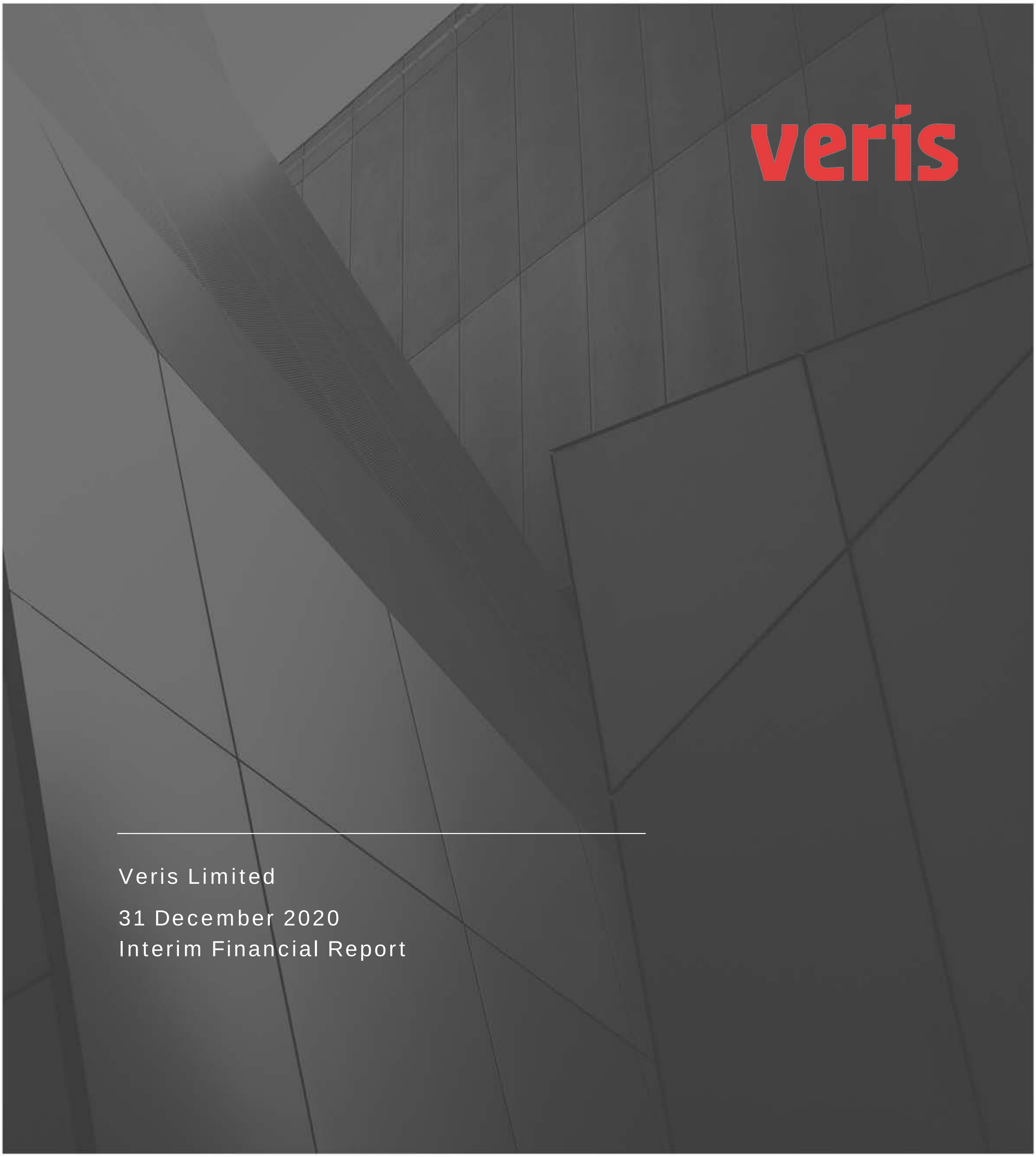

veris

Veris Limited

31 December 2020
Interim Financial Report

DEVELOP
WITH
CONFIDENCE ™

Contents

DIRECTORS' REPORT

The directors of Veris Limited (the "Company" or "Veris") present their report together with the consolidated financial statements of the group comprising Veris Limited and its controlled entities (together referred to as "the Group"), for the six months ended 31 December 2020 and the independent review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Name	Role	Period of Directorship
Non-executive		
Karl Paganin	Independent Non-Executive Chairman	Appointed 25 November 2019
	Independent Non-Executive Director	Appointed 19 October 2015
Tom Lawrence	Independent Non-Executive Director	Appointed 13 October 2011
Brian Elton	Non-Executive Director	Appointed 21 November 2019
Adam Lamond	Non-Executive Director	Appointed 1 December 2020
Executive		
Adam Lamond	Executive Director	Ceased 30 November 2020

