



ASX ANNOUNCEMENT

VYSARN FINANCIAL RESULTS SIX MONTHS TO DECEMBER FY2024

Vertically integrated water service provider Vysarn Limited (ASX:VYS) (Vysarn)(Company) announces its financial results for the six (6) months to 31 December 2023 (1HFY24).

Summary of group results for 1HFY24:

- Revenue from operations \$38.88 million
- EBITDA \$8.57 million
- NPBT \$6.01 million
- Net Tangible Assets \$34.51 million
- Cash and Cash Equivalents \$7.17 million
- Operational Cashflow \$8.32 million

The group results for 1HFY24 represent a record half of earnings for the Company.

Results Commentary

Please refer to the Appendix 4D (enclosed) for detailed variance analysis of 1HFY24 versus the previous corresponding period.

The Company significantly outperformed the previous corresponding period.

| HY Comparison Description | 1H FY23 (\$) | 1H FY24 (\$) | Variance (\$) | Variance (%) |
|------------------------------|-----------------|-----------------|------------------|-----------------|
| Operational Reveune | 29,083,123 | 38,883,565 | 9,800,441 | 34% |
| EBITDA | 4,241,253 | 8,574,548 | 4,333,295 | 102% |
| NPBT | 1,598,414 | 6,008,061 | 4,409,647 | 276% |
| NPAT ⁽¹⁾ | (55,275) | 4,099,638 | 4,154,913 | N/A |
| Operational Cashflow | 5,348,523 | 8,317,939 | 2,969,415 | 56% |

Notes:

1HFY23 inclusive of \$1.65M non-cash income tax expense and 1HFY24 inclusive of \$1.91M income tax expense

A key focus of the Company in 1HFY24 was to repeat the NPBT of \$5.50 million produced in 2HFY23, therefore reaffirming the baseline earnings capability of Vysarn's current diversified group of subsidiaries. In hand with this approach the board and management continued to drive initiatives that enabled further incremental earnings growth opportunities in the half. This produced a Company record half NPBT of \$6.01 million.



A further measure of the Company's financial and operational performance is to compare 1HFY24 with 2HFY23.

| HY Comparison Description | 2H FY23 (\$) | 1H FY24 (\$) | Variance (\$) | Variance (%) |
|------------------------------|-----------------|-----------------|------------------|-----------------|
| Operational Reveune | 35,873,317 | 38,883,565 | 3,010,248 | 8% |
| EBITDA | 8,212,668 | 8,574,548 | 361,880 | 4% |
| NPBT | 5,479,962 | 6,008,061 | 528,099 | 10% |
| NPAT ⁽¹⁾ | 3,930,639 | 4,099,638 | 168,999 | 4% |
| Operational Cashflow | 4,316,411 | 8,317,939 | 4,001,528 | 93% |

Notes:

2HFY23 inclusive of \$1.55M non-cash income tax expense and 1HFY24 inclusive of \$1.91M income tax expense

The income tax expense of \$1.91 million in the period reflects an increase to both the Company's current tax liability (\$1.26 million) and deferred tax liability balance (\$0.64 million). The Company's carry forward tax loss balance was fully utilised during the period.

In addition to the incremental half on half earnings growth, the Company's focus on cash conversion saw operational cashflow exceed management's target of 90% of EBITDA. Subsequently, the Company was in a net cash position for the first time since the relisting of Vysarn in September 2019 with net cash of \$1.69 million as at 31 December 2023.

The NPBT in 1HFY24 is in line with the earnings run rate that the Company had previously disclosed in its 2023 AGM Presentation released to the ASX on 23 November 2023 with supporting commentary that financial performance each half is typically not linear given the seasonal impacts from client site shutdowns over the Christmas period and wet weather stoppages in the Pilbara that seasonally extend into the third quarter (2HFY24).

During the period the Company continued its successful execution of the diversification strategy to be a multi-faceted water service provider with management continuing to see a growing level of enquiry to provide genuine end to end water services for Tier 1 clients.

The Company's subsidiaries all performed broadly in-line with management's expectations. Pentium Water (PW) continued to sustain and supplement a pipeline of growing consulting work across multiple sectors while continuing to develop internal projects in water supply and carbon farming on behalf of the Vysarn group.

Pentium Hydro (PH) maintained high utilisation rates and earnings across three key Tier 1 clients primarily in iron ore production. This performance included the withdrawal from the field of a single rig in late September to receive a compliance upgrade prior to redeploying into a double shifting opportunity in the next half. PH double shifted only one rig in 1HFY24.



Pentium Test Pumping (PTP) deployed its second newly built rig in September. Post the early commissioning phase to bed down any final mechanical, electrical and operational issues, the new rig finished the half strongly. Of note in the period, PTP also executed a successful injection trial setting the business unit up for an expanded service offering in aquifer injection testing.

Project Engineering (ProEng) maintained the growth trajectory in the 1H FY24 that it had established in FY23. Earnings were primarily driven by managed aquifer recharge unit sales and aftermarket service and part sales. In the period ProEng also made early headway in diversifying its capabilities into extraction headworks to supplement its injection expertise.

Vysarn Asset Management (VAM) was incorporated and launched late in the half and did not contribute to group earnings.

Operations and Outlook

The Vysarn board and management continue to look for opportunities to grow the Company's vertically integrated suite of water services both organically and acquisitively. As such, the prime focus in the second half of FY24 will be to increase investment in the subsidiaries to position the business units for their next leg of growth in FY25 and beyond, as well as increasing efforts to identify and execute the right acquisitions that can accentuate the current business model, increase the Company's scale, further diversify the group and ultimately drive value accretive earnings growth.

Pentium Water

While PW had a deliberate period of consolidation in staff numbers and earnings in 1H FY24, the intention is to drive an increase in staff head count in the second half. Management is aggressively targeting a 50% increase in staff numbers year on year to not only service growing client demand but to expand PW's service offering in wider fields of adviser expertise across water and environment.

