Veris

VRS.AX

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A research platform of MST Financial

28 October 2025

More Digital Deals; Q1 Strong

NEED TO KNOW

- **Q1FY26 trading update shows momentum building**
- **Recent acquisition to provide new platform and added personnel**
- **Digital & Spatial revenue contribution now >25% and growing helped by M&A, aiding margins**

Q1FY26 trading update: Unaudited Q1 revenue of $26.2m, up 7.8% pcp, reflected robust underlying demand from high value long term clients and the contribution of new digital and spatial capabilities, including from the recent Spatial Vision acquisition. This translated to a profit before tax margin of 3.0%, also up significantly compared to 2.3% pcp.

New Mesh deal expected to accelerate digital growth: Acquisition of Mesh Livable Communities (Mesh), which specialises in planning, urban design and landscape architecture consultancy, alongside a 50% investment stake in Mesh-Dash Holdings Pty Ltd (holds the Parsel digital platform) continues to grow Veris' shift to higher-margin advisory and tech-enabled digital services.

Digital spatial data >25% of revenue: We expect digital segment growth to continue to drive revenue and support margins. Veris' strategic focus remains on (1) servicing premium clients on a repeat basis (2) scaling its proprietary digital platforms and (3) leveraging a national delivery model. In addition to organic growth, management has shown strong execution with integration of recent deals that only enhance its digital and spatial data offering.

Investment Thesis

Well diversified with unique digital capabilities: Veris is well positioned to grow revenue but more importantly margins, with a strong diversified pipeline across a range of sectors (incl infrastructure, property, defence & resources) and key major clients. Newly commercialised end-to-end digital offerings (data hosting, 3D and Digital Twin platforms) and spatial data expertise (aided by the Spatial Vision acquisition) adds to its competitive advantage.

Balance sheet adds to position of strength: High cash balance has led to significant operational benefits relating to various supply arrangements while also supporting an ongoing buyback program and giving Veris the ability to capitalise on value accretive opportunities that may arise (latest including Mesh), to further differentiate its spatial data capabilities.

Management execution: Since the turnaround in FY21 under new management, the company has seen an improvement of more than $17m to profitability. The streamlining of the core business is enabling Veris to focus on its longer-term strategy which is increasingly leveraging its national scale and strong position in digital consulting services and spatial data analytics.

Valuation & Risks

Our DCF valuation is now $0.26 per share (up from $0.25 previously) after accounting for increased revenue and earnings forecasts, and slightly adjusting fully diluted share count for the part scrip deal. We assume 9% revenue growth and EBITDA margin increasing to 11% in FY26, leading to NPAT of $4.3m (more than double that in FY25). At ~4.4x EV/EBITDA FY25 (incl leases in EV), Veris offers significant value compared to peers. A key risk includes on time contract delivery. A full list of risks is detailed on page 10.

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Veris is Australia's leading end-to-end provider of digital spatial data services to a range of industries nationally, with a particular focus on data capture, data hosting and data analytics. Spatial data services are used to describe the shape and location of features and boundaries including natural features, buildings, survey marks, and administrative boundary areas. The company also provides services in engineering and property surveying, as well as town planning and urban design. www.veris.com.au

Valuation	**A$0.260** *(from A$0.250)*
Current price	**A$0.077**
Market cap	**A$40m**
Cash on hand	**A$16.6m** *(30 June 2025)*

Additional Resources

RoadSiDe Digital Solution Demo

BridgeSiDe Digital Solution Demo

Upcoming Catalysts / Next News

Period	
Ongoing	Additional contract updates
4 months	1H26 result

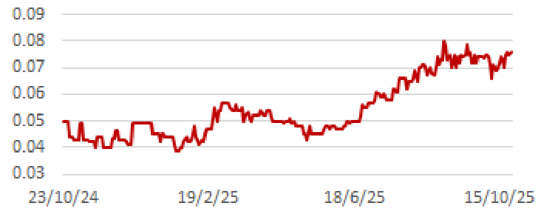
Share Price (A$)

Source: FactSet, MST Access

Figure 1: Financial Summary

MARKET DATA - Year end 30 June		
Price	**$**	0.077
DCF Valuation	**$**	0.26
Total return	**%**	239%
52 week high / low	$	0.038-0.076
Market capitalisation	**$m**	40
Shares on issue (diluted)	m	574.5