Karl Paganin | Independent Non-Executive Chairman

Mr Karl Paganin has over 15 years senior experience in Investment Banking, specialising in transaction structuring, equity capital markets, mergers and acquisitions and strategic management advice to listed companies.

Mr Paganin practised with major national law firms and was then appointed as Senior Legal Counsel at the newly formed family company of the Holmes a Court family, Heytesbury Holdings, where he spent 11 years. His roles varied from Senior Legal Counsel to Director of Major Projects, a role which involved the management of all major transactions within the Group.

Subsequent to Heytesbury, Mr Paganin spent 15 years as a senior investment banker in Perth. In 2002, he joined the Perth based Euroz Securities and established its Corporate Finance department. Then, in 2010, he established and was Managing Director of GMP Australia Pty Ltd, an affiliate of a Canadian resource specialist investment bank.

Mr Paganin is currently Non-Executive Director of ASX listed Southern Cross Electrical Engineering Limited.

Mr Paganin holds degrees in Law (B.Juris, LLB) and Arts (BA) from the University of Western Australia.

Special Responsibilities

Member of the Remuneration and Nomination Committee (previously Chairman until 24 June 2020)
Member of the Audit and Risk Committee

Other Listed Company Directorships in last 3 years

Southern Cross Electrical Engineering Ltd (June 2015 – current)
Poseidon Nickel Limited (1 October 2018 – 30 June 2020)

Interests in Securities

13,189,350 fully paid ordinary shares

DIRECTORS' REPORT (continued)

Tom Lawrence | Independent Non-Executive Director

Mr Tom Lawrence holds a Bachelor of Laws, Bachelor of Business (Accounting and Information Systems) and a Masters Degree in Taxation. Mr Lawrence was a principal and founder of Lawrence Business Management, providing tax and management advice to a large range of businesses across a diverse range of industries including professional services, hospitality, marine, construction, property and mining services. Over his 15 years' working in Lawrence Business Management, Mr Lawrence gained a wealth of knowledge as he grew the business via acquisition and organic growth and provided sound forward-thinking strategies.

In 2010, Mr Lawrence sold Lawrence Business Management and went on to secure his current position with Capital Legal. As Director of Capital Legal, Mr Lawrence advises clients on a broad range of business-related transactions, including business sales and acquisitions, commercial litigation, dispute resolution and a variety of other commercial matters.

Special Responsibilities

Chairman of the Audit and Risk Committee
Member of the Remuneration and Nomination Committee

Interests in Securities

13,136,093 fully paid ordinary shares

Brian Elton – Non-Executive Director

Mr Brian Elton is the founder of Elton Consulting, and joined the Veris Board as Executive Director in March 2018 when this business was acquired by Veris. Subsequent to the sale of Elton Consulting in November 2019, Mr Elton became a Non-Executive Director. He has extensive experience in growing a highly commercially successful professional services business, and in-depth knowledge of east coast development and infrastructure sectors. He has an extensive network of contacts and clients in government, the not-for-profit sector and Tier 1 private sector organisations, and is well regarded and trusted by clients.

Mr Elton has over 40 years of experience in urban and regional planning in the UK and Australia focusing on urban strategy, urban policy and governance and the delivery of major projects. He founded Elton Consulting 30 years ago, maintaining a profitable and growing business every year since.

Mr Elton is a Fellow of the Planning Institute of Australia and a Member of the Australian Institute of Company Directors. His affiliations include the International Association of Public Participation, Green Building Council of Australia and the Urban Development Institute of Australia.