In tandem with the core business of providing advice to clients, PW will continue to drive internal projects in water supply and carbon farming. Specifically, internal water projects that can supply opportunities for Vysarn to own, control or toll water will be a particular focus in calendar year 2024.

Pentium Hydro

The intention for the foreseeable future is to maintain the current commodity and geographic concentration strategy of having PH drill rigs primarily servicing the iron ore sector in Western Australia. While the Company is still seeing sustained long term demand from iron ore producers, the recent significant decline of the battery metal sector has created the potential for short term utilisation risk. Management is monitoring early signs of contagion in client confidence which is manifesting in scope of work and project investment decision delays.

PH has a small exposure to the nickel sector which is currently experiencing systemic issues on a global scale. This presents immediate utilisation risks with management prudently preparing for reallocation of assets should the need arise.



PH is currently in the closing stages of a compliance upgrade for one rig removed from the field in late September 2023. Management anticipates that the rig will be deployed and operational early within the fourth quarter of FY24 with potential opportunities to double shift the rig by the end of the financial year.

The dual rotary rig purchased internationally to replace a conventional rig in the PH fleet has had significant arrival and release delays due to the recent protracted industrial action on Australian ports. Management still intends to attempt to receive and upgrade the rig for deployment inside FY24 but anticipates there will be up to a 4 month delay on the original planned project timeline.

In calendar year 2023 a PH rig suite was involved in a major flood event on a client's mine site. The Company is currently negotiating an equitable settlement with the client and PH's insurer. Whilst the Company is confident of an outcome consistent with the provisions contained within the 1HFY24 accounts, some risk remains.

Pentium Test Pumping

Post the successful deployment and commissioning of PTP's second rig the key focus in future financial periods will be to maintain fleet utilisation, identify work that can support growing opportunities for double shifting, identify opportunities to further expand the test pumping fleet and to significantly diversify the business unit's client base in the Pilbara.

The expansion of PTP's fleet now affords the business unit the opportunity to accelerate business development with the potential to now meet new demand with the second test pumping rig. PTP is already seeing early invitations to quote on scopes of work as well as participate in bigger tenders it hasn't been able to participate in previously due to lack of equipment availability. Management's intention is to continue acquiring a bigger market share in future periods.

The successful aquifer injection trial in 1HFY24 has also positioned PTP to be able to provide an expanded suite of capabilities. Enquiries to provide injection testing are growing with this service stream still seen by management as a growth initiative for PTP in future periods.

Project Engineering

The key focus for ProEng in the coming period will be to finalise an expansion of its production capability. As outlined in previous commentary this will enable ProEng to execute project delivery for an anticipated increase in MAR unit demand in future periods.

This expanded capability will not only enable an increase in MAR unit output but will also provide opportunities to expand the business' current product offerings into areas such as extraction headworks.

ProEng is pursuing initiatives to internalise a number of outsourced trades to assist in further control of unit production while also providing opportunity for further margin retention. ProEng is also seeing and assessing multiple bolt on acquisition opportunities that can further diversify its service offerings and potential client base.



ProEng continues to see growth in the adoption of MAR as a preferred methodology for the disposal of water in the Pilbara. With this growth, ProEng has seen several near term project scopes change in size. As a result of these scope changes, a major MAR project that was budgeted for execution in 2HFY24 has since been expanded by the client and subsequently pushed into late 1HFY25 for the initial stages of delivery.

Vysarn Asset Management

VAM will continue to work closely with PW to develop opportunities for the Company to own, control or toll water. Subject to successfully executing one of these internal projects, VAM's focus in coming financial periods will be to position the Company to be able to execute agreements securing long term water supply partnerships and securing long term off take.

Should the Company be successful in securing such agreements, then VAM will turn its attention to securing funds for the construction of a major pipeline to convey water.

Group

The Company will continue expanding on its strategy of becoming an end to end, whole of life vertically integrated water service provider. The intent is to achieve this via a combination of further investment in the current subsidiaries to drive organic growth as well as actively pursuing acquisitions that can further diversify the vertical suite of water service offerings.

While the board and management's prime focus is to continue executing the core strategy of building a fundamentally driven diversified business that can sustainably grow earnings and shareholder value, the optionality now provided by the parallel asset management strategy to own, control or toll water could be a significant value driver should the Company execute this strategy successfully.

In preparation for the Company's next leg of growth an appropriate level of investment will be made in the 2HFY24 to acquire further senior human resources in asset management, equipment maintenance, information technology and business optimisation.

The Company continues to forecast meaningful year on year earnings growth for FY24. Nevertheless, with the requirement to invest in further resources to support growth initiatives, the strategic rotation of drill rigs through compliance upgrades, project delays and potential other risks identified herein, it is the Board's current view that 2HFY24 EBT will not exceed 2HFY23 EBT.

Vysarn continues to be well funded and has a broad range of growth prospects to help drive ongoing long term, sustainable value for its shareholders.

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

For more information:

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



ASX APPENDIX 4D

HALF-YEAR FINANCIAL REPORT TO 31 DECEMBER 2023

1. Details of reporting period:

| | |
|-------------------------------|--------------------------------|
| Name of Entity | Vysarn Limited ("the Company") |
| ABN | 41 124 212 175 |
| Reporting Period | 31 December 2023 |
| Previous Corresponding Period | 31 December 2022 |

2. Results for announcement to the market

| | 6 Months ended 31 December 2023 \$ | 6 Months ended 31 December 2023 \$ | Increase % | Amount Change \$ |
|---|--|--|---------------|------------------------|
| Revenues | 38,883,565 | 29,083,123 | 34% | 9,800,441 |
| Profit / (loss) before income tax | 6,008,061 | 1,598,414 | 276% | 4,409,647 |
| Profit / (loss) after tax attributable to members | 4,099,638 | (55,275) | N/A | 4,154,913 |

Refer to enclosed financial report for the half-year ended 31 December 2023 for further commentary.

| Dividend / distributions | Amount per security (cents) | Franked amount per security (cents) | Amount \$ | Amount per security of foreign sourced dividend (cents) | Record date | Date paid / payable |
|----------------------------------|--------------------------------------|---|--------------|--|----------------|---------------------------|
| Interim dividend – current year | Nil | Nil | Nil | Nil | N/A | N/A |
| Interim dividend – previous year | Nil | Nil | Nil | Nil | N/A | N/A |

3. Statement of comprehensive income

Refer to enclosed financial report for the half-year ended 31 December 2023.

