

FY21 Full Year Results

Monday 30 August 2021

Results Summary

- Significant turnaround in business performance and trajectory delivered despite external difficulties presented by COVID operating impacts
- \$99.6 million Group Revenue, up 6% contributed by:
 - 4% revenue growth in Veris Australia to \$77.5 million
 - 15% revenue growth in Aqura Technologies to \$22.1 million
- Group EBITDA of \$9.0 million, up from \$1.9 million in FY20
- Group cash balance of \$4.7 million at 30 June 2021
- Core long term debt reduced by \$2.3 million during FY21 to \$4.7 million at 30 June 2021
- Order book and pipeline demonstrating continued growth despite COVID related operational impacts
- \$7.4 million capital raising completed in FY21 underpins acceleration of investment in Veris Australia's Digital & Spatial data capabilities and Aqura Technologies as-a-Service product roll out strategies
- Restructure and prudent management in Veris Australia re-positioning the strategy and operating base for long-term growth via investment in people and leading-edge equipment
- Continued organic growth in Aqura Technologies underpinned by tier 1 client base and leading-edge technological capabilities.

Veris Limited (**VRS: ASX**) ("the Group" or "the Company") is pleased to release its Group results for the financial year 2021 (FY21) ended 30 June 2021.

The Group has achieved strong growth in EBITDA up to \$9.0 million in FY21, up from \$1.9 million in FY20. This result was generated from Group revenue of \$99.6 million (FY20: \$94.2 million). The result reflects a strong turnaround from the FY20 result despite the continued challenges of snap lockdowns impacting opportunities to drive further revenue growth and increasing costs of delivering client projects.

The strengthened balance sheet arising from stronger operating cash flows and the successful capital raising conducted during FY21 resulted in a reduction in CBA bank debt of \$2.3 million during the year to \$4.7 million at 30 June 2021. The Group has continued to invest in its people, systems and leading-edge equipment to build strong foundations to underpin the medium-term strategy for accelerating growth delivery in FY22 and beyond.

The Group reported a statutory net loss after tax of \$1.4 million, reflecting a \$25.1 million turnaround from the loss reported in FY20 of \$26.5 million. The continued focus on project delivery disciplines and cost management in Veris Australia, combined with a strong contract pipeline and consistent margins delivered by Aqura Technologies has contributed to this strong result.

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Whilst the Group's focus on improved business performance continued throughout the year, it also took steps to provide a platform for further growth and value realisation for both Veris Australia and Aqura Technologies via a successful Capital Raising. Proceeds from the Placement and Share Purchase Plan has strengthened the balance sheet and underpinned the continued execution of the respective strategies of both businesses.

To further enhance shareholder value, following a strategic review the Group announced plans in August 2021 to pursue a demerger and separate ASX listing for Aqura Technologies. Further details regarding the demerger will be announced in due course.

Veris Limited Chairman, Karl Paganin said:

"A significant turnaround in business performance and trajectory. Notwithstanding the substantial strides being made, the Group's ability to realise additional cost efficiencies and growth opportunities was constrained by COVID-19 snap induced lockdowns and border closures across the country. These have impacted the ability to fully leverage the national footprint of both businesses from an operational and staffing perspective."

"Despite these difficulties, the Group made proactive investments in technology, staff and systems to ensure we are positioned to build on the stabilised platform and execute the growth strategies outlined by the new management team."

Veris Australia

Financial year 2021 (FY21) has been another unprecedented year where Veris Australia has had to adapt and be nimble in response to the uncertain operating environment created by COVID-19. Regular snap lockdowns and stringent interstate border controls have impacted the revenue growth opportunities and prevented the business from fully leveraging its national operating platform and diverse specialist skill set.

Veris Australia embarked on an ambitious program of restructuring and reorientating the business in FY21. The aim of this was to establish a platform for the long-term sustainability and growth for Veris Australia. There were three key elements to the approach:

- Cost rationalisation and efficiencies
- Consolidating and executing on the strategy
- Accelerating the pivot towards a spatial data business.

Despite a challenging external environment, it was critical to progress all three elements in parallel to capture the opportunities in the strategy.

