

22 November 2022

2022 Annual General Meeting – Chairperson’s Script

Verbrec Limited (ASX : VBC) (**Verbrec** or the **Company**) a leading mid-tier engineering, training and infrastructure services provider is pleased to issue the following address delivered by Verbrec’s Chairperson, Phillip Campbell at Verbrec’s 2022 Annual General Meeting.

Verbrec Limited – Chairperson’s Address – 2022 Annual General Meeting

Fellow shareholders, on behalf of the Board, welcome to the 2022 Annual General Meeting of Verbrec Limited. It’s a relief that we can again meet in person after a couple of tumultuous years. And to those who could not be here in person, and are joining remotely, thank you and welcome.

The Board would like to express its appreciation for the commitment and dedication of our personnel throughout FY22. The ongoing Impacts of COVID-19, the floods in Queensland, and interstate travel restrictions presented a challenge to management in maintaining a certain esprit de corps while our people have been working remotely on some difficult and complex legacy projects, about which I shall say a little more in a moment. We have also not been immune from “the great post COVID resignation” and associated pressure on remuneration that has been much discussed in the media. Throughout, the welfare of our people has remained the Board’s highest priority. Our thanks go to our new Chief People Officer, Melissa Morrison and her small team – their performance has been above and beyond our expectations. Again, in FY22 we have maintained our industry leading health and safety performance.

Project Performance

I am sure I don’t have to remind you, that at this time last year, we were getting to grips with three loss making legacy projects. Determined and skilful project management has brought two of these to a conclusion – that is the LNG Import Terminal Design and the Water SCADA Upgrade.

The third project – a Utilities SCADA Upgrade Project to modernise the monitoring of drinking water, recycled water, and sewerage services across five local government areas in S.E. Queensland – is receiving management’s full attention.

In this instance, Verbrec is a sub-contractor to the head contractor. In its Annual Report for 2022, the head contractor also flagged impacts to its EBITDA from “a major Queensland Utility project”.

The Authority that is ultimately responsible for the modernisation of the ratepayers’ essential water assets via the upgrade project Verbrec is working on, is having trouble providing critical, timely data to the head contractor, and hence Verbrec – so the scope of work and time for completion is changing continually.

Verbrec Limited

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Our Managing Director, Linton Burns, has taken the only course open to him to protect our balance sheet and the continued employment of certain Queensland based engineers and technical staff. With the full support of the Board, he has given notice of our intention to terminate that contract.

We trust, in due course, we will recover the well documented \$7.5m we claim as owing to us, the associated costs of which having already being brought to account.

We are willing, under a more efficient commercial model, to deliver the IP we have so far developed (and only been partially paid for) and to assist the Authority in finalising the SCADA Upgrade Project for the benefit of the people of S.E. Queensland.

Future of the Business

The difficulties of completing the last of the legacy projects aside, Verbrec has a strong contracted pipeline of ongoing business with a range of blue-chip clients.

These projects are at margins in keeping with our long-term objectives, provides comfort that we can grow the business, repair the balance sheet, and provide certainty and continuity for our valued team members. Linton will shortly guide you through a review of the underlying performance of the business.

Our strategy of adding scale to some parts of the business by earnings accretive bolt on acquisitions is still very relevant and we continue to evaluate opportunities as they present themselves.

The development of the StacksOn™ software product continued to grow with BHP Iron Ore signing on-going licence agreements and completing installations at eight separate locations in the Pilbara. A separate business unit within the West Australian operations has been established and given its own budget and independent management. We are hopeful that the StacksOn™ software product has a growing future in materials handling applications in many bulk commodity markets as part of our digital industry offering.

To improve margins, we have been looking for an opportunity to build an offshore engineering design centre to avail ourselves of competitive labour rates, likely in Asia. This initiative and our continuing investment in the expansion of our graduate program, and the development of our young technical and commercial leaders is vital to our future success. We anticipate opening our first offshore facility in early calendar 2023.

We are delivering on our Purpose of transforming assets for a more sustainable, low carbon intensity world. Our three-pronged energy strategy of supporting our clients to provide today's energy needs; transforming infrastructure to process and transport hydrogen and other renewables; and decommission obsolete oil & gas infrastructure

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has led to a significant increase in revenues from our Energy clients. Linton will touch on some of the project work we are undertaking in his presentation.

Shareholder Return

The Board is fully aware that we have a very loyal shareholder base that has been patiently waiting for an improvement in the share price and the return to dividend payments. Members of the Board have substantial shareholdings alongside you, so we are personally committed to the task at hand. Seeing off the last of the legacy projects will witness a material change in our collective fortunes.

The Board and the Management are focused on delivering on objectives that will over time provide solid, sustainable returns for all shareholders. The Board is positive that this focus will assist in re-establishing market confidence and deliver long term growth and value for shareholders.

I have shown faith in our future by increasing my holdings this last year.

In Conclusion

Verbrec is operating in markets that are resilient, growing, and rapidly evolving. The new energy economy and the digitisation of so many industry segments, including utilities, while technically challenging, is full of opportunity that will improve Verbrec's revenue sustainability.

The significant ongoing investment by governments and corporations in the new energy economy, in all its forms, is decoupling the traditional dependence of our revenues on underlying commodity prices. Verbrec plans to be a full participant in this new energy evolution in our society and economy.

I would like to thank my fellow Board Members for their commitment and dedication over the course of another full-on year. We are a small, close-knit board and by necessity called upon to contribute more than otherwise might be the case on a larger board. I am grateful for your support.

Finally, the Board wishes to express its thanks to Managing Director, Linton Burns, and CFO, Michael Casey, who's grit and determination in managing the daily consequences flowing from the last legacy project has been inspirational for our valued people.

- ends -

Authorised for release by the Board of Directors of Verbrec Limited.

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About Verbrec Limited

Verbrec is a leading mid-tier engineering and project services company that supports customers across Australia, New Zealand, PNG and beyond. The Verbrec group of companies serve the energy, infrastructure, and mining industries through their six service lines; asset management, competency training, digital industry, pipelines, power, and process plant, with capabilities that span across the entire life cycle of an asset. Verbrec is an Australian Securities Exchange listed company (ASX:VBC).

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