4. Statement of financial position

Refer to enclosed financial report for the half-year ended 31 December 2023.

5. **Statement of cash flows**
Refer to enclosed financial report for the half-year ended 31 December 2023.

6. **Dividend reinvestment plans**
Not applicable.

7. **Statement of changes in equity**
Refer to enclosed financial report for the half-year ended 31 December 2023.

8. **Net tangible assets per security**

| | 31 December 2023 (cents) | 31 December 2022 (cents) |
|---|-----------------------------|-----------------------------|
| Net tangible assets per ordinary security | 0.0845 | 0.0653 |

9. **Gain or loss of control over entities**
Refer to enclosed financial report for the half-year ended 31 December 2023.

10. **Associates and joint ventures**
Unincorporated Joint Venture agreement with Concept Environmental Services Pty Ltd.
Refer to enclosed financial report for the half-year ended 31 December 2023.

11. **Other significant information**
Not applicable.

12. **Foreign entities**
Not applicable.

13. **Commentary on results for the period**
Refer to enclosed financial report for the half-year ended 31 December 2023 for further commentary.

14. **Status of audit**
The financial report for the half-year ended 31 December 2023 has been subject to an audit review. There are no items of dispute with the auditor and the audit review is not subject to qualification.



Signed: James Clement
Managing Director

Date: 22 February 2024



VYSARN

VYSARN LIMITED

ABN 41 124 212 175

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL REPORT**
for the half year ended 31 December 2023



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CORPORATE DIRECTORY

Directors

| | |
|------------------|---------------------------|
| Peter Hutchinson | Chairman |
| James Clement | Managing Director and CEO |
| Sheldon Burt | Executive Director |

Company Secretary

Matthew Power

Registered Office and Principal Place of Business

Level 1, 640 Murray Street
West Perth, WA 6005
Ph: +61 8 6144 9777

Auditor

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth, WA 6000

Share Registry

Automatic Registry Services
Level 5, 191 St Georges Terrace
Perth, WA 6000

Bankers

Westpac Banking Corporation
Level 3, Tower Two, Brookfield Place
123 St Georges Tce
Perth, WA 6000

Securities Exchange Listing

ASX Limited
Level 40, Central Park 152-158 St Georges Terrace
Perth, WA 6000
ASX Code – VYS



The Directors present their report, together with the financial statements for the half-year ended 31 December 2023 (the "financial period").

1. DIRECTORS

The names and the particulars of the Directors of Vysarn Limited ("Vysarn" or "the Company") and its controlled entities ("the Group") during the financial period and to the date of this report are:

| Name | Status | Appointed |
|------------------|---------------------------|-----------------|
| Peter Hutchinson | Chairman | 27 October 2017 |
| James Clement | Managing Director and CEO | 3 February 2020 |
| Sheldon Burt | Executive Director | 15 May 2019 |

2. DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid, recommended or declared during the current or previous period.

3. LIKELY DEVELOPMENTS

The Group will continue to pursue new contract opportunities in Australia for its water service business activities.

4. REVIEW OF OPERATIONS

Vysarn is focused on becoming Australia's leading water services provider.

Throughout the financial period, the Group continued to focus on providing 'end-to-end' water services to various sectors, including, resources, urban development, government and utilities. The Group's operational entities now include:

- Pentium Hydro Pty Ltd ("Pentium Hydro");
- Pentium Test Pumping Pty Ltd ("PTP");
- Pentium Water Pty Ltd ("Pentium Water");
- Project Engineering (WA) Pty Ltd ("Project Engineering"); and
- Vysarn Asset Management Pty Ltd ("VAM").

Pentium Hydro, the Company's foundation asset in hydrogeological drilling continued to service primarily Tier 1 iron ore miners under a strategy to facilitate long term opportunities for full asset utilisation on improved terms. PTP deployed its second test pumping unit as it continued to expand the Company's test pumping division and progress opportunities for growth in injection testing. Pentium Water continued to build a highly credible and diverse water advisory team in the period. The consultancy division continues to provide Vysarn with an exceptional line of sight and entry opportunities in water services. Project Engineering continued to see growing demand for its leading managed aquifer recharge technology in the resources sector.

During the financial period, the Group undertook the organic establishment of VAM. VAM is the continuation of the Group'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 intends to target investment opportunities in water, infrastructure assets and associated opportunities to control, own and toll water.

5. FINANCIAL PERFORMANCE

The profit for the Group after providing for income tax amounted to \$4,099,638 (31 December 2022: loss of \$55,275).

Working capital, being current assets less current liabilities, was \$9,047,244 (30 June 2023: \$10.67 million). The Group had positive cash flows from operating activities for the period amounting to \$8,317,938 (31 December 2022: \$5,348,523).



Revenue from operations for the half year ended 31 December 2023 was \$38,883,565 (31 December 2022: \$29,083,123).

The table below provides a comparison of the key results for the half year ended 31 December 2023 to the preceding year ended 31 December 2022:

| <i>Statement of Profit or Loss</i> | 31-Dec-23 (\$) | 31-Dec-22 (\$) |
|------------------------------------|-------------------|-------------------|
| Revenue from operations | 38,883,565 | 29,083,123 |
| Reported profit / (loss) after tax | 4,099,638 | (55,275) |

| <i>Statement of Financial Position</i> | 31-Dec-23 (\$) | 30-June-23 (\$) |
|--|-------------------|--------------------|
| Net Assets | 37,109,493 | 32,923,665 |
| Total Assets | 61,509,232 | 60,079,390 |
| Cash and cash equivalents | 7,169,786 | 8,309,432 |

6. PRINCIPAL ACTIVITIES

The Group currently operates hydrogeological drilling, test pumping, consultancy and managed aquifer recharge services and is located at a number of mine sites across Western Australia.