Veris Australia has made significant progress across all three elements of this approach, as demonstrated through its results.

COVID-19 Impacts

The performance of the business in Q4 FY21 was heavily impacted by the rolling lockdowns and restrictions as COVID-19 once again significantly impacted the community.

The momentum the business had built through the first half of the year was stalled as governments implemented restrictions

to manage COVID-19 across the community. Lockdowns in big markets caused significant deferrals in workload and reduced efficiencies in the delivery of the work.

Additionally, the continued travel restrictions within and between states has impacted the ability of the business to grow revenue. Resources were unable to get to where the workload has been growing. The business has adapted its approach to accommodate these limitations and focus on local resources and foregone the pursuit of volume work at low margins.

Importantly, the project pipeline and Veris Australia secured backlog of projects to complete has not been cancelled, just delayed and pushed out. During these challenging times, the focus has continued to be on the safety and engagement of the workforce, with the business working diligently to ensure the retention of resources to embed an ability to respond quickly as the market opens up and as vaccination rates increase.

Cost rationalisation and efficiencies

The steps taken to deliver cost rationalisation and efficiencies in the operating model across FY21 had a positive impact on performance. The steps taken, which contributed to a stable cost base and improvement in operating margins included:

- Organisational restructure
- Sustained management of costs and overheads
- Rationalisation of vehicle fleet
- Enhanced Project Controls
- Focus on delivery and performance accountability.

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Consolidating and executing on the strategy

In parallel with the focus on cost rationalisation and efficiencies, the business consolidated and progressed the execution of its strategy, including a core emphasis on people and culture, its national operating platform, and indigenous engagement. It has been critical for Veris Australia to continue to invest in the strategy for the future. A sole focus on cost cutting and short-term profit would destroy the long-term sustainability of the business.

The emphasis on people and culture saw Veris Australia implement a raft of new significant measures to attract and retain the best talent. Designed to reflect that Veris Australia is fundamentally a people business, key areas have included performance and career management, recruitment, diversity and inclusion, flexible working, and employee rewards and recognition.

While interstate border controls and lockdowns have impacted the ability of Veris Australia to fully leverage its national operating platform and reach, significant strides were made for the business during FY21 including the introduction of national service lines and the key account management program. Key accounts include tier one companies in their individual market sectors – Property, Mining and Resources, Defence and Construction Contractors who value the national presence and multi-disciplinary skill set offered by Veris Australia. In FY21 14 Veris key account clients delivered 39% of all Veris income and included the signing of a new Framework Agreement with John Holland Group.

The partnership between the two organisations creates a simplified pathway for commissioning and resourcing projects and establishing a favourable commercial position for Veris Australia to provide a full suite of services to John Holland.

Veris Australia's commitment to respectfully working in partnership with Aboriginal and Torres Strait Islander organisations and peoples was bolstered by the establishment of an alliance with Wumara Group. The alliance provides opportunities for Veris Australia to work together with the majority Indigenous owned land and construction surveying company to assist in closing the gap between Indigenous and non-Indigenous Australians, whilst supporting the development and growth of the Wumara surveying business.

Accelerating the pivot towards a spatial data business

Throughout FY21, Veris Australia significantly accelerated its pivot towards becoming a leading spatial data business by investing in its Digital & Spatial capabilities.

Whilst the core survey service offering of Veris Australia continues to collect and analyse data for clients across a diverse range of sectors, the expansion of the business's Digital & Spatial capabilities represents a strategic opportunity to capture growth and deliver enhanced margins while meeting the push towards digitalisation and data-driven insights by industry.