12 month share price performance



INVESTMENT FUNDAMENTALS		FY24A	FY25A	FY26E	FY27E	FY28E
Reported NPAT	$m	-4.7	2.0	4.3	5.7	7.0
Underlying NPAT result	**$m**	**-4.7**	**2.0**	**4.3**	**5.7**	**7.0**
Reported EPS - diluted	¢	-0.9	0.4	0.8	1.0	1.2
Underlying EPS (diluted)	**¢**	**-0.9**	**0.4**	**0.8**	**1.0**	**1.2**
....Growth	%	nm	nm	126%	27%	19%
Underlying PE	**x**	**nm**	**21.4**	**9.5**	**7.5**	**6.3**
Operating cash flow per share	¢	1.5	1.7	2.1	2.3	2.5
Free cash flow per share	¢	0.1	0.6	0.7	0.9	1.1
Price to free cash flow per share	**x**	**53.0**	**13.1**	**11.6**	**8.6**	**6.9**
FCF yield	%	1.9%	7.6%	8.6%	11.7%	14.5%
Dividend	**¢**	**0.0**	**0.2**	**0.5**	**0.6**	**0.7**
Payout	%	0%	56%	56%	56%	56%
Yield	**%**	**0.0%**	**2.6%**	**5.8%**	**7.4%**	**8.8%**
Franking	%	100%	100%	100%	100%	100%
Enterprise value (excl lease liabilities)	**$m**	**16.8**	**27.0**	**26.0**	**24.6**	**22.9**
EV/Sales	x	0.2	0.3	0.2	0.2	0.2
EV/EBITDA (excl leases)	x	4.2	3.1	2.3	2.0	1.7
EV/EBIT	x	-4.4	11.0	5.3	3.9	3.1
Price to book (NAV)	x	0.4	0.6	0.6	0.5	0.5
Price to NTA	x	0.5	0.6	0.6	0.5	0.5

KEY RATIOS		FY24A	FY25A	FY26E	FY27E	FY28E
EBITDA margin	%	4.4	8.9	10.5	11.0	11.6
EBIT margin	%	-4.2	2.5	4.6	5.5	6.3
NPAT margin (underlying)	%	-5.1	2.0	4.1	5.1	5.9
Underlying ROE	%	nm	7.5	15.9	19.8	21.6
Underlying ROA	%	nm	2.8	6.5	6.9	8.4
Net tangible assets per share	¢	4.5	4.7	4.9	5.1	5.5
Book value per share	¢	12.2	13.4	12.8	15.6	14.8
Net debt / (net cash)	$m	-11.2	-12.9	-13.9	-17.2	-20.9
Interest cover (EBIT / net interest)	x	6.7	nm	8.3	11.7	18.3
Gearing (net debt / EBITDA)	x	nm	nm	nm	nm	nm
Leverage (net debt / (net debt + equity)	x	nm	nm	nm	nm	nm

DUPONT ANALYSIS (on Underlying)		FY24A	FY25A	FY26E	FY27E	FY28E
Net Profit Margin	%	-5.1	2.0	4.1	5.1	5.9
Asset Turnover	x	1.5	1.4	1.6	1.4	1.4
Return on Assets	%	-7.5	2.8	6.5	6.9	8.4
Financial Leverage	x	2.7	2.6	2.5	2.9	2.6
Return on Equity	**%**	**-20.4**	**7.5**	**15.9**	**19.8**	**21.6**

KEY PERFORMANCE INDICATORS		FY24A	FY25A	FY26E	FY27E	FY28E
Secured Project Pipeline - Veris	$m	55.0	65.0	67.6	70.3	72.4
Growth	%	83%	18%	4%	4%	3%
Secured pipeline as months revenue	mth	7.1	8.0	7.7	7.5	7.4
Revenue - Veris	$m	92.6	97.2	106.0	113.0	117.5
Growth	%	24%	5%	9%	7%	4%
EBITDA Margin - Veris	%	7.3%	10.3%	11.0%	11.5%	12.0%

*Note: our EBITDA figure for FY24 & FY25 includes one-off factors incl asset impairments, restructuring costs and share based payments. Adjusted EBITDA for FY24 & FY25 was $6.7m and $10.0m respectively.

PROFIT AND LOSS		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	$m	92.6	97.2	106.0	113.0	117.5
Operating Expenses	$m	-88.5	-88.5	-94.8	-100.5	-104.0
EBITDA*	**$m**	**4.1**	**8.7**	**11.2**	**12.5**	**13.6**
Depreciation & amortisation	$m	-7.9	-6.2	-6.3	-6.2	-6.2
EBIT	**$m**	**-3.9**	**2.5**	**4.9**	**6.3**	**7.4**
Net interest	$m	-0.6	-0.5	-0.6	-0.5	-0.4
Non-operating income	$m	0.0	0.0	0.0	0.0	0.0
Pre-tax profit	$m	-4.4	2.0	4.3	5.7	7.0
Tax expense	$m	-0.3	0.0	0.0	0.0	0.0
Reported NPAT	**$m**	**-4.7**	**2.0**	**4.3**	**5.7**	**7.0**
Adjustments to underlying	$m	0.0	0.0	0.0	0.0	0.0
Underlying NPAT	**$m**	**-4.7**	**2.0**	**4.3**	**5.7**	**7.0**
Weighted average basic shares	m	512.7	513.1	517.7	530.6	556.0
Weighted average diluted shares	m	524.4	543.5	530.6	556.0	568.5