7. EVENT SUBSEQUENT TO REPORTING DATE

There were no other matters or circumstance that have arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

8. ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, the amounts in the Directors' report and in the financial report have been rounded to the nearest \$1 (where rounding is applicable).

9. AUDITOR INDEPENDENCE

The auditor's independence declaration can be found on the following page.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

James Clement
Managing Director

Dated 22 February 2024

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF VYSARN LIMITED AND ITS CONTROLLED ENTITIES**

In relation to the independent auditor's review for the half-year ended 31 December 2023, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants* (including *Independence Standards*).

This declaration is in respect of Vysarn Limited and the entities it controlled during the period.

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth, 22 February 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

VYSARN



| | | 31 December 2023 | 31 December 2022 |
|---|------|---------------------|---------------------|
| | Note | \$ | \$ |
| Revenue | | | |
| Revenue from contracts with customers | 4 | 38,883,565 | 29,083,123 |
| Other income | | 154,939 | 101,961 |
| Expenses | | | |
| Administration and corporate expense | 6 | (2,035,211) | (1,485,143) |
| Employee benefits expense | 6 | (13,488,718) | (10,489,588) |
| Depreciation and amortisation expense | 6 | (2,295,440) | (2,399,632) |
| Finance costs | 6 | (271,048) | (243,802) |
| Consumables and other direct expenses | 6 | (14,940,026) | (12,968,505) |
| Profit before income tax | | 6,008,061 | 1,598,414 |
| Income tax (expense)/benefit | | (1,908,423) | (1,653,689) |
| Profit/(loss) after income tax benefit for the half year attributable to the owners of the Company | | 4,099,638 | (55,275) |
| Other comprehensive income | | - | - |
| Total comprehensive income/(loss) for the half year attributable to owners of the Company | | 4,099,638 | (55,275) |
| Earnings/(loss) per Share attributable to owners of the Company | | | |
| Basic earnings/(loss) per share (cents per share) | | 1.01 | (0.01) |
| Diluted earnings/(loss) per share (cents per share) | | 0.97 | (0.01) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



| | | 31 December 2023 | 30 June 2023 |
|--------------------------------------|------|---------------------|-------------------|
| | Note | \$ | \$ |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 7,169,786 | 8,309,432 |
| Trade receivables | | 8,672,145 | 10,395,786 |
| Inventories | | 6,058,451 | 4,281,967 |
| Other current assets | 7 | 656,792 | 2,175,239 |
| Prepayments and other assets | 8 | 1,660,873 | 886,537 |
| TOTAL CURRENT ASSETS | | 24,218,047 | 26,048,961 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 9 | 33,902,177 | 31,346,083 |
| Right of use asset | | 787,843 | 265,282 |
| Intangible Assets | 10 | 2,601,165 | 2,419,064 |
| TOTAL NON-CURRENT ASSETS | | 37,291,185 | 34,030,429 |
| TOTAL ASSETS | | 61,509,232 | 60,079,390 |
| CURRENT LIABILITIES | | | |
| Borrowings | 11 | 3,716,628 | 4,453,742 |
| Trade and other payables | | 9,307,023 | 9,212,147 |
| Employee liabilities | 12 | 1,386,445 | 1,196,522 |
| Lease liability | | 510,707 | 267,063 |
| Contingent consideration payable | | 250,000 | 250,000 |
| TOTAL CURRENT LIABILITIES | | 15,170,803 | 15,379,474 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 11 | 1,764,096 | 5,248,685 |
| Lease liability | | 314,225 | 65,309 |
| Employee liabilities | 12 | 106,054 | 61,314 |
| Deferred tax liability | | 6,789,578 | 6,145,964 |
| Contingent consideration payable | | 254,983 | 254,983 |
| TOTAL NON-CURRENT LIABILITIES | | 9,228,936 | 11,776,255 |
| TOTAL LIABILITIES | | 24,399,739 | 27,155,729 |
| NET ASSETS | | 37,109,493 | 32,923,665 |
| SHAREHOLDERS' EQUITY | | | |
| Issued capital | 13 | 20,024,837 | 20,029,354 |
| Reserve | 14 | 711,493 | 623,211 |
| Retained earnings | | 16,373,163 | 12,271,100 |
| SHAREHOLDERS' EQUITY | | 37,109,493 | 32,923,665 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

| | Issued Capital | Share Based Payment Reserve | Retained Earnings | Total |
|---|-------------------|-----------------------------------|----------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | 19,495,181 | 555,667 | 8,034,542 | 28,085,390 |
| Loss for the period | - | - | (55,275) | (55,275) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | (55,275) | (55,275) |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Capital raising costs | (2,149) | - | - | (2,149) |
| Share based payments | - | 193,294 | - | 193,294 |
| Balance at 31 December 2022 | 19,493,032 | 748,961 | 7,979,267 | 28,221,260 |
| Balance at 1 July 2023 | 20,029,354 | 623,211 | 12,273,525 | 32,926,090 |
| Profit for the period | - | - | 4,099,638 | 4,099,638 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | 4,099,638 | 4,099,638 |
| <i>Transactions with owners in their capacity as owners</i> | | | | |
| Capital raising costs | (4,517) | - | - | (4,517) |
| Share based payments (Note 15) | - | 88,282 | - | 88,282 |
| Balance at 31 December 2023 | 20,024,837 | 711,493 | 16,373,163 | 37,109,493 |