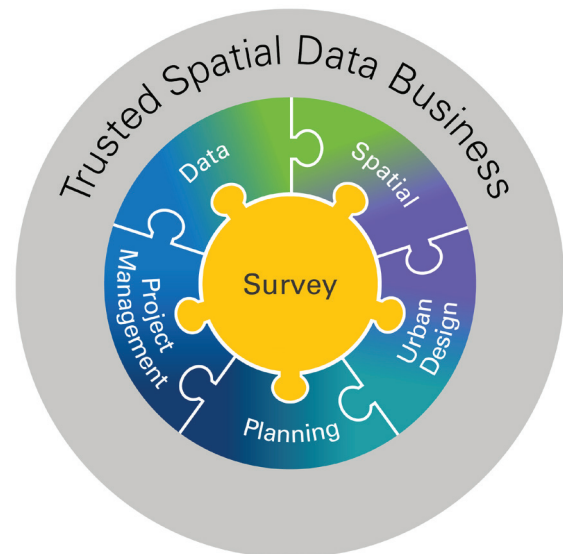


Figure 1- As a trusted spatial data business Veris Australia will continue to provide its core surveying service offering with significantly expanded capabilities in the collection, hosting, sharing, modelling and analysis of accumulated data.

As part of this acceleration, a significant investment was made across FY21 in state-of-the-art 3D data capture technology including:

- An upgraded and expanded fleet of unmanned aerial vehicles (UAVs) and specialist payloads
- Market-leading mobile laser scanning platforms
- Leading-edge terrestrial laser scanning equipment.



Figure 2- Veris Australia has invested in state-of-the-art data capture technologies.

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Veris has also prioritised the successful development of a web-based visualisation platform, 3SiDe, to ensure an end-to-end solution for clients that not only includes data collection and capture but also data hosting, sharing, modelling, analysis and insights.

To fully leverage the new technology, the business also invested in additional specialist skill sets, including the introduction of a GIS service offering nationally, and additional Digital & Spatial leadership across the regions to target specific growth opportunities and greater cross-selling of services.

The growth of GIS services is strongly linked to Veris Australia's property and infrastructure clients. The Veris GIS portal, Vantage, is supporting large property clients and the delivery of large greenfield estates.

The investment in Digital & Spatial capability has already delivered a strong return, with an improvement in margin and revenue growth up 20% across the Digital & Spatial business line in FY21. The business is now well positioned to deliver value from data for its clients, by providing high value spatial data solutions.

The business is now starting to deliver the key elements of its data strategy. The internal development of applied Artificial Intelligence and machine learning approaches are providing insights and value to clients. This is hosted through the Veris Australia web-based platform 3SiDe, which further supports delivery and relationships with clients.

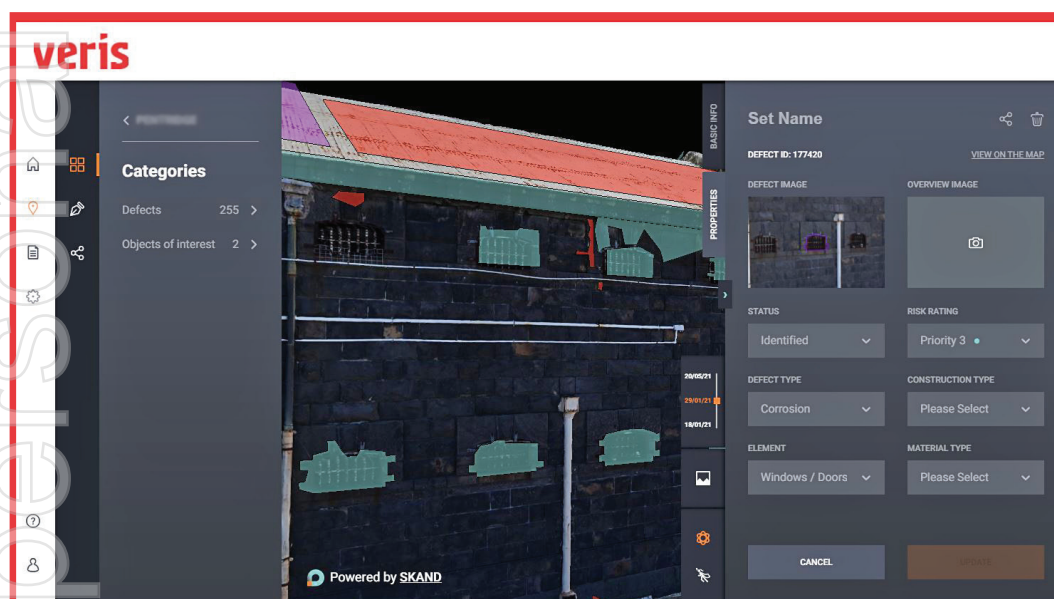


Figure 3- Veris Australia has invested in the development of a web based visualisation platform, 3SiDe.