Special Responsibilities

Chairman of the Remuneration and Nomination Committee (since 24 June 2020)
Member of the Audit and Risk Committee
Member of the Health, Safety, Environment and Quality (HSEQ) Committee

Interests in Securities

33,567,386 fully paid ordinary shares

DIRECTORS’ REPORT (continued)

Adam Lamond | Non-Executive Director

Adam Lamond has over 20 years’ commercial experience with particular expertise in construction and infrastructure activities across Australia.

Mr Lamond founded Ocean to Outback Electrical (OTOE) in 2003, a WA-based contracting business servicing the mining industry and the forerunner to Veris Limited. Mr Lamond engineered a reverse takeover of ASX listed company Emerson Stewart Group in 2011 resulting in the listing of Ocean to Outback Contracting (OTOC) Limited.

Mr Lamond held the position of Chief Executive Officer of OTOC Limited from 2011 to 2014. Mr Lamond then held the position of Executive Director - Business Development from 2014 to 2017, after which time he was appointed Managing Director of the newly branded Veris Limited.

On 1 December 2020, Mr Lamond became a Non-Executive Director.

Special Responsibilities

Member of the HSEQ Committee

Interests in Securities

48,591,815 fully paid ordinary shares

PRINCIPAL ACTIVITIES

Veris Limited is the Group’s holding company that is listed on the ASX under the code VRS.

Veris Limited has two subsidiaries:

- Veris Australia - a professional services business delivering digital and spatial, surveying, planning and urban design services throughout Australia; and
- Aqura Technologies – is an innovative technology services and product development business offering leading edge telecommunications infrastructure to a range of industries nationwide.

Both Veris Australia and Aqura operate in the following sectors throughout Australia:

- infrastructure;
- land and property;
- energy;
- mining and resources;
- defence;
- utilities; and
- government.

Veris Australia
Veris Australia is a professional surveying business that covers a broad spectrum of service lines including cadastral, civil and construction, and engineering surveying along with 3D spatial services such as lidar, 3D laser scanning, ground penetrating radar, mobile laser scanning and hydrographic surveys. It also provides town planning and urban design services. Veris Australia's markets include infrastructure, land and property, resources, agriculture and defence.

Aqura Technologies
Aqura Technologies complements the accomplished existing spatial solution capabilities of the Veris Australia segment with highly specialised ICT and communications services, offering industry-leading technology solutions to the industrial communications sector. Aqura's markets include resources, oil & gas, industrial, commercial and defence sectors.

REVIEW OF OPERATIONS

Veris' revenue from continued operations during the period ended 31 December 2020 was $50,082,000; a decrease from $50,459,000 in the prior corresponding period. Veris Australia revenue was $38,937,000, down from $40,054,000 and Aqura Technologies revenue was $11,145,000, up $740,000 from $10,405,000 in the prior corresponding period.

Veris' EBITDA* was $6,037,000 for the period (1H FY20: $1,552,000) representing a 289% increase on the prior corresponding half.

Veris Australia EBITDA* was $4,890,000 (1H FY20: $888,000) representing a 451% increase on the prior corresponding half.

Aqura Technologies EBITDA* was $1,147,000 for the period (1H FY20: $664,000) representing a 73% increase on the prior corresponding half.

COVID-19 PANDEMIC

The COVID-19 pandemic has created an unprecedented level of uncertainty. Although impact to the Group's operations to date have been varied, the evolution of the pandemic and any escalation of the government's response, including but not limited to, increased restriction of workforce movements, increased safety protocols, and reduction in demand from the Group's customers may further negatively impact the Group's operations. The Group will continue to monitor the situation as it develops, this assessment is consistent with our view at 30 June 2020.

JOBKEEPER PAYMENT

As part of its response to the COVID-19, in March 2020 the Australian Government announced various stimulus measures resulting from the economic fallout from the coronavirus lockdown. One such stimulus measure was the payment of subsidies to qualifying employers under the JobKeeper Payment scheme ("JobKeeper"). The initial JobKeeper payments are a wage subsidy whereby employers who qualify for the stimulus receive $1,500 per fortnight for each eligible employee who was employed by the Company during the period April 2020 to September 2020.

The Group received JobKeeper payments, which totalled $5.16 million in the period to 31 December 2020.