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

VYSARN



| | | 31 December 2023 | 31 December 2022 |
|--|------|---------------------|---------------------|
| | Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 44,990,144 | 31,943,768 |
| Payments to suppliers and employees | | (36,442,973) | (26,351,443) |
| Interest received | | 41,815 | - |
| Interest paid | | (271,048) | (243,802) |
| Net cash provided by operating activities | | 8,317,938 | 5,348,523 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payment for the acquisition of Project Engineering, net of cash acquired | 16 | - | (2,797,775) |
| Proceeds from disposal of plant and equipment | | 29,682 | 50,000 |
| Purchase of plant and equipment | | (4,559,948) | (1,474,883) |
| Net cash used in investing activities | | (4,530,266) | (4,222,658) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 1,268,060 | 3,858,255 |
| Repayment of borrowings | | (5,987,675) | (3,416,060) |
| Payments for principal portion of lease liabilities | | (203,187) | (146,340) |
| Capital raising costs | | (4,516) | (2,149) |
| Net cash (used in)/provided by financing activities | | (4,927,318) | 293,706 |
| Net decrease/increase in cash and cash equivalents | | (1,139,646) | 1,419,571 |
| Cash and cash equivalents at the beginning of the half year | | 8,309,432 | 5,706,447 |
| Cash and cash equivalents at the end of the half year | | 7,169,786 | 7,126,018 |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1: GENERAL INFORMATION

The interim financial report (Report) of Vysarn Limited ("the Company") and its controlled entities ("the Group") for the half year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors.

Vysarn Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia. The Group's registered office and principal place of business is Level 1, 640 Murray St, West Perth WA 6005.

NOTE 2: BASIS OF PREPARATION

a) Statement of Compliance

The half-year financial statements are a condensed consolidated interim financial report, prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134: Interim Financial Reporting ("AASB 134"), Accounting Interpretation and other authoritative pronouncements of the Australian Accounting Standard Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34: Interim Financial Reporting.

This interim financial report does not include the full disclosures of those normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report is read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Vysarn Limited during and since the end of the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

b) Basis of Preparation

The half-year financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies applied in this half year financial report are consistent with those of the annual financial report for the year ended 30 June 2023.

New accounting standards and amendments have been applied for the half-year that have a mandatory application date of 1 July 2023. None of these have had a material impact to the financial performance or cash flows of the Group.

Critical accounting estimates

Critical accounting estimates made in the preparation of the half-year financial statements are consistent with those of the annual financial report for the year ended 30 June 2023.

c) Going Concern

These half-year financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

The Directors have reviewed a budget/forecast and having considered the above, are of the opinion that the use of the going concern basis is appropriate and that the Group will be able to pay its debts as and when they fall due for the next 12 months.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Rounding of amounts

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest one thousand dollars, or in certain cases, to the nearest dollar (where indicated).

e) New Accounting Standards issued but not yet effective

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and AASB 2021-7c Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2014-10 amends AASB 10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* to clarify the accounting for the sale or contribution of assets between an investor and its associate or joint venture by requiring:

- (a) a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and
- (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amending standards mandatorily apply to annual reporting periods commencing on or after 1 January 2025 and will be first applied by the Group in the financial year commencing 1 July 2025.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-1 amends AASB 101 *Presentation of Financial Statements* to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.

A liability will be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. Meaning of settlement of a liability is also clarified.

AASB 2020-1 mandatorily applies to annual reporting periods beginning on or after 1 January 2024 (as amended by AASB 2022-6 and AASB 2020-6) and will first be applied by the Group in the financial year commencing 1 July 2024.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

AASB 2023-1 amends AASB 107 *Statement of Cash Flows* and AASB 7 *Financial Instruments: Disclosures* to require an entity to provide additional disclosures about its supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk.

AASB 2023-1 mandatorily applies to annual reporting periods commencing on or after 1 January 2024 and will be first applied by the Group in the financial year commencing 1 July 2024.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback

AASB 2022-5 amends AASB 16 Leases to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale.

AASB 2022-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2024 and will be first applied by the Group in the financial year commencing 1 July 2024.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement.

Practice Statement 2 Making Materiality Judgements is also amended regarding assessing whether information about covenants is material for disclosure.

AASB 2022-6 also amends AASB 2020-1 by deferring the application date by 12 months.

This amending standard mandatorily applies to annual reporting periods commencing on or after 1 January 2023 regarding the deferred application date of AASB 2020-1 and the remaining amendments to disclosures apply to annual reporting periods commencing on or after 1 January 2024. This amendment to disclosures will be first applied by the Group in the financial year commencing 1 July 2024.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

AASB 2023-5 amends AASB 121 The Effects of Changes in Foreign Exchange Rates by specifying how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not.

When a currency is not exchangeable at the measurement date, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction at the measurement date between market participants under prevailing economic conditions.

AASB 2023-5 mandatorily applies to annual reporting periods commencing on or after 1 January 2025 and will be first applied by the Group in the financial year commencing 1 July 2025.

The likely impact of this accounting standard on the financial statements of the Group has not been determined.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The critical accounting estimates and judgements have been consistently applied with the previous financial year and corresponding interim period, with the following addition during this financial period.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

| | 31-Dec-23 | 31-Dec-22 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Revenue recognised over a period of time from contracts with Australian customers: | | |
| Drilling services | 22,590,532 | 15,415,548 |
| Test pumping services | 1,790,087 | 1,400,312 |
| Consultancy services | 2,324,594 | 1,714,951 |
| Income Engineering services | 5,770,443 | 3,968,363 |
| Hire revenue | 570,973 | 986,100 |
| Joint Venture Income | 48,352 | - |
| Sub-total | 33,094,981 | 23,485,274 |
| Revenue recognised at a point in time from contracts with Australian customers | | |
| Sale of goods (consumables) | 5,696,559 | 5,440,498 |
| Mobilisation / demobilisation | 92,025 | 157,351 |
| Sub-total | 5,788,584 | 5,597,849 |
| Total revenue | 38,883,565 | 29,083,123 |

NOTE 5: RELATED PARTY TRANSACTIONS

During the half year ended 31 December 2023, no further options were issued to the Directors. Additionally, 3,333,333 ordinary shares were issued to the Directors as a result of a number of Performance Rights vesting. Refer to Note 15 for further information.