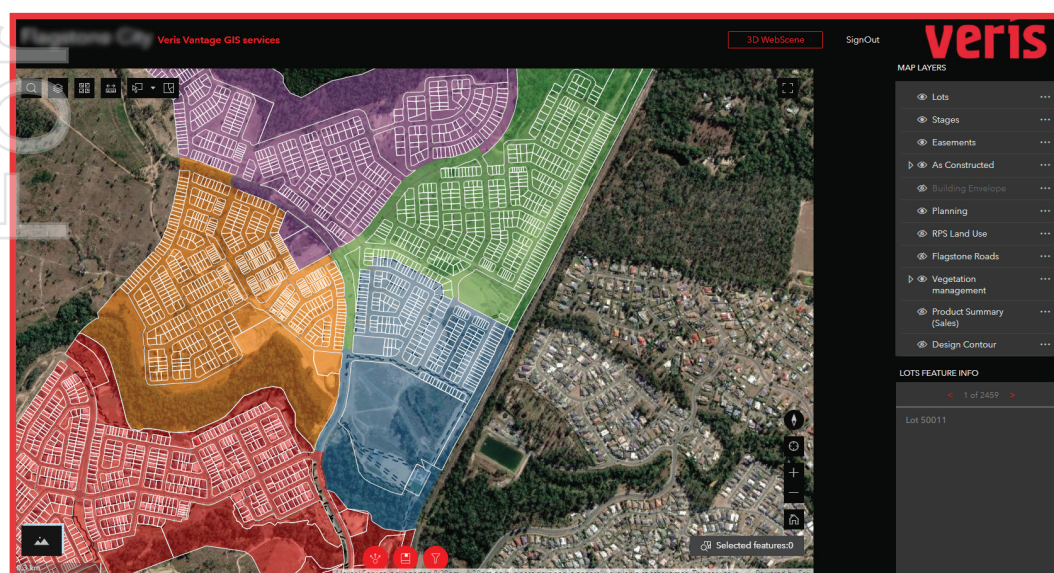


Figure 4- A Veris built GIS portal will track an entire development, providing an easy to interpret visualisation of the entire operation to control risk, improve efficiency and broaden communications.

FY21 Full Year Results continued

Outlook

Whilst the COVID-19 pandemic continues to present a significant challenge to the economy, record levels of investment in infrastructure and defence, strong market conditions for property, growth in the mining and resources sector, and an increasing industry requirement for Digital and Spatial data solutions will continue to position Veris Australia well into the future.

Strong market conditions in residential property, buoyed by Government stimulus, low interest rates and demand for vibrant and liveable communities presents an opportunity for Veris Australia to drive growth in Greenfields and Strata developments across Australia.

As the wave of infrastructure spending commitments in response to the pandemic hits the market over the coming years, the business is also well positioned to capture significant infrastructure opportunities across major population centres and regional areas.

Defence is a key emerging market for Veris Australia and part of the business's growth strategy. With the Federal Government's \$270 billion boost to defence capability over the next 10 years, there are opportunities to provide specialist technical and advisory services on defence projects across Australia, aligned to a local presence in those states.

The mining and resources sector has experienced significant growth in investment driven in particular by near record prices for key commodities. Veris Australia continues to service the

resources sector through a national footprint which enables a strong local presence in the Pilbara region of Western Australia, with operations in the resources hubs of Karratha and Port Hedland, and regional Queensland.

Pipeline

Veris Australia has continued to build its secured backlog which remains in excess of \$50 million, of this more than \$35 million is scheduled to be earned over the next 12 months. In addition, there remains continued strength in the identified pipeline of tendered projects and prospects with a weighted value in excess of \$120 million for execution over the next 24 months.

Veris Australia Chief Executive Officer, Michael Shirley said:

"It has been extremely pleasing to see our program of operational changes and enhancements contributing to a stable cost base and improved margins."

"It has been vital that we also continue to consolidate and execute our strategy, so that the business is well positioned to meet the needs of our clients as Australia emerges from the current set of challenges presented by COVID-19."

