EQUITY RESEARCH

Veris Limited

Acquisition of Mesh and Parsel Digital Solution

Veris recently hosted their AGM and announced it had entered into a binding agreement to acquire 100% of Melbourne-based planning, urban design and landscape architecture consultancy Mesh Livable Communities (Mesh) and a 50% stake in Mesh Dash (developer of Parsel), a subscription-based digital platform for development planning. The Mesh sale was for an enterprise value of up to $3.18m ($2.38m upfront and up to $0.8m in milestone payments) and $0.5m for new shares in Parsel (equating to 50% ownership). The acquisition continues Veris' shift to providing higher margin digital solution revenue streams. We have amended our estimates to take into account the acquisition and commentary provided at the AGM (Figure 1). Our DCF derived fair value is unchanged at $0.15 per share.

- **AGM Update:** Commentary at the AGM remains positive. No full-year guidance was provided however unaudited 1Q26 revenue and profit before tax gives us confidence that the underlying business (pre-acquisition) is on track to meet Veritas' estimates. Management's focussed approach on margin and digital-led growth continues to underpin margin expansion in-line with our investment thesis.

- **Mesh Acquisition is a win:** We view the Mesh acquisition as a great bolt on addition: accretive in year one, generating $5.5m in revenue for FY25 ($6m annualised revenue anticipated in year one), adding 28 experienced team members, immediate synergies (cross-sell opportunity and minor cost out), deeper expansion into eastern states, diversified client base and digital innovation. The Parsel technology also adds subscription-based recurring revenue, further enhancing margins. Between the recent Spatial Vision and now Mesh acquisitions, management have a compelling M&A blueprint for future growth.

- **Amendments to forecasts:** We have amended our estimates to account for the impact of the acquisition on revenue and earnings as well as anticipated cash outflow from the sale (Figure 1). The underlying business estimates are mostly unchanged otherwise.

- **Fair value of $0.15 per share:** Our DCF derived fair value of $0.15 per share puts the stock on an EV/EBITDA multiple of 5.2x in FY27, a discount to domestic engineering peers, and with higher earnings growth.

Risks – include (but are not limited to): competition risk, customer concentration risk, project pipeline dependency, cyclicality of infrastructure investment, acquisition risk, talent retention & labour cost risk, technology disruption & AI risk, cyber security risk, contract execution risk, regulatory risk and failure to execute business strategy and growth objectives.

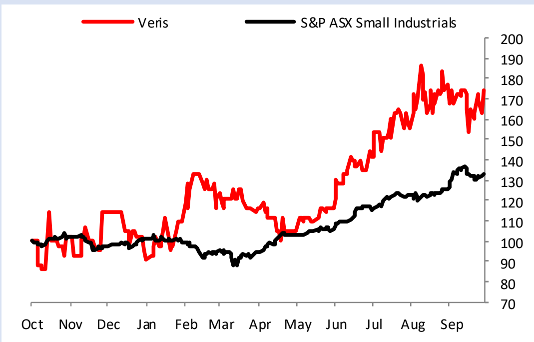
VRS.ASX — BUY

Wednesday 29 October 2025

Share Price	$0.075
Price Target	$0.15
Valuation Method	DCF
Market capitalisation	$38.8m
Enterprise value	$26.0m
GICS sector	Data Processing Services
12 month price range	$0.039 - $0.080
Average monthly t/o	3.8m
Shares in issue	517.7m
Top 20 holders	316.0m
Previous rating	Buy

Year ended June 30		FY24	FY25	FY26E	FY27E
Revenue	$m	92.6	97.2	107.1	115.9
Growth	%	(8.2)	5.0	10.1	8.3
Adjusted EBITDA	$m	6.7	10.0	11.5	13.0
Margin	%	7.2	10.3	10.8	11.2
NPAT	$m	(4.7)	2.0	3.5	5.1
EPS	¢ps	(0.9)	0.4	0.7	1.0
CFPS	¢ps	1.5	1.7	2.0	2.3
DPS	¢ps	0.0	0.0	0.0	0.0
PER	x	N/A	20.9	11.2	7.5
EV/Revenue	x	0.3	0.3	0.2	0.2
EV/EBITDA	x	4.7	3.0	2.3	2.0
EV/EBIT	x	N/A	10.6	6.5	4.7
Net Cash/(Debt)	$m	11.2	12.9	13.4	18.1