GROWTH PROFILE		FY24A	FY25A	FY26E	FY27E	FY28E
Revenue growth	%	-9.2	5.0	9.0	6.7	4.0
EBITDA growth	%	nm	114.5	28.2	11.9	8.8
EBIT growth	%	nm	nm	99.0	28.2	17.6
Underlying NPAT growth	%	nm	nm	120.2	33.3	21.6
Underlying EPS growth	%	nm	nm	125.5	27.2	18.9
DPS growth	%	nm	nm	125.0	26.7	19.3

BALANCE SHEET		FY24A	FY25A	FY26E	FY27E	FY28E
Cash	$m	16.1	16.6	17.7	21.0	24.7
Receivables	$m	14.6	16.2	17.6	18.8	19.6
Other	$m	6.0	6.7	6.7	6.8	6.8
Current assets	$m	36.8	39.5	42.0	46.6	51.1
Property, plant & equip incl ROUA	$m	21.7	22.8	18.1	30.0	25.4
Goodwill and intangibles	$m	0.2	2.0	1.9	1.8	1.6
Other	$m	3.8	4.4	4.4	4.4	4.4
Non current assets	$m	25.7	29.2	24.4	36.2	31.5
Total assets	**$m**	**62.4**	**68.7**	**66.5**	**82.8**	**82.6**
Payables	$m	9.5	10.4	11.3	12.1	12.6
Borrowings	$m	5.0	3.7	3.7	3.7	3.7
Other incl lease liabilities	$m	24.9	28.4	24.3	38.0	33.9
Total liabilities	**$m**	**39.4**	**42.6**	**39.3**	**53.9**	**50.2**
Net assets	$m	23.0	26.1	27.1	28.9	32.3
Shareholder's equity	**$m**	**23.0**	**26.1**	**27.1**	**28.9**	**32.3**

CASH FLOW		FY24A	FY25A	FY26E	FY27E	FY28E
EBIT (Cashflow)	$m	-3.9	2.5	4.9	6.3	7.4
Depreciation & Amortization	$m	7.9	6.2	6.3	6.2	6.2
Change in Net Operating Assets	$m	1.8	-0.7	-0.5	-0.4	-0.3
Other items (incl interest)	$m	1.8	1.3	0.5	0.6	0.7
Net operating cash flow	**$m**	**7.7**	**9.2**	**11.2**	**12.6**	**14.0**
Capital expenditure (PPE)	$m	-1.9	-1.0	-1.5	-1.5	-1.5
Lease liability repayment		-5.8	-5.7	-5.5	-5.5	-5.5
Acquisitions/divestment/other	$m	0.0	-0.6	-2.0	0.0	-0.3
Investing cash flow	**$m**	**-7.7**	**-7.3**	**-9.1**	**-7.0**	**-7.2**
Equity	$m	0.0	0.0	0.0	0.0	0.0
Net Increase / (decrease) in loans	$m	-0.1	-1.2	0.0	0.0	0.0
Dividend/other incl buybacks	$m	-1.1	-0.2	-1.0	-2.3	-3.1
Financing cash flow	**$m**	**-1.2**	**-1.4**	**-1.0**	**-2.3**	**-3.1**
Opening cash	$m	17.3	16.1	16.6	17.7	21.0
Net cash flow	**$m**	**-1.2**	**0.5**	**1.0**	**3.3**	**3.7**
Year end cash	$m	16.1	16.6	17.7	21.0	24.7
FCF (OCF + capex + lease payment)	**$m**	**0.0**	**2.5**	**4.1**	**5.7**	**7.0**

Source: Company data; MST Access

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1QFY26 trading update: digital growth continues

Figure 2: Recent results and MSTe forecasts

Veris $M	FY22	FY23	FY24	1QFY25	FY25	1QFY26	Prior FY26e	New FY26e	FY27e
Revenue	92.4	100.9	92.6	24.3	97.2	26.2	103.1	106.0	113.0
Gross Profit Margin %	***30.4***	***31.4***	***32.6***	***NA***	***36.5***	***NA***	***NA***	***NA***	***NA***
EBIT	-0.6	1.8	-3.9	0.7	2.5	0.9	4.6	4.9	6.3
EBIT Margin %	***-0.6%***	***1.8%***	***-4.2%***	***2.9%***	***2.6%***	***3.6%***	***4.4%***	***4.6%***	***5.5%***
PBT	-1.8	1.1	-4.4	0.6	2.0	0.8	4.0	4.3	5.8
PBT Margin %	***-1.9%***	***1.1%***	***-4.8%***	***2.3%***	***2.1%***	***3.0%***	***3.9%***	***4.1%***	***5.1%***