"We haven't sat on our heels, we've been investing in key areas of the business and accelerating our pivot towards Digital & Spatial, where we truly believe we have a differentiated service offering that can meet the needs of clients and deliver value through data."

Aqura Technologies

The path into financial year 2021 (FY21) was one of excitement and anticipation as industry accelerated the adoption of digitisation as a result of the COVID-19 pandemic. Despite the uncertainty, the Aqura Technologies ("Aqura") team quickly adapted to new ways of working to ensure personal safety, and re-focus on helping customers to get their projects back on track.

The Aqura executive leadership team continued to focus on execution of the long-term growth strategy to realise benefits from investments in east coast expansion, increase sales and marketing capability, expanding Aqura solutions into new market segments and execution of new product development, particularly in developing further as-a-Service, recurring revenue products.

Aqura's growth in revenue was underpinned by continued expansion of its client base with large new multi-year contract awards being executed for Roy Hill, Santos, FMG and Cubic in the Defence sector as well as leveraging the continuation of longstanding, trusted relationships with BHP and Rio Tinto.

Aqura's east coast expansion continued to capitalise upon underserved opportunity with expansion of work with Cubic in Defence and advancing work with new customers within the resources and oil & gas sectors. The demand for Aqura services saw solid growth in skilled resources which augmented the west coast-based team.

Strong demand is expected to continue for Aqura solutions in east-coast markets which validates the expansion strategy. New technical capability continues to be added into the Brisbane and Melbourne offices, with additional sales resources to be brought into play to capitalise on opportunities in FY22 as investment in resources, oil & gas and utilities continues to grow.

Investing for growth

The year saw growth in Aqura's employee base across the country to support the increased volume of work from long-term customers and support a sizeable number of nett new customers from resources, oil & gas, utilities and infrastructure.

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FY21 saw major advances in Aqura's product development program. Considered investment was made in new resources and infrastructure to support productisation of as-a-Service oriented solutions to complement Aqura's bespoke, capital project engagements. New hyper-converged infrastructure was acquired and installed in enterprise data centres to support Aqura's Cloud-based platforms, particularly to enable Private LTE as-a-Service (LTEaaS) and Complete Access Network as-a-Service (CANaaS).

A key highlight for product development was the active engagement by new prospects who were so impressed with the human-centred design principles around CANaaS, they proactively volunteered resources to assist with development and immediately committed to a small-scale, site-based Proof of Concept following a short beta-test demonstration.

LTEaaS also advanced following an extensive global vendor review. A preferred vendor was selected during the year with highly promising testing now completed. The platform offers considerable flexibility, particularly in being able to scale quickly to 5G and support a wide-range of value-added solutions such as Mission Critical Push to Talk (MC-PTT) and Industrial IoT, which is the foundation of machine learning and digitisation in many industry sectors. Aqura is now finalising commercials and will look to engage its first LTEaaS customer in early FY22.



Figure 5 – Aqura's Complete Access Network (CAN) as-a-Service platform.

Delivering in the 'new normal'

In the current environment where COVID-19 continues to create unique challenges for business operations, Aqura has been quick to react to the immediate effects and overcome obstacles. During this time of upheaval, Aqura continues to remain optimistic and is committed to prioritising the support and needs of its people, customers and suppliers.

Aqura's new commitments demonstrate the depth of its existing relationships with major companies in the industry and its success in securing works with new clients in diverse sectors despite the disruption of the COVID-19 pandemic.

Extending horizons

As Aqura continues to broaden its offerings with new products geared to existing and new markets, there has been a significant commitment made to executing its oil & gas strategy, which is gaining momentum in the market.

Aqura has quickly developed a reputation for advanced networks which enable the safety and productivity outcomes oil & gas operations are demanding. This led to the successful signing of Santos, one of Australia's largest oil and gas producers. After winning the opportunity following a rigorous national review of providers, Aqura was engaged to support Santos' existing Private 4G LTE network, one of Australia's largest, and act as preferred technology partner to advance Santos' future connectivity strategy.

This three-year engagement kicked off in FY21, with an optional two-year extension.

