

First-half FY24 results – Consolidating Business Improvements

- Continued improvement in underlying PBT margin % to 1.6% (up from 1.5% in pcp)
- Underlying profit before tax of \$0.8m, a 3% decline from the pcp
- 1H FY24 revenue of \$48.3m, down 8% on the pcp, as a result of:
 - shift in strategic focus away from smaller projects
 - aligning resources to high margin work for key clients, markets and larger opportunities
 - economic uncertainty resulting in pockets of softness in some geographic markets
- Strong growth in proportion of revenue from Digital & Spatial projects & services – now representing circa 15% of revenue, up from 9.5% in pcp
- EBITDA of \$5.0m, down 8% on pcp
- Accelerated shift in strategic focus and economic uncertainty in some geographic markets has also resulted in one off restructuring costs of \$440k
- Prudent capital management delivering stable balance sheet
- Cash and term deposits of \$16.7 million at 31 December 2023
- Strong order book with a secured workload in excess of \$60 million and unsecured project pipeline with a weighted value in excess of \$190 million

Veris Limited (ASX: VRS) (“Veris” or “the Company”), a leading provider of spatial data services, is pleased to announce its financial results for the first half of FY24.

The Company has consolidated its performance from the previous corresponding period (pcp) and delivered an underlying profit before tax of \$0.8m and an improvement in underlying PBT margin percentage to 1.6%. Revenue of \$48.3m was down 8% on the pcp as the Company continued to implement its strategic decision to pivot away from the delivery of smaller projects in favour of positioning itself in specific markets delivering higher margin work aligned to key clients and larger project opportunities. Economic uncertainty also resulted in the company experiencing instability in some geographic markets, with delays in start dates on a number of key infrastructure, engineering and property development projects. One off restructuring costs of \$440k were incurred as a result of this strategic shift and pro-active right-sizing of teams to position effectively in key geographic markets.

Veris continued to demonstrate strong progress against its Digital Strategy, providing a suite of data and digital solutions that support digital transformation across the industry. Revenues from the Company’s Digital & Spatial business line were up as a share of first half revenue, with the first suite of digital solutions commercialised and now generating revenue.

Dr Michael Shirley, Managing Director & CEO, said: “Veris has consolidated its performance with another solid result in 1H24, maintaining profitability and delivering continued margin improvement amidst some significant strategic shifts within the business.

“As part of our focus on maximising returns, we’ve continued our previously articulated shift in focus towards key clients, markets and larger opportunities, where our end-to-end solutions and high value digital offerings are in demand and align with our vision for sustainable growth and improved margins. Whilst there has been a short-term impact on the business in doing this, this strategic shift sets the stage for sustained success.

“The progress against our Digital Strategy is evident, and it has been pleasing to see the commercialisation of the first of our data and digital solutions. These are now contributing to revenue generation and mark a significant milestone. In addition, our digital offerings are taking the spotlight in numerous project wins,

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underscoring their pivotal role in our business evolution and growth. Our investment in leading edge, hi-tech data capture equipment stands us apart from the industry and enables us to add value to our client base across our national platform. This has been critical to a number of recent significant project wins.

"Veris' strong balance sheet provides stability and flexibility. This, coupled with our strategic initiatives, positions us well for future opportunities and sustained value creation for our shareholders."

Financial Performance

Veris delivered revenue of \$48.3 million in the first half, representing an 8% decrease on the prior corresponding period (pcp) as the Company continued its shift in focus away from smaller projects towards strategically positioning itself with key clients and larger projects. This strategic decision better leverages Veris' differentiating attributes of a national platform coupled with leading skillsets across a range of services and a fleet of market-leading hi-tech data capture and analytics equipment. This continues to drive improved gross profit margins and higher underlying PBT margins.

Underlying profit before tax for the half was \$0.8 million, broadly in line with the pcp. The underlying PBT margin increased to 1.6%, from 1.5% in the pcp, while gross profit margins rose to 33.9% from 31.6% in the same period as the Company's strategy to focus on key clients and larger projects helped strengthen margins.