Veris vs. ASX Small Industrials



Source: FactSet, Veritas

Veris is a leading Australian digital and spatial data advisory and consulting firm, delivering end-to-end services to both Tier 1 private companies and government clients. The company operates from more than 15 offices nationwide, with c500 employees.

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Veris Limited

Share Price: $0.075 ps **Valuation: $0.15 ps**

Financial Performance (A$m)				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
Total Revenue	**92.6**	**97.2**	**107.1**	**115.9**
Operating costs	(85.9)	(87.2)	(95.6)	(102.9)
Adjusted EBITDA	**6.7**	**10.0**	**11.5**	**13.0**
One-off Adjustments	(1.2)	(1.3)	0.0	0.0
Reported EBITDA	**5.5**	**8.7**	**11.5**	**13.0**
Depreciation and amortisation	(9.4)	(6.2)	(7.5)	(7.5)
EBIT	**(3.9)**	**2.4**	**4.0**	**5.5**
Net interest	(0.6)	(0.5)	(0.6)	(0.4)
Pre-tax Profit	**(4.4)**	**2.0**	**3.5**	**5.1**
Tax	(0.3)	0.0	0.0	0.0
One off items (post-tax)	0.0	0.0	0.0	0.0
Reported profit to holders	**(4.7)**	**2.0**	**3.5**	**5.1**

Cash Flow Statement (A$m)				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
EBITDA	**5.5**	**8.7**	**11.5**	**13.0**
Cash net interest	(0.6)	(0.5)	(0.6)	(0.4)
Cash tax (paid)/received	(0.3)	0.0	0.0	0.0
Working capital/other	3.0	1.0	(0.7)	(0.5)
Operating Cash Flow	**7.7**	**9.2**	**10.3**	**12.1**
Capex	(2.0)	(1.2)	(2.1)	(2.3)
Free Cash Flow	**5.7**	**8.0**	**8.2**	**9.9**
Equity raised	0.0	0.0	0.0	0.0
Net borrowings	(1.1)	(1.5)	(1.5)	(1.5)
Repayment of lease liabilities	(5.8)	(5.7)	(4.0)	(4.0)
Dividends	(0.7)	0.0	(1.0)	(1.3)
Other	0.7	(0.4)	(2.6)	0.0
Net increase/(decrease) cash	**(1.2)**	**0.5**	**(1.0)**	**3.1**
Cash at beginning	17.3	16.1	16.6	15.7
Cash at end	16.1	16.6	15.7	18.8

Balance Sheet (A$m)				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
Cash	16.1	16.6	15.7	18.8
Receivables	14.6	16.2	17.0	15.6
Other assets	6.0	6.7	6.7	6.7
Current Assets	**36.8**	**39.5**	**39.3**	**41.1**
Property, Plant & Equipment	8.8	7.9	9.5	8.1
Intangibles	0.2	2.0	2.0	2.2
Right-of-use Assets	12.8	14.8	14.4	14.3
Other Non Current Assets	3.8	4.4	4.4	4.4
Non Current Assets	**25.7**	**29.2**	**30.4**	**29.1**
Total Assets	**62.4**	**68.7**	**69.7**	**70.1**
Payables	9.5	10.4	10.5	8.6
Lease Liabilities	15.9	16.5	16.5	16.5
Employee Benefits	7.8	10.5	10.5	10.5
Borrowings	5.0	3.7	2.2	0.7
Other Liabilities	1.2	1.3	1.3	1.3
Total Liabilities	**39.4**	**42.6**	**41.1**	**37.7**
Shareholder Funds	**23.0**	**26.1**	**28.6**	**32.4**

