

Veris FY24 results highlight digital strategy gaining traction as strategic restructuring initiatives accelerate

- Robust balance sheet at 30 June with \$16.1m in cash reserves provides foundation for strategic restructure
- FY24 revenue of \$92.6m (down 7.9% from FY23) reflecting combination of continued transition away from smaller projects and softness in some key markets
- Digital strategy making strong progress, increasing share of revenue to 17% during FY24
- Restructuring and operational right-sizing initiatives implemented during FY24 resulting in circa \$3.0m of one-off or non-recurring costs
- Strong order book with secured workload in excess of \$60 million and unsecured project pipeline with a weighted value in excess of \$190 million
- Decisive implementation of restructuring initiatives positions Veris to leverage demand for digital services in FY25 and beyond
- Strong net cash position provides significant capacity to pursue M&A opportunities
- Investor webinar on Monday, 26 August 2024 at 11.00am AEST. Register [HERE](#)

Digital and spatial data advisory and consulting firm **Veris Limited (ASX:VRS)**, ('Veris' or 'the Company') today announces its audited results for the fiscal year ended 30 June 2024 ('FY24'). The results incorporate a number of restructuring initiatives undertaken over the period that helped the Company accelerate the implementation of its ongoing successful digital strategy.

Financial Performance

Veris generated revenue of \$92.6 million in FY24. This figure was 7.9% below that for the prior corresponding period (pcp), as a series of one-off external factors previously communicated to the market impacted operations (see ASX announcement, titled 'FY24 Unaudited Trading Update' released on 31 July 2024).

Revenue generation over the Company's FY24 was also impacted by a deliberate shift in strategic focus away from smaller legacy projects, economic uncertainties that led to pockets of softness in some geographic markets, and an emphasis on aligning resources to high-margin work for key clients.

Importantly, this strategic shift away from smaller projects is delivering tangible results with an 18.2% reduction in the volume of projects undertaken in FY24 compared to FY23, whilst at the same time there was a 12% increase in the average project size completed. This is leading to better quality revenue, which also has follow on impacts to higher quality work in progress and debtor balances requiring less administrative cost to track and collect.

The abovementioned shift away from smaller projects and strategic pivot towards higher-margin key clients helped deliver an increased gross profit margin of 32.6% in FY24, a notable improvement from the 31.4% figure reported in FY23. This is an ongoing focus within the business where further improvements are expected to be achieved going forward.

Pleasingly, the Digital & Spatial service line of the business accounted for 17% of total revenue in FY24 - up on the equivalent figure of 11% in FY23. The Digital & Spatial service line achieved gross margin per hour growth of 20% across FY24, reflecting the strong progress in the Company's digital-based consulting and advisory strategy launched over the course of this 12-month period.

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Veris recorded a FY24 underlying loss before tax of \$1.8m. This profit measure excludes restructuring costs and one-off charges of circa \$3.0m. The Company's statutory loss after tax was \$4.7m. EBITDA for the fiscal year came in at \$6.7m, with an accompanying EBITDA margin of 7.2%.

Corporate right-sizing and restructuring initiatives

Veris implemented a series of corporate right-sizing and restructuring initiatives throughout the year in response to challenging market conditions, in conjunction with a calculated repositioning of the Company's go-to-market strategies in affected sectors.

These restructuring initiatives has resulted in a reduction in headcount of approximately 100 people (FY24-on-FY23 basis) through some project-specific departures, desired attrition and restructuring related redundancies. In addition, a company-wide organisational restructure was implemented to shift the Company toward a fully national operating model targeting best practice in project delivery / service innovation and cost efficiency. This has also aided the Company's commitment to transition towards fit-for-purpose office spaces, including a planned and impending move from the existing Melbourne office location, which is expected to deliver significant savings and operational efficiencies. Further optimisation of vehicle fleet management was also enacted.

These restructuring initiatives are already seen to be delivering tangible improvements in operating and financial performance in the early stages of the new financial year.