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and other non-cash or non-recurring items and is an unaudited non-IFRS measure

DIRECTORS' REPORT (continued)

EBITDA and EBIT are non-IFRS measures that in the opinion of Veris provide useful information to assess the financial performance of the Group. A reconciliation between statutory results and underlying results is provided below. The non-IFRS measures are unaudited:

For the six months ended:	**31 Dec 2020 $000**	**31 Dec 2019 $000**
Total comprehensive profit / (loss) for the period *	1,063	(16,392)
Add back:		
Tax (benefit) / expense	-	7,009
Net finance expense	887	1,082
Restructuring costs	173	544
Acquisition costs / (reversals)	-	(141)
Share-based payment	25	25
EBIT profit / loss	2,148	(7,873)
Depreciation	3,889	4,888
Amortisation	-	1,254
Discontinued Operations (profit) / loss	-	3,283
EBITDA from Continuing Operations	6,037	1,552

** Jobkeeper benefit of $5,160,000 included*

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the six months ended 31 December 2020.

ROUNDING OFF

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Karl Paganin

Chairman

Dated at Perth this 26 day of February 2021

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 Dec 2020 $000	30 Jun 2020 $000
Assets			
Current assets			
Cash and cash equivalents		2,443	1,939
Trade and other receivables		12,424	13,178
Work in progress		5,619	5,836
Other current assets		3,281	4,115
Total current assets		23,767	25,068
Non-current assets			
Property, plant and equipment		10,384	8,701
Right-of-use assets		21,852	16,899
Deferred tax asset		4,481	4,481
Other non-current assets		294	-
Total non-current assets		37,011	30,081
Total assets		60,778	55,149
Liabilities			
Current Liabilities			
Trade and other payables		13,031	13,835
Borrowings	*6*	6,500	6,948
Lease liabilities		7,506	6,271
Employee benefits		8,365	8,189
Current tax liability		534	534
Total current liabilities		35,936	35,777
Non-current liabilities			
Lease liabilities		20,496	16,364
Provisions		752	725
Employee benefits		1,250	1,027
Total non-current liabilities		22,498	18,116
Total liabilities		58,434	53,893
Net assets		**2,344**	**1,256**
Equity			
Share capital		44,127	44,127
Share based payment reserve	*3*	2,553	2,528
Accumulated losses		(44,336)	(45,399)
Total equity		**2,344**	**1,256**

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the six months ended 31 December 2020

	Note	2020 $000	2019 $000
Continuing operations			
Revenue		50,082	50,459
Expenses	*2*	(48,132)	(55,477)
Results from operating activities		**1,950**	**(5,018)**
Finance income		8	-
Finance costs		(895)	(1,082)
Net finance costs		(887)	(1,082)
Profit / (loss) before income tax		**1,063**	**(6,100)**
Income tax benefit / (expense)	*4*	-	(7,009)
Profit / (loss) from continuing operations		**1,063**	**(13,109)**
Discontinued operation			
Profit / (loss) from discontinued operations, net of tax	*7*	-	(3,283)
Profit / (loss) for the period		**1,063**	**(16,392)**
Total comprehensive income / (loss) for the period		**1,063**	**(16,392)**
Earnings (loss) per share			
Basic earnings / (loss) cents per share		0.26	(4.40)
Diluted earnings / (loss) cents per share		0.26	(4.40)
Earnings (loss) per share from continuing operations			
Basic earnings / (loss) cents per share		0.26	(3.51)
Diluted earnings / (loss) cents per share		0.26	(3.51)

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2020

	Note	Share Capital $000	Share Based Payment Reserve $000	Accumulated losses $000	Total Equity $000
Balance at 1 July 2020		44,127	2,528	(45,399)	1,256
Total comprehensive profit for the period					
Profit for the period		-	-	1,063	1,063
Total comprehensive profit for the period		-	-	1,063	1,063
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)		-	-	-	-
Dividends paid		-	-	-	-
Share-based payment transactions	*3*	-	25	-	25
Total transactions with owners of the Company		-	25	-	25
Balance at 31 December 2020		**44,127**	**2,553**	**(44,336)**	**2,344**

