares in Yield for a consideration of 5.0 million VYS shares and \$2.50 million in cash. The purchase price assumes that Yield is acquired debt-free and includes the business operations and contracts, tangible assets, working capital, intellectual property, transferring employees, goodwill and sufficient inventory to support ongoing operations.

On completion of the acquisition Yield will become a wholly owned subsidiary of Vysarn. The cash component of the acquisition consideration will be funded via a combination of Company cash reserves and debt. Yield is anticipated to contribute (in the first full 12 months of ownership) EBITDA of \$0.70 million to \$0.80 million before Yield management performance incentives. Performance incentives for management are triggered should EBITDA in Year 1 exceed \$0.65 million, in Year 2 exceed \$1.20 million and in Year 3 exceed \$1.35 million.

The current Managing Director and majority shareholder of Yield, Mr Dwayne Moppet, will remain with Yield having agreed to enter into an executive employment agreement for a term of three years to lead and grow the business under Vysarn's ownership. Mr Moppett has a Bachelor of Science and has held positions with the Western Australian Department of Water and Rio Tinto prior to co-founding Yield.

The Company and Yield have identified organic growth opportunities for the test pumping business (subject to the provision of further growth capital) which the Board believes will further improve the purchase price and earnings metrics of Yield. Management intends to rapidly integrate Yield into the Vysarn/Pentium Hydro Group and then initiate these growth opportunities via the expansion of Yield's test pumping fleet and services.

The acquisition of Yield will be effective from 30 September 2021 with completion of the purchase conditional on the satisfaction or waiver of the following conditions:

- The Company completing its due diligence investigations and being satisfied with the results in its sole discretion, exercised reasonably;
- An executive employment agreement having been executed by the Company and Mr Moppett; and

- Yield's major client providing written confirmation to the Company to the effect that the client consents to and has no objections to the transaction resulting in the change in the control of Yield and confirming that the Master Services Agreement will continue post completion.

The conditions are to be satisfied or waived by no later than 30 November 2021.

Yield is a test pumping business that services the resource sector in Western Australia. Yield currently provides services to Fortescue Metals Group Limited having executed a Master Service Agreement in June 2021 for a term of two years with a twelve month option to provide test pumping services.

Yield commenced operations in 2015 as a specialist test pumping business providing clients with calibration testing, step testing, constant rate testing, artesian well testing, recovery testing and downhole camera services. Data collected across Yield's services is interpreted by hydrogeologists to make informed decisions about how an aquifer will react under dynamic pumping conditions as well as borefield infrastructure design and installation.

In line with the Company's clearly defined strategy, the acquisition of Yield provides Vysarn with its first entry away from being a pure hydrogeological drilling specialist to a more vertically integrated water service provider. The board and management continue to identify a range of services that could continue to provide the Company with further opportunities to become a multi-faceted water service provider.

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

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