(a) Individual Directors and executives compensation disclosures

Apart from the details disclosed in this Note, no Director has entered into a material contract with the Group since the end of the previous financial year.

Key management personnel

| Key management personnel or their related party | Nature of transactions | Transaction value | | Payable balance | |
|--|------------------------------------|-------------------|-----------|-----------------|-----------|
| | | 31-Dec-23 | 31-Dec-22 | 31-Dec-23 | 30-Jun-22 |
| | | \$ | \$ | \$ | \$ |
| Connada Pty Ltd | Executive director consulting fees | 178,750 | - | 13,750 | - |

Connada Pty Ltd is an entity controlled by Executive Director Mr Sheldon Burt.

(b) Subsidiaries

All inter-company loans and receivables are eliminated on consolidation and are interest free with no set repayment terms.

NOTE 5: RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Other key management personnel and Director transactions

Purchases from and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. During the half year ended 31 December 2023, the Group did not enter into any related party transactions with the Directors or key management personnel.

NOTE 6: EXPENSES

Breakdown of expenses by nature:

| | 31-Dec-23 | 31-Dec-22 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Administration and Corporate expenses | | |
| - Office expenses | 782,938 | 439,142 |
| - Corporate costs and compliance | 1,217,543 | 1,026,568 |
| - Other expenses | 34,730 | 19,433 |
| Total | 2,035,211 | 1,485,143 |
| Employee benefits expense | | |
| - Wages and salaries | 12,499,852 | 9,618,734 |
| - Superannuation | 240,819 | 154,398 |
| - Employment related taxes | 619,580 | 535,223 |
| - Share-based payment expense (Note 15) | 88,282 | 170,817 |
| - Other employment related expenses | 40,185 | 10,417 |
| Total | 13,488,718 | 10,489,588 |
| Depreciation and Amortisation Expense | | |
| - Depreciation and Amortisation expense | 2,112,780 | 2,247,619 |
| - Land and buildings lease amortisation | 182,660 | 152,013 |
| Total | 2,295,440 | 2,399,632 |
| Finance Costs | | |
| - Interest expense | 189,657 | 212,694 |
| - Bank fees | 81,391 | 31,108 |
| Total | 271,048 | 243,802 |
| Consumables and other direct expenses | | |
| - Consumables | 9,692,485 | 8,862,054 |
| - Other direct expenses | 5,247,541 | 4,106,451 |
| Total | 14,940,026 | 12,968,505 |

NOTE 7: OTHER CURRENT ASSETS

| | 31-Dec-23 | 30-Jun-23 |
|---------------------------|----------------|------------------|
| | \$ | \$ |
| Contract fulfilment costs | 311,082 | 591,254 |
| Contract Assets | 344,596 | 1,523,280 |
| Other Current Assets | 1,114 | 60,705 |
| Total | 656,792 | 2,175,239 |

Contract fulfilment costs are costs generally incurred prior to the commencement of a contract and are expected to be recovered. Contract fulfilment costs are amortised on a straight-line basis over the term of the contract, or a period of 12 months for long term contracts greater than 12 months in duration.



NOTE 8: PREPAYMENTS AND OTHER ASSETS

| | 31-Dec-23 | 30-Jun-23 |
|--------------|------------------|----------------|
| | \$ | \$ |
| Prepayments | 1,660,873 | 886,537 |
| Total | 1,660,873 | 886,537 |

NOTE 9: PLANT AND EQUIPMENT

| | 31-Dec-23 | 30-Jun-23 |
|----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Cost | 51,491,752 | 46,272,112 |
| Accumulated depreciation | (17,589,574) | (14,926,028) |
| Net carrying amount | 33,902,178 | 31,346,084 |

a) Movements in Plant and Equipment

| | Plant and equipment | Trucks, trailers and light vehicles | Office Equipment | Leasehold Improvements | Assets Held not ready for use | Total |
|--|------------------------|--|---------------------|---------------------------|--|-------------------|
| Consolidated Group | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2023 | 20,026,658 | 8,927,986 | 169,028 | 4,208 | 2,218,204 | 31,346,084 |
| Additions | 1,129,354 | 1,459,894 | 59,617 | 5,056 | 2,037,685 | 4,691,607 |
| Disposals | (15,140) | (7,065) | (528) | - | - | (22,733) |
| Transfers between asset classes | 552,131 | 1,129,689 | - | - | (1,681,820) | - |
| Depreciation expense | (1,316,758) | (721,841) | (71,801) | (2,380) | - | (2,112,780) |
| Balance at 31 December 2023 | 20,376,245 | 10,788,663 | 156,316 | 6,884 | 2,574,069 | 33,902,177 |

NOTE 10: INTANGIBLE ASSETS

| | 31-Dec-23 | 30-Jun-23 |
|-------------------------|------------------|------------------|
| | | \$ |
| Patents | 9,122 | 9,730 |
| Other Intangible Assets | 182,709 | - |
| Goodwill | 2,409,334 | 2,409,334 |
| Total | 2,601,165 | 2,419,064 |

NOTE 11: BORROWINGS

| | 31-Dec-23 | 30-Jun-23 |
|--|------------------|------------------|
| | \$ | \$ |
| CURRENT | | |
| Insurance premium funding (a)- at amortised cost | 704,478 | 95,825 |
| Asset finance facilities (b)- at amortised cost | 3,012,150 | 4,165,446 |
| Current maturities of long-term bank loan (c) | - | 192,471 |
| <i>Sub-total</i> | 3,716,628 | 4,453,742 |
| NON-CURRENT | | |
| Asset finance facilities (b) | 1,764,096 | 5,248,685 |
| <i>Sub-total</i> | 1,764,096 | 5,248,685 |
| Total | 5,480,724 | 9,702,427 |

a) Insurance premium

The insurance premium funding bears interest at prevailing market rates and is repayable over 9 months.