For the six months ended 31 December 2019

	Note	Share Capital $000	Share Based Payment Reserve $000	Accumulated losses $000	Total Equity $000
Balance at 1 July 2019		43,051	2,949	(18,906)	27,094
Total comprehensive loss for the period					
Loss for the period		-	-	(16,392)	(16,392)
Total comprehensive loss for the period		-	-	(16,392)	(16,392)
Transactions with owners of the Company, recognised directly in equity					
Issue of ordinary shares (net of costs)		140	-	-	140
Dividends paid		-	-	-	-
Share-based payment transactions	*3*	-	(509)	-	(509)
Total transactions with owners of the Company		140	(509)	-	(369)
Balance at 31 December 2019		**43,191**	**2,440**	**(35,298)**	**10,333**

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2020

	Note	2020 $000	2019 $000
Cash flows from operating activities			
Receipts from customers		56,119	68,926
Receipts from Government grants		6,675	-
Payments to suppliers and employees		(55,033)	(66,783)
Cash generated from/ (used in) operations		7,761	2,143
Interest paid		(913)	(1,074)
Interest received		8	-
Net cash from / (used in) operating activities		6,856	1,069
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		49	98
Purchase of property, plant and equipment		(1,572)	(1,236)
Deferred vendor payment		-	(1,330)
Disposal of subsidiaries		-	12,299
Net cash from / (used in) investing activities		(1,523)	9,831
Cash flows from financing activities			
Repayment of borrowings		(448)	(5,745)
Repayment of lease liabilities		(4,381)	(5,690)
Net cash (used in) financing activities		(4,829)	(11,435)
Net increase in cash and cash equivalents		504	(535)
Cash and cash equivalents at 1 July		1,939	3,685
Cash and cash equivalents at 31 December		**2,443**	**3,150**

The notes on pages 12 to 19 are an integral part of these condensed consolidated interim financial statements.

BASIS OF PREPARATION

REPORTING ENTITY

Veris Limited (the “Company” or “Veris”) is a for-profit company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is a diversified survey solutions and communications company.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 are available upon request from the Company’s registered office at Level 12, 3 Hasler Road Osborne Park WA 6017 or at www.Veris.com.au

GOING CONCERN

For the half year ended 31 December 2020, the Group recorded a profit before tax of $1,063,000. The Group’s net cash inflow from operating activities was $6,856,000, including $6,675,000 of JobKeeper receipts. In accordance with AASB 16 Leases, $4,381,000 of lease payments primarily pertaining to property and equipment leases are presented within cashflows from financing activities.

Cash advance facilities (the Facilities) were utilised at 31 December 2020 to $6,500,000, with $4,000,000 of undrawn overdraft facilities available to the Group. During December 2020, the Group executed an extension of the existing Facilities (including overdraft) held with the Group’s primary external lender, CBA (the Lender) extending the tenure to 30 September 2021. Facility terms negotiated pursuant to the extension, including compliance with covenant requirements, amortisation and drawdown terms are materially consistent with those in operation prior to the extension. These include quarterly EBITDA calculations, measured against FY2021 forecasts as agreed with the Lender. Prior to 30 June 2021 it is the intention of both parties to negotiate an extension of the facility with a view to extending the maturity beyond the current expiry date. As the Facilities are due to expire on 30 September 2021, they have been classified as a current liability. The resulting net current asset deficiency position of the Group at 31 December 2020 is $12,169,000.

Management forecasts are based on assumptions which include the conversion of a pipeline of project work, factoring in some growth in project activity above activity levels recorded in the six months to 31 December 2020. Management has also assumed recovered revenue rates materially consistent with existing contracts and the execution of ongoing cost reduction programs. These forecasts also take into consideration the experience to date of the impact of COVID-19 on market activity levels, including government stimulus activities for the property and infrastructure sectors, cessation of current JobKeeper program and the implemented cost management strategies and consider these to be appropriate based on available information.

As described in note 5, the Group is currently undertaking a share placement and expects to raise approximately $7.495 million before costs and raise further capital through a planned share purchase plan announced to the ASX on 25 February 2021. These funds are expected to be available to the Group to support working capital requirements, provide investment to support the forecast business growth strategy and generally strengthen the balance sheet.

The going concern assessment is based on the achievement of these forecasts, the extension of the Facilities term and receipt of funds from the share placement and proposed share purchase plan. Given the uncertainty associated with forecasts and current economic conditions, should it be required, the Group may pursue alternatives available to it, including further cost reduction measures, asset or business sales, or further equity funding to support the ongoing requirements of the business.