Source: Veris & MSTe

Veris has delivered a strong start to FY26, with unaudited Q1 revenue of $26.2m, up 7.8% pcp, reflecting robust underlying demand from high value long term clients and the contribution of new digital and spatial capabilities including from the recent Spatial Vision acquisition (even before the start of FY26, digital had grown to be more than 25% of group revenue). The top line result tracked ahead of our quarterly run rate implied by our previous FY26e forecast of $103.1m. Profit before tax increased to $0.8m, translating to a 3.0% PBT margin, an improvement from 2.3% in Q1FY25 and 2.0% in Q1FY24, as disciplined execution continues to drive margin expansion.

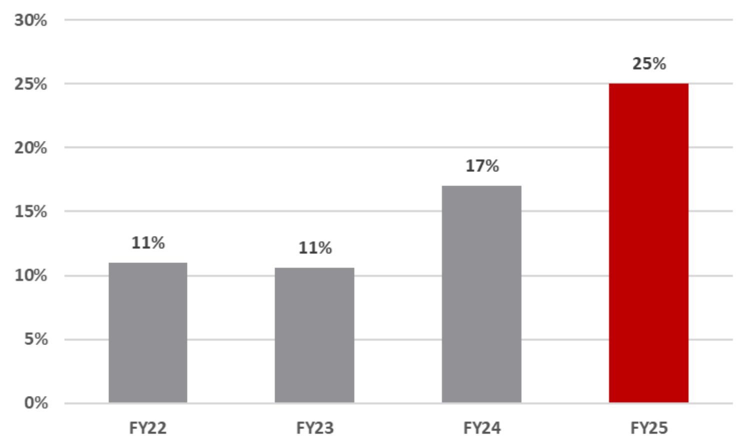
The result highlights ongoing benefits from Veris' digital transformation and strengthened national operating model, despite some one-off legal costs impacting bottom-line performance. Management further notes that the cash balance at 31 December 2025 will temporarily reflect expected outflows tied to dividend and staff incentive payments in October as well as settlement of the Mesh Livable Communities acquisition and Parsel investment, although the business overall continues to be well supported by a robust balance sheet (last reported cash position of $16.6m as of 30 June) and improving cashflow.

FY25 result confirmed turnaround led by digital

The trading update follows a strong turnaround for Veris in FY25, returning to profitability (>$6m improvement) with revenue of $97.2m, equating to +5% growth on FY24, EBITDA of $10.0m (10.3% margin vs 7.2% in FY24) and profit before tax of $2.0m (vs a $4.4m loss in FY24). The result led Veris to declare a fully franked final dividend of 0.2 cps, taking total capital management initiatives to $3.2m over FY23-25, including share buybacks.

With continuing momentum, the outlook for FY26 continues to strengthen with support from a strong and well diversified pipeline. Veris' secured forward workload is in excess of $65m and the weighted forward pipeline exceeds $190m. The business continues to focus on scalable, margin-accretive growth in digital and advisory capabilities across its core sectors of transport, government, energy, utilities, defence, and property.

Figure 3: Increasing Digital & Spatial revenue % share



Source: Company data

Acquisition of Mesh and investment in Parsel to further accelerate digital

Veris' expected acquisition of Mesh Livable Communities (Mesh), alongside a 50% investment stake in Mesh-Dash Holdings Pty Ltd (which holds the Parsel digital platform) continues to grow Veris' shift toward higher-margin advisory and scalable tech-enabled digital services. Mesh is founder-led (established in 2009) and based in Melbourne, specialising in planning, urban design and landscape architecture consultancy.

Post completion, Mesh is expected to deliver immediate capability uplift with a team of ~28 planning, urban design and landscape specialists who generated $5.7m in revenue in FY25 across state and local government, infrastructure and urban development projects. The acquisition remains subject to standard conditions precedent for such a deal including third party approvals and retention of existing employees (>85% staff retention and key employees entering new employment agreements with Veris). Completion is expected at the end of November, and the deal provides for an enterprise value of up to $3.18m, comprising $2.38m in upfront consideration (65% cash; 35% share based) and up to $0.8m for milestone payments (two equal tranches based on performance in FY27 and FY28; again paid based on 65% cash and 35% scrip). Any shares issued as part of the deal will be subject to an escrow period of 12 months from the date of issue.