Veris continued its focus on improving project delivery and operational processes to increase the margins generated in the core business. The progress of the Digital Strategy allowed Veris to accelerate its pivot out of lower margin markets and sectors, with the Company's Digital & Spatial segment contributing circa 15% of first-half revenue, compared to 9.5% in the pcp.

The shift in strategic focus, as mentioned above, combined with the uncertainty in key markets, provided the basis for restructuring initiatives implemented in Q2, resulting in \$440k of one-off restructuring costs. These initiatives included the restructure of some teams in an effort to reduce the number of smaller projects and focus on higher margin segments. These restructuring initiatives have driven further improvements in resource sharing (skilled labour and equipment) across the country and provided an opportunity to embed Veris' single framework for project establishment and execution.

Veris Australia underlying results (\$m)	H1 FY22	H1 FY23	H1 FY24	PCP % Change
Revenue	42.6	52.5	48.3	(8%)
EBITDA	3.1	5.4	5.0	(8%)
<i>EBITDA Margin %</i>	7.3%	10.3%	10.3%	
Underlying EBIT	(1.3)	1.2	1.0	(19%)
Underlying PBT	(2.0)	0.8	0.8	(3%)
<i>Underlying PBT Margin %</i>	(4.7%)	1.5%	1.6%	

Cash Flow and Balance Sheet

The Company's balance sheet remained stable, with cash generated from operating activities for the half of \$4.6 million, down from \$6.7 million a year earlier.

As at 31 December 2024, the Company held cash at the bank and term deposits of \$16.7m, compared to \$17.3 million six months earlier.

The primary drivers of the modest decrease in cash balance were the payment of the Company's reinstated full year dividend of \$0.7m in November, continued on-market buyback activity of \$0.2m, and \$0.4m in restructuring costs noted above.

The strength of the Company's balance sheet, characterised by the strong cash balance, provided a stable base to withstand the range of economic headwinds apparent in the first half.

Digital Strategy Execution

The Company has continued to make clear progress in the delivery of its Digital Strategy. This has included an investment in the development of AI, analytics and data hosting capabilities and the resulting expansion of its value proposition to clients via the integration of data and digital solutions. During 1HFY24, the Company achieved a significant milestone, commercialising the first suite of internally developed digital solutions. The Digital Strategy is also underpinned by acquiring aligned skill sets and investing in leading-edge technology.

Capital Management

In the second half of FY23, Veris extended its on-market share buyback program, initially announced in June 2022. The Company will continue to assess this initiative against other capital allocation opportunities to enhance shareholder value.

As noted earlier, Veris also made the payment of the reinstated full-year FY23 dividend in H1.

Veris notes that at 31 December 2024, there remains in excess of \$14 million of unutilised tax losses for use in future periods as well as in excess of \$5.1 million of franking credits.

M&A opportunities

Veris continues to diligently assess a number of potential accretive corporate opportunities with a focus on those that add either technical capabilities, strategic scale or geographical presence. The Company's stable capital management and balance sheet underpins its M&A strategy, and Veris will be prudent in the execution of any M&A opportunity and any application of its capital base that may be associated.

Veris notes that it is aware of its disclosure obligations and that none of these potential opportunities have progressed to date to require further market disclosure.

Pipeline and outlook

Veris remains well positioned in key markets and has a strong outlook, with continued improvement in margin expected as the Company executes on its strategy.

The Company's secured forward workload is in excess of \$60 million to be executed over the next 12 months, while the unsecured project pipeline is strong and has a weighted value in excess of \$190 million for execution over the next 24 months.

Veris is proactively focusing on client and project opportunities that deliver increasing margins rather than chasing revenue growth for the sake of revenue growth. Executing on this strategy will position Veris more strongly as a result.

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About Veris Limited

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

Veris Australia is Australia's leading provider of spatial data services across the infrastructure, property, resources, defence, utilities and government sectors. Veris Australia provides an end-to-end spatial data solution for its clients that not only includes data collection, analysis, and interpretation but also data hosting and access, modelling, sharing and insights for clients with large-scale data requirements.

Authorised for release by the Board of Veris Limited.

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