SANDSTONE INSIGHTS

FULL-YEAR RESULT

FY25 update: Digital drives profit

EMERGING COMPANY REPORT

VRS

Veris Ltd

CLASSIFICATION 02 JUL 2025

Profitable

NEED TO KNOW:

- FY25 trading update confirms full-year turnaround to profitability
- Dividend reinstatement likely; share buyback ongoing
- Spatial Vision acquisition accelerates digital and spatial growth with revenue contribution now >20%, aiding margins

FY25 Trading Update highlights profitability: Veris has successfully turned around its financial performance in FY25, achieving profitability with an expected net profit after tax (NPAT) of between $1.8m and $2.0m. This marks a significant improvement from the previous year's loss of $4.4m before tax. The company anticipates revenue of $95m to $97m, showing slight growth compared to the first half of FY25.

Dividend reinstatement and share buyback: The strong financial performance in FY25 has positioned Veris to consider reinstating its dividend, aligning with its historic payout ratio. Additionally, the company continues its share buyback programme, indicating confidence in its financial strength and future prospects.

Digital growth through spatial vision acquisition: The acquisition of Spatial Vision has significantly boosted Veris's digital segment, contributing over 20% to total revenues. This acquisition adds approximately $9m in annualised revenue and strengthens Veris's capabilities with 40 skilled consultants, enhancing its competitive edge in digital and spatial services.

INVESTMENT VIEW

Veris's digital capabilities drive growth: Veris is uniquely positioned with advanced digital capabilities, enabling it to expand revenue and improve margins. The company's diversified pipeline across sectors like infrastructure, property, defence, and resources, combined with its newly commercialised digital offerings, provides a competitive advantage.

Strong balance sheet supports growth: Veris's high cash balance of approximately $17.6m as of December 2024 provides operational benefits and supports its ongoing share buyback programme. This financial strength allows Veris to capitalise on value-accretive opportunities, further enhancing its spatial data capabilities.

Management's effective execution: Since a strategic turnaround in FY21, Veris has improved profitability by over $17m. The company is now focused on leveraging its national scale and strong digital consulting services, positioning itself for long-term growth in spatial data analytics.

RISKS TO INVESTMENT VIEW

Key risks to the company include project delivery delays, safety hazards in project execution, unfavourable contractual terms, volatile commodity prices

Stock Overview

ASX code	VRS
Price at Review (02 Jul 2025)	$0.06
GICS Sector	Industrials
Market Cap (AUD$m)	$30m

Source: LSEG

Financial Forecast

Year JUN A$M	2023	2024	2025E	2026E	2027E
Revenue	101	93	96	102	105
EBIT	2	-4	3	4	5
Pre-tax Profit	1	-4	2	4	4
Net Profit	1	-5	2	4	4
EPS (cps)	0.17	-0.89	0.36	0.67	0.74
PE (x)	47.7	-5.1	15.7	8.5	7.7
DPS (cps)	0.15	0	0	0	0
Dividend Yield (%)	1.9%	-	-	-	-

Source: LSEG, MST Financial

Share Price

Source: LSEG, Sandstone Insights. Index rebased into share price terms

Company Description

Veris (VRS) is Australia's leading end-to-end provider of digital spatial data services, emphasizing data capture, hosting, and analytics for various national industries.

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and cybersecurity threats.

VALUATION

The valuation price is A$0.23 per share, unchanged from previous assessments. This valuation assumes moderate revenue growth of 3.7% in FY25 and 6% in FY26, with EBITDA margins expected to rise to 11% and 12% respectively. The valuation is based on a weighted average cost of capital (WACC) of 10.0% and a terminal growth rate of 2.5%. Veris's current market capitalisation is A$28m, with a strong balance sheet supporting future growth.

CATALYSTS

27 June 2025: FY25 Result

Ongoing: Additional Contract Updates

Emerging Companies Equities Research Methodology.

Sandstone Insights Emerging Companies Research provides equity research coverage on companies outside the S&P/ASX 300 index. Our analysts, most with over 15 years of institutional equity research experience, have provided their views, opinions, and valuation estimates for each company. In addition, we provide a summary financial forecasts for each company under coverage.

CLASSIFICATION METHODOLOGY

Our Classification Methodology relies on a blend of historical financials and our forward estimates/and projections. Financial estimates are subject to change, which may impact a Company's Classification. Estimates of future performance are based on assumptions that may not be realised. Past performance is not indicative of future performance.

Each company is classified into four primary classifications, according to where they are in their life cycle, as measured by the both the proximity to earnings, and the strength of earnings:

Pre-Revenue	The Company is not currently generating any sales revenue and is not forecast to generate sales revenue over the next 12 months. The Company is therefore reliant on cash reserves and or external capital over the short-medium term.
Pre-Profit	The revenue base has been established but is not at a sufficient level to generate positive measures of profit (Earnings Before Interest Tax Depreciation and Amortisation (EBITDA), Profit Before Tax (PBT), Net Profit After Tax (NPAT), and or positive operating cash flow). The Company is likely to continue to be reliant on cash reserves and or external capital over the next 12 months.
Profitable	The Company is generating profits (EBITDA, PBT, NPAT, and or positive operating cash flow) reducing or eliminating the need for reliance on cash reserves and or external capital. The Company is forecast to continue to be profitable over the medium term.
Dividend Capacity	The level of profitability is sufficient to allow the Company to pay ongoing dividends to shareholders from operating earnings (or undertake other forms of capital management). The Company is expected to be able to continue to pay dividends over the medium term.

SANDSTONE INSIGHTS VALUATION

For each Company under Sandstone Insights Emerging Companies Coverage, a Valuation estimate is provided. The Valuation is our estimate of what the Company's shares could be worth under our base case scenario for the Company, discounted back to the publication date of this report.

The base case scenario includes a risk-weighted assessment of each company's ability to achieve its strategic plans over the short to medium term, whilst considering the Company's ability to fund its strategic plans.

A range of valuation techniques is used which can include Discounted Cash Flow (DCF), Sum Of The Parts (SOTP), Net Asset Backing, multiple-based valuation techniques (examples include Price to Sales, Price to earnings), and comparable company-based valuation. For Companies without any revenue, an assessment of future market penetration and cash-flow generation are considered. Industry-specific valuations are also used (examples include EV/Resources, EV/Reserves, and EV/2P Reserves).

Company valuations are subject to change depending on; a) the success or otherwise of the Company's ability to execute its strategic plans; b) external market factors, including interest rates, investor sentiment, prevailing growth rates valuations of peer group Companies.

Many companies under Sandstone Insights Emerging Companies Coverage are still building out their businesses. Therefore, both the range and variability of outcomes are much wider than in larger, more mature companies.

Sandstone Insights Valuation estimates are not static and may be updated as information and or view changes.

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