

20 October 2020

## Veris Limited Q1 FY21 Update

Veris Limited (VRS: ASX) provides an update to the market regarding results for Veris Australia and Aqura Technologies for the first quarter (Q1) of the financial year 2021 (FY21).

### Highlights:

- Growth in Group revenue to \$26.2 million
- Growth in Group EBITDA to \$2.64 million
- Unaudited pro forma profit before tax of \$1.05 million
- Focus on structural and operational efficiencies delivering improved performance
- National footprint and client base providing diversity of revenue and earnings
- Strong pipeline of projects and exposure to post-COVID recovery programs as government sponsored infrastructure expenditure commences

### Group Update

Veris Limited (the Group) has delivered growth in revenue and EBITDA with strong performances from both Veris Australia and Aqura Technologies contributing to an unaudited proforma profit before tax of \$1.05 million for Q1 FY21. These results reflect a proforma position of the Group incorporating the net employment and business related costs incurred with being a JobKeeper employer during the quarter whilst excluding any uplift associated with receipts from the Commonwealth Government's JobKeeper program.

P&L summary – unaudited pro forma (000's)	Veris Aust	Aqura	Group
	Q1 FY21	Q1 FY21	Q1 FY21
Revenue	\$20,616	\$5,617	\$26,233
Underlying EBITDA	\$1,962	\$675	\$2,637
<b>Profit Before Tax <sup>1</sup></b>			<b>\$1,047</b>

<sup>1</sup> – Proforma PBT result shown only at the Veris Ltd Group level

### Comments from Veris Limited Chairman, Karl Paganin:

*“It’s extremely pleasing to see the Group return to profitability at the bottom line this quarter. It is clear the structural and management changes implemented across the Group over the past six months are having a positive impact on results. In addition, despite the challenges and uncertainty of COVID-19, we have been able to continue to deliver our projects safely for our staff, clients and the broader community, while generating revenue growth and improved margins.”*

Veris Australia and Aqura Technologies' Q1 results are detailed below.

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## **Veris Australia**

Veris Australia has delivered a material improvement in its operating result for Q1 FY21 from Q4 FY20 and prior corresponding period in Q1 FY20 (**PCP**). Whilst revenue of \$20.6 million is down from \$23.2 million in the PCP, the underlying proforma EBITDA is up from \$1.64 million in the PCP to \$1.96 million, showing a strong improvement in operating margins.

The improved performance, which demonstrates continued growth in revenue and improvement in profitability from Q4 FY20, has been delivered on the back of sustained growth in workload and a dedicated focus on efficient delivery. Sustained management of costs and overheads have also contributed strongly to the results, as well as an increased focus on harnessing the efficiencies and synergies that can be generated from Veris Australia's national platform.

<b>P&amp;L summary – unaudited proforma (\$000s)</b>	<b>Q1 FY21</b>	<b>Q4 FY20</b>	<b>Q1 FY20</b>
Revenue	\$20,616	\$18,732	\$23,155
Underlying EBITDA <sup>1</sup>	\$1,962	\$995	\$1,639

<sup>1</sup> – Underlying EBITDA proforma results shown reflect the net impact of costs associated with being a JobKeeper employer and exclude any uplift arising from JobKeeper payments. On 31 July 2020, Veris Australia reported Q4 FY20 EBITDA of \$1,058,000 which included the full impact of JobKeeper receipts to 30 June 2020 (ASX announcement: “*Veris Australia Q4 FY2020 Update*”). Q4 FY20 comparative results shown above have been adjusted to reflect the net impact of JobKeeper employment related costs and the addition of corporate overhead costs previously incurred and reported in Veris Limited. Q1 FY20 results reflect the proforma addition of corporate overhead costs previously incurred and reported in Veris Limited.

## **Veris Australia Project Pipeline and Outlook**

Despite the current economic uncertainty due to COVID-19, Veris Australia has continued to build its secured backlog which remains over \$40 million to be executed over the next 12 months. In addition, there is an identified pipeline of tendered projects and prospects with a weighted value in excess of \$80 million for execution over the same period.

