

Arena Securities Performance update September

3 Months	6 Months	1 Year	Since Inception*
18.45%	25.58%	16.95%	65.25%

Indicative performance is reported net of all fees. Past performance is not a reliable indicator of future returns.

Dear fellow investor,

In this Quarter, all the portfolio holdings reported their full-year earnings; all of them beat my expectations. I wouldn't expect this every reporting season. Below, I have highlighted some examples.

SKS Technologies Group Limited (SKS:ASX)

SKS delivered an excellent full-year result, marking another step change for the business. Revenue climbed to \$261.7 million, up from \$136 million the year before — effectively doubling in just 12 months. Profit margins also improved to 5.6%, reflecting some slight efficiency gains.

For many of you running your own businesses, a 5.6% margin might seem low, but it's important to remember that SKS operates in large-scale electrical and technology infrastructure — a sector where margins are typically thinner, but the projects themselves are high-value. What's significant is that both revenue and profitability are moving up together.

With this level of performance, SKS is no longer a micro-cap. Its expanding earnings base and project portfolio have firmly moved it into mid-cap territory, where it now trades on a price-to-earnings multiple of around 20×. That's a fair valuation for a company still demonstrating strong growth momentum and improving margins.

While it's unlikely that revenue will continue doubling at the same rate, the trajectory shows that SKS has reached a new scale one where continued growth should translate into steadily improving profitability.

Laserbond Limited (LBL:ASX)

I've written about LaserBond twice before, first when I initiated a position after years of following the company, and again when short-term operational challenges disrupted what should have been a recovery year. At that stage, labour shortages and supply chain issues continued to weigh on profitability despite management's optimism, forcing skilled staff into less-efficient roles and increasing costs through overtime. After speaking with management, I felt confident that those issues were temporary, with steps already underway to stabilise operations by the financial year-end.

That view has since been validated. In its most recent result, LaserBond delivered a much stronger second half, reporting a profit before tax of \$3.7 million compared to guidance of \$2.4–3.1 million. The

business rebounded sharply, achieving a record half as earlier labour constraints eased and operations normalised.

While some cyclical and customer concentration remain, LaserBond's earnings recovery and management's positive outlook heading into FY26 are encouraging. Trading at around 12 times earnings, the company is now at its most attractive valuation in years of following it. With the heavy investment phase behind it and efficiency returning, I believe LaserBond is well positioned to deliver sustainable earnings growth and renewed shareholder value over the medium term.

Vysarn Limited (VYS:ASX)

Vysarn (VYS) had a strong finish to the 2025 financial year, bouncing back after a slower start. The company's revenue rose 40% to \$106.5 million, while profit after tax increased 34% to \$10.69 million. Earnings per share were also higher, up 8.5% to 2.05 cents. The smaller rise in EPS mainly reflects the new shares issued when Vysarn raised capital to acquire CMP Consulting.

It's also worth noting that the reported EPS figure somewhat understates the company's true earnings potential — because the earnings from both acquisitions were only included for part of the year (WWS contributed around 10 months, and CMP roughly 7 months). Had they been reflected for a full 12-month period, EPS growth would likely have appeared stronger.

The second half of the year showed clear improvement. Net profit before tax reached \$9.8 million, which is 87% higher than in the first half and slightly above management's earlier forecast. Based on these results, Vysarn is now operating at a sustainable run-rate of around \$20 million a year before tax, providing solid momentum heading into 2026.

The company's industrial division was a standout performer, with profit more than doubling from \$2.5 million to \$5.31 million, thanks to strong demand and high equipment utilisation.

Vysarn's recent acquisitions have also added value. Waste Water Services (WWS), purchased in September 2024, performed exceptionally well — earning \$3.83 million in just ten months, more than double the result shown in its acquisition forecasts. CMP Consulting, acquired earlier in the year, produced \$2.74 million NPBT over seven months — around 22% below its FY 2024 benchmark — but is expected to improve as new contracts, including Sydney Water and Hazen HoA, begin contributing through FY 2026.

The balance sheet remains strong. Free cash flow climbed to \$6.4 million, up from \$2.5 million last year. Vysarn ended FY 2025 with \$12.96 million in cash and less than \$1 million in debt, leaving the company well positioned to pursue new opportunities. Management has also flagged several potential acquisitions to build further scale and diversify earnings.

Work is continuing on Vysarn's Kariyarra Water Scheme, being developed through Vysarn Asset Management (VAM) — a joint venture between Vysarn Limited and the Kariyarra Aboriginal Corporation. The project aims to establish a reliable groundwater supply on Kariyarra land that could eventually deliver up to 10 gegalitres (10 billion litres) of water each year to large industrial users in the Pilbara.

Over the past year, Vysarn has carried out extensive drilling and test work to confirm the quality and sustainability of the resource. The findings will feed into a detailed hydrogeological assessment, which forms the final part of the company's 5C water-licence application. This report is expected to be

submitted before the end of 2025 and would represent a key step toward full regulatory approval to extract and sell water commercially.

At the same time, POSCO's Port Hedland Iron Project — which recently received environmental clearance — has named the Kariyarra Water Scheme as its preferred and currently only practical water source. While POSCO is not involved in the joint venture, it could become a major foundation customer once production begins, with potential annual demand of up to 3.5 GL, roughly one-third of Vysarn's planned capacity.

At 56 cents per share, Vysarn trades on roughly 21 times earnings, based on a \$20 million NPBT run-rate and a 30% tax rate. Although that valuation isn't low, the combination of steady growth, substantial cash reserves, and the emerging long-term revenue potential from the water project provides a solid platform for continued progress through FY 2026 and beyond.

Austco Healthcare (ASX:AHC)

Austco delivered another strong year, reporting FY25 revenue of \$81.4 million, up around 40% from the prior year. EBITDA increased 62% to \$13 million, supported by both acquisitions and steady organic growth across the business.

At its current scale, Austco is starting to show the benefits of operational leverage, with stronger earnings flowing through as revenue grows. I'm expecting around \$10.5 million in after-tax profit this financial year, which puts the company on a forward PE of roughly 13.

The balance sheet remains in great shape, and with recurring software and service revenue continuing to expand, Austco looks well placed to keep growing earnings through FY26 and beyond.

Motio Limited (MXO:ASX)

Motio (MXO) shared a trading update at its Annual General Meeting, showing a steady start to the new financial year. After removing the impact of exiting lower-margin third-party revenue streams, first-quarter revenue came in slightly ahead of the prior period, with improved margins translating into stronger profitability.

Management is forecasting a cash profit of around \$600,000 for the quarter, putting the company on a healthy run rate compared with the \$1.9 million recorded in FY 2024.

Based on current performance, Motio appears to be tracking toward \$2.5–\$3 million in cash profit for FY 2026. At a market capitalisation of roughly \$12 million, the company is trading on around 4–5 times projected earnings, suggesting the market is yet to fully reflect its improving financial position.

Regards

Aleck Arena



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