For these reasons the Directors continue to adopt the going concern basis in preparing these financial statements.

BASIS OF PREPARATION (CONTINUED)

STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2020. The consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2020.

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 February 2021.

JUDGEMENTS AND ESTIMATES

Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

The ongoing COVID-19 pandemic has increased estimation uncertainty in the preparation of the consolidated interim financial statements.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2020.

Some comparative information has been presented to reflect current period presentation (Consolidated Statement of Profit and Loss and Operating Segment note – note 1).

NOTES

1. OPERATING SEGMENTS

The Group has two reportable segments, as corporate costs have now been allocated to the respective segments. This is in accordance with the level at which the Chief Operating Decision Makers (CODM) monitor the Group. The services they provide are:

- Veris Australia – utilises a range of digital and spatial data capture techniques to examine and record the features physical environment (e.g. land, building or infrastructure asset etc) in order to create 3D representations and models, maps, plans, detailed descriptions and to facilitate construction planning
- Aqura Technologies – provides a range of innovative, specialised ICT and Communications products and technology solutions that underpin the development of communication infrastructure across a wide range of industries.

Information regarding the results of each reporting segment including corporate cost allocation is detailed below for the six months ended 31 December.

Information about reportable segments

	Veris Australia		Aqura Technologies		Total*	
	2020 $000	**2019 $000**	**2020 $000**	**2019 $000**	**2020 $000**	**2019 $000**
Revenues	38,937	40,067	11,147	10,433	50,084	50,500
Inter-segment revenues	-	(13)	(2)	(28)	(2)	(41)
External revenues	38,937	40,054	11,145	10,405	50,082	50,459
EBITDA*	4,890	888	1,147	664	6,037	1,552
Depreciation	(3,744)	(4,728)	(145)	(160)	(3,889)	(4,888)
Amortisation	-	(1,254)	-	-	-	(1,254)
Net finance cost	(893)	(1,044)	6	(38)	(887)	(1,082)
Restructuring costs	(173)	-	-	-	(173)	(544)
Segment profit / (loss) before tax **	80	(6,138)	1,008	466	1,088	(6,216)
Corporate & unallocated:						
Unallocated amounts (including corporate expenses)	-	-	-	-	(25)	(25)
Acquisition related (costs) / income	-	-	-	-	-	141
Consolidated profit / (loss) before tax	-	-	-	-	1,063	(6,100)
	Dec 2020 $000	**June 2020 $000**	**Dec 2020 $000**	**June 2020 $000**	**Dec 2020 $000**	**June 2020 $000**
Assets						
Total assets for reportable segments	45,541	40,823	6,275	5,200	51,816	46,023
Other unallocated amounts ***	-	-	-	-	8,962	9,126
Consolidated total assets	-	-	-	-	60,777	55,149
Capital expenditure	1,501	1,012	71	224	1,572	1,236
Liabilities						
Total liabilities for reportable segments	(42,094)	(35,437)	(4,747)	(5,118)	(46,841)	(40,555)
Other unallocated amounts ***	-	-	-	-	(11,593)	(13,338)
Consolidated total liabilities	-	-	-	-	(58,434)	(53,893)

* Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, and other non-cash or non-recurring items and is an unaudited non-IFRS measure
** Included is JobKeeper benefit of $4,479,000 relating to Veris Australia and $681,000 relating to Aqura Technologies
*** Primarily represents lease assets and liabilities which are not monitored at an individual segment level

2. EXPENSES

	2020 $000	2019 $000
Employment expenses	36,344	35,221
Government grants *	(5,160)	-
Subcontractor costs & materials	5,472	6,202
Other expenses	7,587	7,912
Total employment and other expenses	44,243	49,335
Depreciation	3,889	4,888
Amortisation	-	1,254
Total depreciation and amortisation	3,889	6,142

* Government grants relates to the JobKeeper payment scheme

3. SHARE-BASED PAYMENTS

As at 31 December 2020, the Group had the following share-based payment arrangements.

(i) Senior Management

On 12 April 2019 the Group granted 2,419,949 Performance Rights to eligible employees which will vest subject to their continued employment over a two-year period.