Directors and Key Management Personnel	Position	Shares	Holding
Karl Paganin	Chairman	19.5m	3.8%
David Murray	NED	4.0m	0.8%
Brian Elton	NED	39.7m	7.7%
Jason Waller	NED	0.0m	0.0%
Michael Shirley	MD & CEO	4.6m	0.9%
Steven Harding	CFO	1.3m	0.3%

Source: Company data, Veritas Research

Valuation Metrics		Valution
Price Target (ps)	$0.155	106%
Share Price (ps)	$0.08	
FY26 EV/EBITDA (x)	2.3	
Implied FY26 EV/EBITDA (x)	5.8	159%
Implied FY27 EV/EBITDA (x)	5.2	129%
Market Capitalisation (A$m)	38.8	
Enterprise Value (A$m)	26.0	
Share count (m)	518	

Valuation Multiples				
Year ended June	**FY24**	**FY25**	**FY26E**	**FY27E**
P/E (x)	N/A	20.9	11.2	7.5
Price/Cash Flow (x)	5.0	4.4	3.8	3.2
EV/Revenue (x)	0.3	0.3	0.2	0.2
EV/EBITDA (x)	4.7	3.0	2.3	2.0
EV/EBIT (x)	N/A	10.6	6.5	4.7
Equity FCF yield (%)	14.7	20.7	21.0	25.5
Dividend yield (%)	0.0	0.0	0.0	0.0

Per Share Data				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
EPS diluted - adjusted (¢ps)	**(0.91)**	**0.36**	**0.67**	**0.99**
EPS diluted (¢ps)	(0.91)	0.38	0.67	0.99
Cash flow per share (¢ps)	1.50	1.70	1.98	2.35
Free cash flow per share (¢ps)	1.11	1.48	1.58	1.91
Cash (¢ps)	3.15	3.05	3.02	3.63
Dividends (¢ps)	0.00	0.00	0.00	0.00
Net assets (¢ps)	4.49	4.81	5.52	6.26
Shares on issue - avg. basic (m)	513	513	518	518
Shares on issue - avg. diluted (m)	513	544	518	518

Revenue Figures				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
Total Revenue ($m)	92.6	97.2	107.1	115.9
Total Revenue Growth (%)	-8.2	5.0	10.1	8.3

Performance Ratios				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
Change in sales ($m)	(8.3)	4.7	9.8	8.8
Change in EBITDA ($m)	(4.3)	3.2	2.8	1.5
Leverage (%)	52.3	68.3	28.8	16.7
EBITDA Margin (%)	7.2	10.3	10.8	11.2
Operating cost margin (%)	92.8	89.7	89.2	88.8
Cost growth (%)	(5.6)	1.6	9.5	7.7
Tax rate (%)	(5.7)	0.0	0.0	0.0

Balance Sheet Ratios				
Year ended June 30	**FY24**	**FY25**	**FY26E**	**FY27E**
Gross debt ($ m)	20.9	20.3	18.8	17.3
Net cash/(debt) ($ m)	11.2	12.9	13.4	18.1

Major Shareholders (excluding nominees)	Shares	Holding
Sherkane Pty Ltd	103.2m	19.9%
Carrier International Pty Ltd	75.0m	14.5%
Adam Lamond & Family	75.0m	14.5%
Brian Elton & Family	39.7m	7.7%
Top 20 shareholders	**316.0m**	**61.0%**

Acquisition Overview

Mesh Overview

Mesh is a Melbourne-based planning, urban design and landscape architecture consultancy established in 2009. The firm employs 28 professionals and generated $5.7 million in FY25 revenue. While headquartered in Victoria, Mesh services clients across the eastern seaboard, South Australia and Tasmania, spanning government agencies, private developers, and commercial advisors.

Mesh differentiates itself through a design- and value-led approach, integrating planning, policy and technology to deliver sustainable, community-focused outcomes. Its strong reputation for innovation and stakeholder collaboration has positioned it as a trusted partner in the urban development sector.