### **Comments from Veris Australia Chief Executive Officer Michael Shirley:**

*“I am pleased to see a growth in revenue and profitability from last quarter. This demonstrates that the changes we have made are having a significant impact on our operating performance.”*

*“Despite the challenges of COVID-19, particularly in the Melbourne market, we have been able to generate an improved result and continue to deliver for our clients.”*

*“As a business we continue to be well positioned into the future to capture significant infrastructure opportunities that will present in the market as Federal and State Governments across Australia look to reignite economic activity via identified infrastructure projects.”*

## **Aqura Technologies**

Aqura Technologies has delivered an improved result in its operating position for the Q1 FY21 period. The increase in revenue across the quarter has delivered a strong improvement in EBITDA of \$0.68 million compared to both Q4 FY20 and the corresponding period in Q1 FY20.

The improved performance has been underpinned by Aqura's core client base and expanded geographical presence. The investment made in the geographical expansion of Aqura's presence on the eastern seaboard during FY20 has delivered diversity in revenue streams and customer base throughout Queensland and Victoria, complementing Aqura's traditional markets of Western Australia and South Australia. As a result of the current global pandemic, Aqura continues to foresee future revenue growth with a strong project pipeline of opportunities as the business market segment accelerates the adoption of technology-led solutions.

<b>P&amp;L summary – unaudited proforma (\$000s)</b>	<b>Q1 FY21</b>	<b>Q4 FY20</b>	<b>Q1 FY20</b>
Revenue	\$5,617	\$4,027	\$4,570
Underlying EBITDA <sup>1</sup>	\$675	\$27	\$265

<sup>1</sup> – Proforma underlying EBITDA results shown above exclude the net impact of being a JobKeeper employer. On 31 July 2020, Aqura reported Q4 FY20 EBITDA of \$444,000 which included the impact of JobKeeper receipts to 30 June 2020 (ASX announcement: "Aqura Q4 FY2020 Update"). Q4 FY20 comparative results shown above have also been adjusted to reflect the addition of corporate overhead costs previously incurred and reported in Veris Limited. Q1 FY20 results have also been adjusted to reflect the proforma addition of corporate overhead costs previously incurred and reported in Veris Limited.

### **Project Pipeline and Outlook**

Aqura has a secured project pipeline in excess of \$11 million to be executed within FY21 including recent project awards from BHP, Atco and the Department of Defence. Additionally, there is an identified pipeline of tendered projects and prospects with a weighted value in excess of \$8 million for execution over the same period.

### **Comments from Aqura Technologies Chief Executive Officer Travis Young:**

*"Aqura continues to execute our strategy, capitalising on our recent geographical expansion and broadening of our customer base. Additionally, we continue to develop and commercialise the Aqura product suite which will deliver a recurring, maintainable earnings base to complement our traditional project execution-based capability."*

*It is encouraging to see the investments the business has made over the past 12 months in product development and broadening of our sales force and geographical presence into the eastern states are delivering improved results for the company. We look forward to continuing to consolidate our return on this investment throughout the remainder of FY21 and into FY22."*

*"As a business we are well positioned within diverse markets to continue to capitalise on future specialised technology opportunities."*

*"Our agile and remote working practices have enabled us to continue to work with our loyal clients across the country, despite the challenges presented by COVID-19."*

– ENDS –

**About Veris Limited**

Veris Australia is a professional services business delivering surveying, digital & spatial and planning services across Australia. It works across the infrastructure, property, resources, defence, utilities and government sectors.

Aqura Technologies complements the accomplished existing spatial solution capabilities of the Veris Australia segment with highly specialised ICT and communications services, offering industry-leading technology solutions to the industrial communications sector for application in the resources, commercial, utilities, defence, health and education sectors.

Veris Limited is the Group's holding company that is listed on the ASX under the code VRS.

Authorised for release by the Board of Veris Limited.

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