Number of Performance Rights Granted	Vesting Date (A)	Lapsed	Vested	Vesting Hurdle (B)
1,085,327	30 June 2021	86,187	-	2 Year Retention

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

i. failure to satisfy the applicable vesting conditions;
ii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
iii. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
iv. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
v. the expiry date; or
vi. the seven-year anniversary of the date of grant of the Performance Rights.

(B) Based on continued employment for two years to 30 June 2021

(ii) 2020 Performance Rights Plan

On 29 October 2019 the Group granted 1,000,000 Performance Rights to the CEO of Veris Australia on commencement of his employment, these will vest subject to his continued employment over a two year period and subject to achievement of an increase in Veris Australia's EBITDA margin by 40% or greater.

Number of Performance Rights Granted	Vesting Date (A)	Lapsed	Vested	Vesting Hurdle (B)
1,000,000	29 October 2021	-	-	2 Year Retention

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

i. failure to satisfy the applicable vesting conditions;
ii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
iii. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
iv. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
v. the expiry date; or
vi. the seven year anniversary of the date of grant of the Performance Rights.

(B) Based on continued employment for two years to 29 October 2021.

(iii) 2020 Performance Rights Plan – Senior Management

On 1 July 2020 the Group granted 3,371,333 Performance Rights to members of Senior Management of Veris Australia which will vest subject to continued employment over a one year period.

Number of Performance Rights Granted	Vesting Date (A)	Lapsed	Vested	Vesting Hurdle (B)
3,371,333	30 June 2021	-	230,428	1 Year Retention

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

i. failure to satisfy the applicable vesting conditions;
ii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
iii. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
iv. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
v. the expiry date; or
vi. the seven year anniversary of the date of grant of the Performance Rights.

(B) Based on continued employment for two years to 30 June 2021.

3. SHARE-BASED PAYMENTS (CONTINUED)

(b) Measurement of Fair Values of Share-Based Payments
During the period, 3,371,333 Performance Rights were issued to members of senior management. The Performance Rights will vest into fully paid ordinary shares subject to the individuals continued employment as at 30 June 2021 (1 year retention). The Fair Values of the Grant for these share awards was $0.037 per share which was equivalent to the share price at the effective Grant date.

(c) Unvested Performance Rights

999,140 Performance Rights issued in April 2019 to Senior Management remain unvested at 31 December 2020. 1,000,000 Performance Rights issued in October 2019 to a member of key management personnel remains unvested at 31 December 2020. 3,140,905 Performance Rights issued in July 2020 to members of senior management remain unvested at 31 December 2020.

4. TAX EXPENSE (BENEFIT)

Tax expense is recognised based on the best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

Reconciliation of effective tax rate:

	2020 $000	2019 $000
Profit / (loss) before income tax – continuing operations	1,063	(6,100)
Income tax at 30% (2019: 30%)	319	(1,830)
Add (less) tax effect of:		
Other non-allowable / assessable items	26	1,086
Adjustments for prior periods	-	(458)
Derecognition / non-recognition of deferred tax asset*	(336)	8,211
Adjustments other	(9)	-
Income Tax Expense / (Benefit) – continuing operations	-	7,009
Profit/ (loss) before income tax – discontinued operations	-	(3,374)
Income tax at 30% (2019: 30%)	-	(1,012)
Add (less) tax effect of:		
Other non-allowable /assessable items	-	(625)
Derecognition / non-recognition of deferred tax asset*	-	2,214
Adjustments other	-	(668)
Income Tax Expense / (Benefit) – discontinued operations	-	(91)

* Veris Limited tax consolidated group has significant carried forward tax losses available as at 31 December 2020. Management have performed a review based on current management forecasts and determined that it is no longer probable that future taxable profit over the forecast period will be sufficient to utilise all carried forward tax losses. This does not impact the future availability of such non-recognised tax losses which at the 31 December 2020 were $10,636,862. Management will continue to reassess the recoverability of deferred tax assets at future reporting dates.

5. SUBSEQUENT EVENT

The Company continues to monitor issues related to COVID-19. Changes have been made to operations across the Company in order to minimise the spread including following advice on social distancing. As the pandemic develops we will continue to monitor operations and activities to ensure we remain as vigilant as possible.