Parsel Platform

Mesh has also developed Parsel, a proprietary, subscription-based digital platform that digitises complex infrastructure planning and Development Contribution Plans (DCPs). Parsel streamlines approvals, reduces administrative errors and improves coordination between developers and government agencies, leading to faster project delivery and lower costs.

Commercialised in early CY2025, Parsel operates under a subscription revenue model, generating scalable recurring income while creating follow-on consulting opportunities for Mesh's advisory team. Parsel aligns closely with Veris' existing digital portfolio and represents a complementary growth platform within Veris' property development offering.

Rationale

The acquisition of Mesh strengthens Veris' Consulting & Advisory offering and accelerates its digital strategy through the integration of Mesh's technology, expertise and client base.

Strategic Fit

- Higher-margin advisory exposure: Expands Veris' presence in planning and urban design, enhancing its advisory mix and client relationships across the east coast, South Australia and Tasmania.
- Digital growth: Adds Parsel, a scalable, subscription-based platform, introducing recurring digital revenue and complementing Veris' existing technology portfolio.
- Integrated value proposition: Enables multidisciplinary engagement across planning, design, survey and digital services, strengthening Veris' differentiated market position.

Financial Impact

- Earnings accretive: Expected to contribute positively in the first year post-acquisition.
- Revenue uplift: Forecast to add approximately $6 million in annualised revenue.
- Synergies: Immediate cost savings, improved utilisation and cross-selling opportunities, achieved without a material increase in overheads.

Strategic Outcomes

- Market expansion: Enhances Veris' footprint in the east coast property and planning markets.
- Digital scalability: Positions Veris to deploy Parsel nationally across multiple jurisdictions.
- Client diversification: Broadens access to government, private developer and advisory networks.
- Innovation and differentiation: Reinforces Veris' transition toward higher-margin, digital and technology-enabled solutions.

Amendments to Forecasts

Our estimates for the underlying business operations are broadly unchanged. We have amended our revenue and earnings estimates to include an incremental 7-months of Mesh revenue. We have maintained a conservative outlook for Mesh as the business integrates with Veris.

Figure 1: Amendments to forecasts for Veris

	FY26E			FY27E		
Year ended June 30 ($m)	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	104.0	107.1	3.0	109.2	115.9	6.2
Growth (% YoY)	7.0	10.1	44.6	5.0	8.3	65.0
EBITDA	11.2	11.5	3.1	12.2	13.0	6.5
Margin (%)	10.7	10.8	0.1	11.2	11.2	0.3
Profit before tax	3.1	3.5	10.9	4.4	5.1	18.3
Normalised dil. EPS (cps)	0.6	0.7	10.9	0.8	1.0	18.3
Capex	-2.1	-2.1	0.0	-2.3	-2.3	0.0
Free Cash Flow	8.4	8.2	-2.5	10.3	9.9	-4.1

Source: Veritas estimates

Risks

Risks – include (but are not limited to): competition risk, customer concentration risk, project pipeline dependency, cyclicality of infrastructure investment, acquisition risk, talent retention & labour cost risk, technology disruption & AI risk, cyber security risk, data/software access risk, contract execution risk, personnel risk, regulatory & compliance risk and failure to execute business strategy and growth objectives.

Summary

We rate Veris as a buy:

- The strategic turnaround is complete, management are laser focussed on generating high-margin revenue which is anticipated to drive earnings growth at 10% p.a. on conservative 6% revenue growth through to FY27.
- A strong net cash position gives management optionality for margin accretive M&A, returning capital to shareholders and continuing investment in developing their digital platforms.
- Industry tailwinds in Veris' clients' needs to improve productivity, battling tighter infrastructure margins and safety requirements all bode well for usage of their platforms.
- In a fragmented industry, Veris is one of the few fully-integrated players – a major competitive difference.

Disclaimer and Rating Information

RATING

BUY – anticipated stock return is greater than 10%

SELL – anticipated stock return is less than -10%

HOLD – anticipated stock return is between -10% and +10%

SPECULATIVE – high risk with stock price likely to fluctuate by 50% or more.

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