Parsel, which is Mesh's proprietary subscription-based digital platform, provides Veris with a differentiated platform-as-a-service growth engine. Designed to visualize development contributions and shared infrastructure planning, the subscription-based offering transforms static documents into an online interactive environment and accelerates project delivery by improving accuracy, transparency and compliance for councils, planners and government agencies. It has strong applicability across Australia, with a clear roadmap for national expansion leveraging Veris' 14-office footprint and established client relationships. As the platform scales, Veris can unlock higher-quality recurring revenue, while enabling broader consulting engagements driven by asset insights and regulatory requirements. Investment in Mesh-Dash Holdings (which owns Parsel) is conditional on settlement of the Mesh acquisition above, with completion expected to occur at the same time. Consideration for the 50% ownership of Parsel component involves $0.5m in cash for new shares in Mesh-Dash Holdings.

From both Mesh and Parsel, revenue synergies are expected from cross-selling planning, spatial data and digital analytics capabilities across Veris' national client base. Mesh's presence in Victoria, Tasmania, South Australia and Queensland also extends geographical reach in priority growth markets. The acquisition is expected to be earnings accretive within the first full year of ownership with low incremental investment required to help both Mesh and Parsel scale further.

The transaction aligns directly with Veris' stated M&A focus on acquiring businesses that enhance technical depth, strengthen digital capability, or extend geographic presence. With a strengthened balance sheet, an increasingly digital-weighted revenue mix and proof points emerging from Spatial Vision (further detail on this acquisition in FY25 available here), Veris remains well positioned to pursue further accretive opportunities that advance its ambition to become a leading national digital advisory and spatial solutions provider.

Figure 4: Rationale behind the expected Mesh acquisition and Parsel investment

Category	Summary
Strategic Fit	Accelerates shift into higher-margin advisory and digital services Adds scalable subscription revenue via Parsel Enables integrated end-to-end project delivery
Financial Impact/Synergies	Earnings accretive in first full year with >$6m annualised revenue Cost efficiency gains through ICT and office optimisation Improved utilisation with limited additional overhead
Footprint growth & technology innovation	Expands east coast presence in planning and infrastructure Parsel provides national rollout opportunity for a unique digital solution Broader reach across government and commercial clients

Source: VRS

Recent notable contract wins

During FY25, Veris announced a series of new project wins, reinforcing its strategic focus on delivering high-value digital and spatial advisory services for major clients, particularly involving projects involving larger, more complex and multi-disciplinary works. These wins are helping drive revenue growth and improved margins for the business overall. We expect additional major contract wins will continue to help drive momentum for the business and act as a catalyst for the stock.

$20m Suburban Rail Loop Project engagement for digital services

Veris secured a significant contract on Victoria's Suburban Rail Loop (SRL) East, one of the largest transport infrastructure developments in Australia. The engagement, valued at approximately A$16-20m over a ~3.5-year delivery period, covers engineering survey services, spatial data management and digital spatial support for the SRL Tunnels North package, which includes around 10km of twin tunnels between Glen Waverley and Box Hill. The scope involves precision survey works required for tunneling and station excavation, alongside integrated digital spatial solutions to support construction coordination and asset data capture throughout delivery. The award reflects Veris' depth of experience on complex civil projects and its capability to embed advanced spatial technologies into major construction environments.

$5.2m Western Sydney Airport SSTOM project contract extension

The $5.2m contract cements Veris' involvement in one of the most significant infrastructure projects nationally and positions the company well for further operations and maintenance works over the long term (up to 15 years). It involves engineering surveys, asset monitoring and cadastral services for the Western Sydney Airport SSTOM (stations, systems, trains, operations and maintenance) project. Veris has already delivered $2.8m in engineering surveying works for three new metro stations since being first engaged in Nov 2023. Delivery of the additional project is expected to be completed in CY25 with subsequent works expected up until April 2027. It further confirms Veris' ability to leverage its strong relationships with major key clients across its multi-disciplinary offering, including for large infrastructure projects.

Other major contract wins in FY25 showcase digital and spatial offering

Additionally, Veris recently announced a further $7.6m+ in projects aligned with its Digital strategy, showcasing the group's leading capabilities across spatial data capture, digital modelling solutions, real time analytics, and tech driven consulting across a variety of sectors, all with a focus on maintenance, management and enhancement of various physical assets owned by clients. Project wins cover a number of different States nationally and are also likely to involve ongoing works and involvement beyond initial mandates, strengthening the forward pipeline. They include several contracts secured by Spatial Vision, highlighting the value accretion from the deal and recent integration.