Beyond resources, Aqura continued its engagement in Defence with Cubic Defence Australia to deliver and commission a new Private LTE network in Northern Queensland. This very exciting project sees the Private LTE network utilised as an enabler for Cubic's live and synthetic training environment across a large geographic area. This initial engagement was supplemented later in FY21 with Aqura completing an upgrade of the Private LTE network to 5G-ready, one of the first such deployments in Australia.

In the utilities space, Aqura welcomed ATCO as a new customer with a significant five-year Unified Communications-as-a-Service engagement for contact centre and telephony. This new engagement aligns with the move to balance Aqura's capital project offerings with recurring revenue contracts.

Aqura's focus to advance as-a-Service service offerings was further accelerated with the signing of a three-year (with two-year option) Unified Communications-as-a-Service agreement with Bunnings to upgrade over 330 stores across Australia. The scope of this program is significant and in addition to the upgrade, Aqura will provide support to Bunnings over the contract life.

Aqura's focus on delivering value and building meaningful relationships with its customers was greatly reflected in project wins with existing customers. Aqura was awarded new work with Oz Minerals, where the team undertook a significant upgrade of the accommodation network, which will provide a high-quality entertainment and communications network for employees at the Prominent Hill operations in South Australia.

The investment in Aqura's geographical expansion, focus on maintaining high quality and safe operations was greatly appreciated by its customers' existing and new, and resulted in a very positive year, despite a year marred by uncertainty, lockdowns, and travel restrictions.

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Figure 6 – Aqura Private LTE solutions advanced operations for leading resources operations across Australia.

Future Foundations

5G is making its mark in the broader public awareness, and Aqura is already working to be ready when the demand for 5G migrates into the enterprise domain. The business has already delivered one of the first Private 5G-enabled networks in Australia and has recently been awarded a \$1.9 million grant to participate in the Australian Government's 5G Innovation Initiative. Through participation in this initiative, Aqura will look to actively influence the development of new Private 5G technology architectures for adoption in underground mining scenarios which will assist in meeting the future demands of enterprise on their journeys to Industry 4.0.

The initial investments and addition of resources in a product development program to create new recurring revenue, as-a-Service capability will quickly realise benefits as Aqura accelerates its go-to-market strategy in FY22. This, coupled with an expanded national footprint and enhanced sales and marketing capability, will continue the business's ability to deliver against its growth program.

Aqura's solutions are increasingly being recognised for their contribution to the success of digitisation strategies of customers who seek to achieve increased productivity,

safer workplaces, enhanced worker wellbeing and better environmental outcomes.

Outlook

The outlook for Aqura's solutions remains robust, particularly as organisations look to leverage the benefits of high-performance connectivity and solutions which enhance remote worker welfare. Aqura's team is well positioned with highly experienced and committed people who are recognised as technology leaders and have extensive experience in resolving the challenges its customers face.

Pipeline

Aqura Technologies continued to build its secure backlog which remains in excess of \$11 million to be executed over the next 12 months which is a record figure for the business since inception. In addition, there remains continued strength in the identified pipeline of tendered projects and prospects with a weighted value in excess of \$65 million for future execution. During FY21, Aqura has announced a number of major contract awards of which a majority relate to multi year service agreements. This annuity revenue underpins the ongoing transition of Aqura's business model to a product and as-a-Service offering.

Aqura Technologies Chief Executive Officer, Travis Young said:

"Our success in FY21 further validates our growth strategy that positions the business to capitalise on our product and as-a-Service earnings."

"We're well positioned to continue to in FY22, with our blue chip client base, spread across key market sectors and expanded national footprint."

– 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.

Aqura is a specialist in the delivery of high-performance technology solutions across industrial wireless, enterprise communications and next-generation IoT which are critical for organisations with the adoption of digital transformation. Aqura is known for innovation, whether it is our technology approaches such as Private 4G and 5G LTE networks and or our commercial approaches which now offer in-house developed technology solutions via flexible as-a-Service models. Aqura's markets include resources, oil & gas, industrial, commercial and defence sectors.

Authorised for release by the Board of Veris Limited.

Issued by Veris Limited.

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