b) Asset finance facilities including vendor loan agreement

The asset finance facilities and vendor loan agreement bear fixed interest at prevailing market rates (ranging from 2.73% to 6.5%) and are primarily repayable over 2 to 4 years. The asset finance facilities are secured via a registered GSA over the assets purchased under the relevant agreements. The vendor loan agreement is secured via a registered GSA over the two drill rigs which were purchased under the arrangement.

c) Long-term bank loan

The Group had a long-term bank loan with a major bank which bears interest at a fixed rate of 4.41% per annum and was repayable over 4 years. The loan was secured by items of plant and equipment obtained as part of the acquisition from Ausdrill. The Group had also provided a general security agreement to the bank in respect of the Group's existing and future assets. The loan expired and was repaid in full in July 2023. The Group has also provided a general security agreement to the bank in respect of the Group's existing and future assets, excluding those included under the asset finance facilities and vendor loan agreement.

NOTE 12: EMPLOYEE LIABILITIES

| | 31-Dec-23 | 30-Jun-23 |
|----------------------------------|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Provision for long service leave | 35,793 | 34,314 |
| Provision for annual leave | 675,397 | 559,538 |
| Superannuation liability | 674,154 | 602,670 |
| Other Employee Liabilities | 1,101 | - |
| Sub-total | 1,386,445 | 1,196,522 |
| Non-current | | |
| Liability for long service leave | 106,054 | 61,314 |
| Sub-total | 106,054 | 61,314 |
| Total | 1,492,499 | 1,257,836 |

NOTE 13: SHARE CAPITAL

| | 31-Dec-23 | 30-Jun-23 |
|--|------------|------------|
| | \$ | \$ |
| (a) Share Capital | | |
| 408,622,529 (30 June 23: 405,289,196) fully paid ordinary shares | 20,024,837 | 20,029,354 |

During the six-month period ended 31 December 2023, the Group issued 3,333,333 ordinary shares (30 June 2023: 13,333,332). The issue of 3,333,333 shares were issued under the exercised Performance Rights incentive plan to Executive Directors.

NOTE 14: RESERVES

| | 31-Dec-23 | 30-June-23 |
|---|-----------|----------------|
| | \$ | \$ |
| (a) Share Based Payment Reserve | | |
| 10,000,000 options (30 June 2023: 10,000,000) and 3,333,333 performance rights (30 June 2023: 6,666,668) on issue | 711,493 | 623,211 |
| (b) Movement in Share Based Payment Reserve | | |
| Opening balance at 1 July 2023 | | \$ |
| Options and performance rights on issue at the beginning of the period | | 623,211 |
| Share based payment for options issued under the Managing Directors Options Offer (Note 15) | | 67,432 |
| Shares based payment for performance rights assessed based on non-market based vesting conditions (Note 15) | | 20,850 |
| Total | | 711,493 |

NOTE 15: SHARE BASED PAYMENTS

Share Issue

3,333,333 performance rights were converted to fully paid ordinary shares and issued to Executive Directors as part of the Performance Rights Incentive. These performance rights had been expensed in full as at 30 December 2023.

Options

During the half-year ended 31 December 2023, the Company issued no further options over ordinary shares under the Managing Directors Options Offer (30 June 2023: 10,000,000).

| | 31-Dec-23 | 31-Dec-23 | 30-Jun-23 | 30-Jun-23 |
|---|-------------------|-------------------------------|-------------------|-------------------------------|
| | No | (Cumulative expense in \$) | No. | (Cumulative expense in \$) |
| At the beginning of the reporting period | 10,000,000 | 89,909 | 20,000,000 | 364,000 |
| Managing Director options lapsed during the period - transferred to retained earnings | - | - | (10,000,000) | (123,000) |
| Chairman options exercised during the period - transferred to retained earnings | - | - | (10,000,000) | (241,000) |
| Options issued under the Managing Directors Options Offer (a) | - | 67,432 | 10,000,000 | 89,909 |
| Total | 10,000,000 | 157,341 | 10,000,000 | 89,909 |

- (a) On 24 November 2022, the Company issued 10,000,000 Incentive Options to Mr. James Clement, with an exercise price of \$0.075 and an expiry date of 5 July 2024.

The fair value of the options issued has been determined using a Black-Scholes option pricing model with the following inputs:

Managing Director Options

Options

| | |
|---------------------------|------------------|
| Number of options | 10,000,000 |
| Grant date | 24-Nov-2022 |
| Share price at grant date | \$0.085 |
| Issue date | 14-Dec-2022 |
| Exercise price | \$0.075 |
| Expected volatility | 37.33% |
| Implied option life | 1.61 years |
| Expected dividend yield | - |
| Risk free rate | 3.16% |
| Valuation per option \$ | \$0.02247 |
| Total valuation | \$224,774 |

As per the ASX announcement on 6 February 2023, Mr James Clement has been issued 10,000,000 Managing Director Options. The new options issued have an expiry date of 5 July 2024. An amount of \$67,432 (31 December 2022: \$22,477) has been expensed during the half-year noting that the total expense of the 10,000,000 Incentive Options will be recognised over the remaining option term to July 2024.

NOTE 15: SHARE BASED PAYMENTS (CONTINUED)

The following options were outstanding as at 31 December 2023.

Managing Directors' Options

10,000,000 options exercisable at \$0.075 on or before 5 July 2024 as performance incentives under the Managing Directors Options Offer.