- **Murray Irrigation Asset Condition Assessment:** Veris secured a six-month contract, in partnership with Beca, to assess over 4,000 km of gravity-fed earthen channels owned by Murray Irrigation Limited in southern NSW. These assets are critical to Australia's agricultural sector, supporting more than 2,200 farms. Veris will use high-resolution aerial imagery and ground-based bathymetric surveys to conduct precise condition assessments, eliminating the need for disruptive dewatering and supports sustainable water management by providing data-driven insights for infrastructure maintenance and decision-making.
- **Ashburton Shire Network Condition Assessment:** Veris has been contracted to support the Shire of Ashburton in assessing 766km of unsealed roads using cutting-edge digital survey techniques. This includes the integration of 3D Ground Penetrating Radar and Mobile Laser Scanning, with outputs visualized in Veris' RoadSiDE platform. The platform enables data-driven decisions regarding gravel depth, road alignment, and maintenance priorities. The two-week fieldwork and subsequent one-year hosting arrangement was valued at over $200k and aims to transform how remote regional roads are managed.
- **Road Safety Workflow Automation Platform:** The Spatial Vision team within Veris secured a $300k, four-month contract to implement an automated digital workflow solution for a government road safety enforcement initiative. The software automates manual processes, reduces delays and errors, and delivers real-time visibility into compliance and processing operations. This initiative not only streamlines enforcement but also improves data integrity and vendor collaboration, showcasing Veris' capability in applying digital solutions for government clients.

An industry leader in digital spatial data services

Veris continues to evolve from a predominantly survey-led operating model into a more profitable digital and spatial analytics-enabled advisory firm. The transformation centres on leveraging Veris' deep spatial data expertise to deliver differentiated, value-based solutions rather than labour-intensive, commoditised services. The strategy emphasises a digital-first approach across projects, the development and commercialisation of proprietary cloud-based platforms, and the continued expansion of higher-margin consulting and advisory services. Veris is seeking to convert its data capture strengths into scalable insights, asset intelligence and managed analytics that command more premium pricing and deliver more recurring style revenue.

A key driver of growth is the interplay between digital capabilities and advisory roles. As Veris moves upstream into planning, design and regulatory approvals, it gains early access to asset information that forms the foundation for digital products such as RoadSiDe and BridgeSiDe (Parsel will be added to this mix). These platforms enable clients to monitor, assess and plan infrastructure more efficiently, and they also create recurring licence and hosting fees. In turn, platform adoption opens opportunities for follow-on consulting work. This flywheel increases client stickiness and improves revenue quality, supporting a deliberate shift from transactional engagements to longer-term, data-anchored relationships.

Veris is reshaping its revenue model to reduce dependency on consulting hours and increase exposure to products and managed services that scale more efficiently. Survey will remain a core competency and key entry point for data generation, but its role transitions from a standalone revenue stream to an enabler of digital asset intelligence. The business has begun to demonstrate margin benefits from this shift, with digital and spatial solutions now contributing >25% of revenue, up from 17% in FY24.

Overall, Veris has laid the foundation for a higher-return business model, with emphasis on platform commercialisation, margin expansion and scalable digital growth. Management's execution focus now shifts to accelerating product rollout, deepening cross-sell penetration and lifting recurring revenue as a share of the mix. We believe the transition still has plenty of scope to evolve further, underpinning stronger margins and a more resilient earnings profile longer term.

Figure 5: Veris continues to diversify earnings in the advisory and digital solutions space

Advisory	Digital Solutions
Digital Advisory	Digital platforms (RoadSiDe, BridgeSiDe, Parsel)
Planning & Urban Design	Digital twins and spatial analytics
Property Consulting	Application and platform development
Environmental Services	Subscriptions and licensing revenue
Government and project-based advisory contracts	Managed services and data hosting revenues

Source: VRS

Key tenants of operational excellence

Beyond technological capabilities, Veris continues to place upmost importance on its culture and the development and skills of its employee base, who are key in delivering its digital spatial services nationally. Recent notables include:

- **Safety record:** shift in culture from compliance to personal ownership and responsibility in safety as well as proactive risk management measures (frontline visits and increased vehicle prestart checks) has helped reduce the total recordable injury frequency rate from 12.18 to 3.84 (per one million hours worked). Veris also has a no-blame framework to drive root cause analysis if an incident does arise.
- **Indigenous support and participation:** Veris has a 49% interest in Wumara Group, which is a majority Indigenous-owned surveying and spatial firm that delivers large-scale projects including major infrastructure and property projects along the east coast. The group has recently welcomed six new team members.
- **Training and development:** recently relaunched the Young Professionals Program (24 month duration) which provides diverse project experience and career development by welcoming nine new participants (55% women), launched two new leadership programs for emerging and current leaders and achieved stronger employee engagement (up 3% to 71% with participation from >80% of Veris' workforce).

Orderbook as strong as ever with diversified mix

Figure 6: Suite of proprietary cloud-based, AI enabled digital platforms that enable visualisation and analysis of spatial data

Source: Company data

Veris performance in Q1FY26 reinforces its positive outlook helped by a diverse pipeline across Transport, Property, Energy & Resources, Defence, Utilities and Government, which mitigates exposure to any one sector. These industries involve long term investment cycles (multi-year) in areas including transport corridors, urban renewal, energy transition and asset management. All of these areas show strong demand for survey, spatial data, digital platforms, consulting and advisory services. Management estimates the current market opportunity for Veris exceeds A$1bn (vs Veris current ~$100m revenue base) and continues to increase at high single digit/low double digit compound growth rates, providing opportunity for further market share gains in digital, spatial and consulting/advisory services.