5. SUBSEQUENT EVENT (CONTINUED)

On 25 February 2021, the Company announced it has successfully received binding, firm commitments from sophisticated, professional and institutional investors to raise approximately $7,495,500 of new equity funds (before costs) through a placement of 107,078,570 fully paid ordinary shares at an issue price of $0.07 per share ("the Placement"). Additionally, in recognition of the Company's existing retail shareholders, eligible shareholders were given the opportunity to participate in a Share Purchase Plan ("SPP") at the same issue price per Share of $0.07. The Company intended to raise up to a maximum of $2,500,000 under the SPP through the issue of 35,714,285 shares.

6. LOANS AND BORROWINGS

Since 30 June 2020, the Group negotiated and finalised an extension of the existing terms of the Facilities held with the Group's primary external lender, CBA (the Lender) to extend the term of the Facilities, extending the tenure throughout the remainder of the FY21 financial year to 30 September 2021. Facility terms negotiated pursuant to the extension, including covenant requirements, are materially consistent with those under existing facilities in operation prior to the extension. These include quarterly EBITDA calculations, measured against FY2021 forecasts as agreed with the Lender. The loan has been classified as current as it will become due for repayment within the next 12 months.

Prior to 30 June 2021, it is the intention of both parties to negotiate an extension of the maturity beyond the current expiry date.

Except for the changes noted above the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2020.

7. DISCONTINUED OPERATIONS

On 21 November 2019, the group sold Elton Consulting Pty Ltd for $13 million. The business was not previously classified as held-for-sale or as a discontinued operation.

The sale of Elton Consulting resulted in a significant reduction in net debt allowing the company to focus on growth opportunities within its core business Veris Australia. The sale resulted in a loss of $3.6 million.

Results of Discontinued Operations

	2019
	$000
Revenue	7,876
Expenses	(6,884)
Results from discontinued operating activities	992
Depreciation	(37)
Amortisation	(330)
Share-based payment	(365)
Net finance (costs)/ income	2
Profit (loss) from operating activities	262
Income tax (expense)/ benefit on operating activities	91
Profit (loss) from operating activities, net of tax	353
Loss on sale of discontinued operation	(3,636)
Income tax (expense)/ benefit on sale of discontinued operation	-
Profit (loss) from discontinued operations for the period, net of tax	(3,283)

7. DISCONTINUED OPERATIONS (CONTINUED)

Earnings (loss) per Share

	2019 $000
Basic earnings cents per share	(0.87)
Diluted earnings cents per share	(0.87)

Cash flows from (used in) discontinued operations

	2019 $000
Net cash flows from (used in) operating activities	515
Net cash flows from (used in) investing activities	-
Net cash flows from (used in) financing activities	(1,801)

Effect of disposal on the financial position of the group

	2019 $000
Property, plant and equipment	(510)
WIP	(2,190)
Trade and other receivables	(3,682)
Cash and cash equivalents	(24)
Goodwill	(11,172)
Customer Relationships	(2,052)
Brands	(168)
Deferred tax liabilities	64
Trade and other payables	1,930
Employee benefits	1,383
Net assets and liabilities	(16,421)
Cash consideration	13,000
Less related costs of sale	(215)
Loss on sale of subsidiary (pre-tax)	(3,636)

Cash consideration (Includes $500,000 deferred consideration)	13,000
Cash and cash equivalents disposed of	(24)
Net cash inflow	12,976

DIRECTORS' DECLARATION

In the opinion of the directors of Veris Limited ("the Company"):

1. the condensed consolidated financial statements and notes set out on pages 8 to 19, are in accordance with the Corporations Act 2001 including:

   (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the six-month period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Karl Paganin

Chairman

Dated at Perth this 26 day of February 2021

Independent Auditor's Review Report

To the shareholders of Veris Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Veris Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Veris Limited does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the ***Group's*** financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2020.
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date.
- Notes 1 to 7 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The ***Group*** comprises Veris Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

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*. 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 Group 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.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001.*
- Such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim 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.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth
26 February 2021

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Veris Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Veris Limited for the half-year ended 31 December 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Jane Bailey

Jane Bailey
Partner
Perth
26 February 2021

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Perth
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Australia

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CORPORATE INFORMATION

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