Performance Rights

During the six-month period ended 31 December 2023, the Company did not issue any additional performance rights. 3,333,333 performance rights were converted to fully paid ordinary shares as the achievement of the vesting conditions had been met. An expense is recognised for the period amounting to \$20,850 (31 December 2022: \$170,817) for the re-assessment of the probability of the performance rights vesting.

| | 31-Dec-23 | 31-Dec-23 | 30-June-23 | 30-June-23 |
|--|------------------|----------------------------|------------------|----------------------------|
| | No. | (Cumulative expense in \$) | No. | (Cumulative expense in \$) |
| At the beginning of the reporting period | 6,666,668 | 533,302 | 10,000,000 | 191,667 |
| Performance rights issued during the period | - | - | - | - |
| Performance rights converted to fully paid ordinary shares | (3,333,333) | - | (3,333,332) | - |
| Expense recognised in the period for existing performance rights - over their vesting period | - | 20,850 | - | 341,635 |
| Total | 3,333,335 | 554,152 | 6,666,668 | 533,302 |

NOTE 16: ACQUISITION OF PROJECT ENGINEERING

Summary of Business Combination

On 1 July 2022, the Company entered into a binding Share Sale Agreement for the acquisition of 100% of the issued capital of Project Engineering. Under the terms of the acquisition, the Company acquired 100% of the issued shares in Project Engineering for consideration of \$4,280,805 cash, adjusted for post working capital adjustments ("Transaction").

The Company assumed control of the trading activities of Project Engineering with effect from 1 July 2022. The Company paid \$2,797,775 net of cash to the vendors of Project Engineering as consideration for all of the issued capital of Project Engineering.

NOTE 17: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

As at 31 December 2023 the Group had four reportable segments as outlined below:

- Pentium Hydro;
- Pentium Test Pumping;
- Project Engineering; and
- Pentium Water

The Group has identified its reportable segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The major results of the Group's operating segments are consistent with the presentation of these consolidated financial statements.

| REPORTABLE SEGMENTS | 31-Dec-23 \$ | 31-Dec-22 \$ |
|---|-------------------|-------------------|
| 1. Segmented external revenues | | |
| Pentium Hydro | 28,714,493 | 21,976,872 |
| Pentium Test Pumping | 1,804,562 | 1,422,937 |
| Project Engineering | 5,811,576 | 3,968,363 |
| Pentium Water | 2,504,582 | 1,714,951 |
| Other ¹ | 48,352 | - |
| Total | 38,883,565 | 29,083,123 |
| <i>Note 1 Other revenue comprises of Vysarn's Joint venture.</i> | | |
| 2. Segmented net profit before tax | | |
| Pentium Hydro | 5,032,409 | 1,444,808 |
| Pentium Test Pumping | 42,133 | 377,528 |
| Project Engineering | 1,896,397 | 740,849 |
| Pentium Water | 412,586 | 240,669 |
| Other ² | (1,375,465) | (1,205,440) |
| Total | 6,008,060 | 1,598,414 |
| <i>Note 2 Inclusive of Vysarn Limited's and Vysarn Asset Management's corporate overhead.</i> | | |
| 3. Segmented assets | | |
| Pentium Hydro | 43,991,141 | 44,367,377 |
| Pentium Test Pumping | 5,523,178 | 4,151,456 |
| Project Engineering | 2,797,074 | 5,132,309 |
| Pentium Water | 1,444,340 | 1,219,541 |
| Other | 7,753,499 | 331,662 |
| Total | 61,509,232 | 55,202,345 |

NOTE 17: OPERATING SEGMENTS (CONTINUED)

| 4. Segmented liabilities | 31-Dec-23 | 31-Dec-22 |
|--------------------------|-------------------|-------------------|
| | \$ | \$ |
| Pentium Hydro | 19,749,805 | 20,795,894 |
| Pentium Test Pumping | 1,483,134 | 1,009,754 |
| Project Engineering | 819,280 | 3,536,658 |
| Pentium Water | 663,277 | 583,435 |
| Other | 1,684,243 | 1,055,255 |
| Total | 24,399,739 | 26,980,996 |

NOTE 18: CONTROLLED ENTITIES

The ultimate legal parent entity of the Group is Vysarn Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies.

| Controlled Entities | Country of Incorporation | Percentage Owned | |
|----------------------------------|--------------------------|------------------|-------------|
| | | 31-Dec-23 | 30-Jun-2023 |
| Pentium Hydro Pty Ltd | Australia | 100% | 100% |
| Pentium Test Pumping Pty Ltd | Australia | 100% | 100% |
| Pentium Water Pty Ltd | Australia | 100% | 100% |
| Project Engineering (WA) Pty Ltd | Australia | 100% | 100% |
| Vysarn Asset Management Pty Ltd | Australia | 100% | - |

The Group is also party to an unincorporated joint venture ("Joint Venture") with Concept Environmental Services Pty Ltd, to which it shares 50% of the costs and returns associated with operating activities. The Joint Venture is still in early stages and did not have a material impact on the results of the Group for the period ended 31 December 2023.

NOTE 19: FAIR VALUE MEASUREMENT

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Contingent consideration payable is measured at fair value each reporting date. The fair value of contingent consideration payable has been determined by discounting the cash flows, at market rates of similar borrowings, to their present value (a level 2 measurement within the fair value hierarchy). The probability weighted pay-out method has been utilised by Management to determine the best estimate of expected cashflows arising as a result of the arrangement.

Refer to the Group annual financial report for the year ended 30 June 2023 for further information.

NOTE 20: CONTINGENT LIABILITIES

The Group has no known commitments or contingent liabilities as at 31 December 2023 or at the date of this report (31 December 2022: NIL).

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

There were no other matters or circumstance that have arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years

For personal use only



In the opinion of the Directors of Vysarn Limited:

1. The financial statements and notes, as set out on pages 9-21 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134: Interim Financial Reporting.
2. There are reasonable ground to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

A handwritten signature in black ink, appearing to read 'James Clement', written over a light blue horizontal line.

James Clement
Managing Director
Dated 22 February 2024

VYSARN LIMITED
ABN 41 124 212 175INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VYSARN LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Vysarn Limited (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Company does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

VYSARN LIMITED
ABN 41 124 212 175

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VYSARN LIMITED**

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PITCHER PARTNERS BA&A PTY LTD

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MICHAEL LIPRINO
Executive Director
Perth WA, 22 February 2024