The secured forward workload now exceeds A$65m (up from A$55m YoY), which has been aided by the recent acquisition of Spatial Vision. The mix of this forward workload has continued to evolve as management prioritises projects that are higher value and margin supportive (including those that leverage Veris' digital capabilities) and/or support the key national client strategy. The forward pipeline over next two years also has a weighted value of A$190m over the next 24 months.

Figure 7: All sectors remain growth supportive

Source: Company data

Figure 8: VRS continues to leverage its national scale

Source: Company data

Figure 9: Notable major VRS clients across sectors alongside estimates of target market size and growth rates

	Transport	Property & Buildings	Government	Utilities	Defence	Energy & Resources
SAM*	$220M	$150M	$280M	$110M	$100M	$210M
CAGR^	9.5 - 11%	8 – 9.5%	7.5 – 8.5%	10 – 12%	14 – 16%	12 – 14%
Key Clients	John Holland, CPB, acciona, Perth Airport, Fulton Hogan	Stockland, Cedar Woods, mirvac, parklea., PEET	Transport for NSW, vpa, mainroads, vicroads, Queensland Government	Melbourne Water, Hydro Tasmania, Water, apa, seqwater	Australian Government Department of Defence, Hansen Yuncken, Downer, ICON	BHP, RioTinto, FMG Fortescue, nacap

*Source: Company data; *Serviceable Addressable Market 2025 according to VRS, ^Compound Annual Growth Rates for Spatial Consulting Services (2024-2034) noted by Veris*

DCF valuation of $0.26/share provides ~2.4x upside

We have increased our base case DCF valuation to $0.26/share (up from $0.25/share previously) which accounts for our increased earnings projections post the Mesh deal (full contribution starting in FY27 we assume adds $0.7m in EBIT initially noting the announcement only details annualised revenue for FY25) and the added dilution from shares issued as part of the deal. We assume an issue price of $0.07/share, leading to 15.9m in added shares out to FY29, as part of the delayed milestone consideration.

Our forecast assumes top line growth of 9.0% for FY26 and 7.0% in FY27 equating to $106.0m and $113.0m respectively (up from $103.1m and $107.2m prior). We expect full contribution from Spatial Vision in FY26 (>$9.0m) and full contribution from Mesh in FY27 (>$5.8m). In conjunction, we note management's continued focus on the quality of the sales mix to drive margin growth, over and above top line growth alone.

Our EBITDA margin forecast remains at 11% in FY26, growing gradually by 50bps per year to a terminal rate of 13% by FY30. We note there is risk to the upside for margins (currently low double digit for EBITDA) as the share of digital spatial data revenues continues to grow (now more than 25%).

For capex, we assume $1.5m p.a (down from $2.0m previously) which is still slightly up on the $1.0m of capex last year. Management has achieved notable improvements in the level of capex required given (1) increased ability to utilise its existing asset base more efficiently and (2) increasing shift towards digital service offerings. We also forecast D&A as remaining flat on FY25, at $6.3m in FY26. These forecasts lead to an NPAT projection of $4.3m for FY26 (up from $4.0m prior), more than double that achieved in the last fiscal year. Following the reinstatement of dividend payments for FY25, we forecast dividends in future years at a consistent payout ratio of ~55%.

Our DCF valuation assumes a WACC of 10.0% (beta of 1.2x, risk free rate of 4.5%, market risk premium of 5.5%) and a terminal growth rate of 2.5%. We assume a fully diluted share count of 574.5m shares, which includes options and performance rights.

Figure 10: Discounted cashflow valuation

DCF		FY22a	FY23a	FY24a	FY25a	FY26e	FY27e	FY28e	FY29e	FY30e	FY31e	FY32e
EBIT	$m	-0.6	1.8	-3.9	2.5	4.9	6.3	7.4	8.4	9.3	9.6	10.0
Less: Taxes	$m	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	-1.9	-2.9	-3.1
Post-tax EBIT	**$m**	**-0.6**	**1.8**	**-4.1**	**2.5**	**4.9**	**6.3**	**7.4**	**8.4**	**7.4**	**6.7**	**6.9**
Plus: D&A	$m	8.7	8.0	7.9	6.2	6.3	6.2	6.2	6.2	6.2	6.2	6.2
Post-tax cash flow	**$m**	**8.2**	**9.8**	**3.8**	**8.7**	**11.2**	**12.5**	**13.6**	**14.6**	**13.6**	**12.9**	**13.1**
Less: Net capex	$m	-2.4	-3.5	-1.9	-1.0	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5	-1.5
Less: Change in WC	$m	-4.6	-0.6	1.8	-0.7	-0.5	-0.4	-0.3	-0.2	-0.1	-0.1	-0.1
Free cash flow	**$m**	**1.2**	**5.7**	**3.7**	**7.0**	**9.1**	**10.6**	**11.8**	**12.9**	**11.9**	**11.2**	**11.4**
Discounted cash flow	**$m**	**1.6**	**7.2**	**4.2**	**7.2**	**8.6**	**9.0**	**9.2**	**9.1**	**7.7**	**6.5**	**6.0**

