

Trading Update

- Continued margin improvement in 1Q FY24 demonstrating execution of Company Strategy
- Strong order book with a secured workload in excess of \$60 million
- Unsecured project pipeline with a weighted value in excess of \$200 million
- Strong capital base underpins continued expansion of D&S strategy

Veris Limited (ASX: VRS) (“Veris” or the “Company”) is pleased to report the Company’s results for the quarter ended 30 September 2023 (1Q FY24) demonstrated ongoing progress for the business and its strategy, highlighted by improvement in margins. EBITDA margins for the Q1 period was 10.9%, representing an increase from 10.3% in the PCP, and up from 6.7% in the corresponding period in FY22. As a result, Veris recorded a profit before tax margin of 2.0%, up from 1.7% in the PCP.

| Veris Australia (Unaudited) \$M | Q1 FY22 | PCP Q1 FY23 | Q1 FY24 |
|---------------------------------|---------------|----------------|--------------|
| Revenue | 20.8 | 27.8 | 24.9 |
| EBITDA | 1.4 | 2.9 | 2.7 |
| EBITDA Margin % | 6.7% | 10.3% | 10.9% |
| PBT | (0.8) | 0.5 | 0.5 |
| PBT Margin % | (4.0%) | 1.7% | 2.0% |

1Q FY24 revenue softened modestly from the PCP, which is primarily a result of management making better decisions on higher margin revenue which reflects the execution of the Company’s strategy. Against the continuing backdrop of a constrained, competitive market for highly skilled technical professionals, Veris has a strengthening pipeline of contracted and tendered projects.

As a result, Veris is proactively focussing 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.

The 1Q FY24 result continues the momentum from FY23, which was the first year that Veris Limited, as a pure play provider of digital and spatial services, recorded a profit without the assistance of government subsidies or gains associated with or made from the sale of subsidiaries. The \$1.1m profit was a significant improvement from the \$16m loss reported in FY20. Revenue in FY23 grew by 9% year on year to \$100.9m, representing a compound annual growth rate of 10.5% per annum since FY20.

The Company’s strategy to focus on the key clients has helped strengthen its margins, with these clients contributing over 45% of overall revenue in FY23, providing a strong and stable base for the business. The outlook remains strong in all of the key sectors in which the Company operates.

Veris has continued to invest in technology and capabilities to grow and strengthen its digital and spatial solutions offering. This business has now grown to in excess of 15% total revenue, with the first suite of the Company’s digital solutions being commercialised and now generating revenue.

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Throughout Q1, Veris has continued to 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 in the second half of FY23.

Veris is confident of a stronger growth trajectory through the remainder of FY24 based on the work it undertook in the second half of FY23 to position the business. The Company's committed backlog has grown from \$55m to \$60m since the end of FY23 on the back of repositioning the business's priorities and continuing to focus on its key client strategy. Meanwhile, the unsecured project pipeline has increased from \$190m to \$200m. This positions Veris with a strong outlook and allows the Company to continue to grow its digital strategy.

Importantly, the Company retains a strong net cash balance to underpin the continued growth and expansion of its digital & spatial strategy. Veris held in excess of \$17.3m of cash and term deposits at 30 June 2023. This strong capital base continues to provide a platform to crystallise further operational efficiencies.

Michael Shirley, Managing Director and CEO, commented:

"We continue to focus on enhancing margins across our business. The first quarter shows that this improvement continues, and we anticipate further opportunities to continue this trend throughout the remainder of FY24.

"Although we have put a lot of effort in to rebuild and reposition the business over the last few years, we have done this with an eye on the future and what we need to become. We have deliberately invested in additional capabilities of both skilled staff and technological capability with an eye to the medium-term evolution of the Company. This investment has undoubtedly detracted from recent annual results but has positioned us to now capitalise on the commercialisation of a range of digital and spatial solutions that have been developed in-house utilising our niche set of skills and leading-edge technology.

"We are now at an exciting point in our journey where we are seeing the commercialisation of the first suite of these digital solutions, which gives us confidence there remain continued opportunities to see continued margin improvements and further area of efficiency gains in the way we operate and service our national client base.

"Our pipeline and outlook remains strong, underpinned by our national footprint and exposure to a diverse spread of markets."

– ENDS –

About Veris Limited

Veris Limited is the Group's 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, 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.

Issued by Veris Limited

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