Digital Strategy

Veris made strong, demonstrated progress in advancing its digital strategy as part of a continued pivot towards the growing digital transformation needs of industry. The Company successfully launched its digital solutions service offering in FY24, including the development and commercialisation of numerous spatial data and analytics platforms, as well as spatial consultancy services, including:

- Release of the RoadSiDe platform to the market: Veris' own cloud-based spatial data and analytics platform for road condition assessment has been delivered to a number of key clients including Government agencies as well as for a major energy transmission project.
- Digital Solutions consulting: Veris' expertise in spatial data, analytics, GIS and Digital Engineering has seen the company engaged to provide high value consultancy services to key clients across the Utilities, Transport and Government industries, acting as a trusted advisor for digital transformation initiatives.
- Key contract wins for Digital Twins/Monitoring/IOT projects. Veris has been able to secure project wins that bring together its domain expertise in spatial data collection, 3D modelling and automated monitoring in a growing segment of the market.
- Ongoing market penetration of bespoke spatial data platforms: Veris' other bespoke digital platforms were deployed across a range of projects and industries, with additional functionality and automation being built in to meets the needs of our clients.

Balance Sheet and Project Pipeline

Despite the dip in reported profitability over FY24, Veris retains a robust balance sheet with cash at bank and term deposits of \$16.1m as at 30 June 2024. This compares with \$17.3m at the same time last year.

The modest drop in cash balance across FY24 was largely due to cash outflows associated with a number of the restructuring initiatives discussed above, a \$0.7m dividend payment in November 2023, and \$0.5m allocated to on-market share buybacks during the course of the year.

The strength of the balance sheet provides Veris with a solid base to confidently underpin the restructuring efforts and new growth initiatives, whilst capitalising on a vast project pipeline across a diverse spread of markets.

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As at the end of August 2024, the Company's secured workload for execution over the next 12 months surpassed \$60m. Veris has also assembled a stable, unsecured project pipeline with a weighted value in excess of \$190m over the next 24 months.

Outlook

Looking forward to FY25, Veris is now appropriately right-sized and aligned to the emerging and growing data and digital transformation needs of industry across multiple sectors. The Company is well positioned to provide high value consulting and advisory services leveraging Veris' digital solutions, including the development of bespoke spatial data platforms that support data hosting, analytics, AI and insights. These services are currently in high demand and are expected to remain so in the future.

As Veris continues its pivot away from low-margin projects towards specialist high-value work with key clients, the Company expects that this may result in future short-term reduction in overall revenue. However, this transition reflects a focus on higher-quality revenue, leading to increased margins and improved profitability. Notably, these core performance indicators are already demonstrating tangible improvements in the early stages of FY25.

Michael Shirley, Managing Director and CEO, commented:

"FY24 was a transformational year for the Company, with the launch of our digital solutions service already showing strong signs of traction as showcased by revenue from the Digital & Spatial segment lifting to 17% during the fiscal year. Our strategic focus on high-margin key clients also revealed significant progress with a notable rise in gross margin during the period."

"Despite challenging economic and market conditions during the past financial year, Veris remains well-positioned to capitalise on strong expected demand for our high-margin services, with numerous restructuring and operational initiatives initiated during FY24 expected to deliver higher quality revenue, cost savings and sustained profitability over FY25 and beyond."

– ENDS –

This announcement has been authorised by Veris Limited.

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About Veris

Veris Limited (ASX:VRS), is a fully integrated digital and spatial data advisory and consulting firm. It provides end-to-end spatial data and digital solutions to tier-1 clients in key industry sectors including Transport, Buildings & Property, Energy &

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Resources, Defence, Utilities and Government. The company has a national footprint, with a diverse geographic spread of offices, servicing major metropolitan and regional centres across Australia.

The Veris end-to-end service offering unlocks the digital transformation needs of industry, spanning spatial data collection, hosting, sharing, analytics, insights and modelling for clients with large-scale data requirements, through to survey, planning, consulting and advisory services.

Veris strives to provide a safe work environment for its staff, operating under its accredited Health, Safety, Environment and Quality (HSEQ) management system. The company is also committed to improving employment opportunities to Australia's indigenous population, via its initial Reconciliation Action Plan, Veris Reflect, and its stake in the Wumara Group, a majority indigenous-owned land and construction surveying business.

To learn more, please visit: www.veris.com.au

Authorised for release by the Board of Veris Limited.

Issued by Veris Limited