Sum of discount streams	$m	56.1	**CAPM**	
Terminal growth		2.5%	Risk free rate	4.5%
Future value into perpetuity	$m	156.2	Equity beta	1.20
NPV of terminal value	$m	90.9	Equity risk premium	5.5%
PV of cash flows	$m	147.0	Cost of equity	11.1%
Assumed tax loss value	$m	28.3	Debt	20%
Add: FY26 net cash	$m	3.6	Equity	80%
Equity value	**$m**	**150.6**	Interest rate	8.0%
Diluted shares		574.5	Tax rate	30%
Value per share (A$)		**$ 0.26**	WACC	10.0%
Potential upside		377%		

Source: MST Access

Peer comps reference reiterate value case for Veris

We believe the value case for Veris is only emphasised when looking at other small cap peers, including Asset Vision, Pointerra and Aerometrex. We note that Veris trades at a significant discount despite its improving revenue quality, profitability (lack of profitability from other close peers makes direct valuation comparison challenging) and strong balance sheet ($16.6m cash on hand reported at 30 June), characteristics that others do not possess or hold to the same degree. At current market prices, Veris currently only trades at an EV/EBITDA FY25a multiple of ~4.4x (assuming mkt cap of $38m, loans and lease liabilities totaling ~$20.3m as of 30 June, and cash on hand of $16.6m).

Veris' ongoing buyback program for up to a further 10% of shares on issue also continues to provide a strong signal on management's underlying valuation of the business, the company's financial strength and future growth prospects.

Figure 11: Peer comps reiterate value case for Veris

Comparables		EV/Rev multiple FY25a	Rev FY24(a)	Rev FY25(a)	EBITDA FY25	EBIT FY25	EV/EBITDA Multiple FY25	Current EV
Veris	**VRS-AU**	**0.4**	**92.6**	**97.2**	**10.0**	**2.5**	**4.2**	**41.7**
Asset Vision	ASV-AU	6.6	4.1	5.0	-0.5	-0.9	-0.9	33.4
Pointerra	3DP-AU	3.7	6.4	9.8	-2.8	-2.9	-13.1	36.0
Aerometrex	AMX-AU	0.7	24.8	23.9	3.5	-6.5	4.6	15.8
SRG Global	SRG-AU	0.9	1,069.3	1,323.3	118.8	72.3	10.1	1,203.0
Downer EDI	DOW-AU	0.5	10,969.0	10,472.1	659.6	317.1	8.7	5,736.0
Average EV/EBITDA Multiple		**2.5**					**7.8**	
								Projected EV 25'
Veris EV (FY25 average multiple x actual ebitda)		7.8			10.0			78.0
Add: net cash								1.5
Equity value								79.5
Shares on issue								574.5
Equity value per share								**$0.14**

Source: Factset; MST Access

Key Risks

- Project delivery risk that could follow delays and cost blow outs arising from resource challenges.
- Risks associated with potential safety hazards attached to the work and delivery of projects by Veris employees and subcontractors. Veris has a wide range of protocols and programs to mitigate this risk.
- Contract risk that may include legal issues around omissions, incorrect rates and quantities, accepting unfavourable contractual terms, or disputes about contractual terms.
- Commodity and/or resources industry cycle risk, with a downturn or volatility in commodity prices and the resource cycle impacting demand for mining services such as surveying or remote site infrastructure.
- Political risk given both businesses serve clients in the public service through government and defence funding. Veris can also be impacted by major public infrastructure project delays determined by state governments.
- Competitive risk that could follow a competitor undertaking a price-led attack to win market share.
- Employee risk including the sourcing of subcontractors. Difficulty hiring these employees could delay projects and increase costs to Veris.
- Technology risk and cyber security events through loss of data or IT systems.

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Michael Youlden received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Veris (VRS.AX) | Price A$0.077 | Valuation A$0.260;

Price, target price and rating as at 28 October 2025 (not covered)*

Additional disclosures

This report has been prepared and issued by the named analyst of MST Access in consideration of a fee payable by: Veris (VRS.AX)

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