

# **Verbrec Limited**

**ABN 90 127 897 689**

## **Interim Financial Report 31 December 2023**

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This consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Verbrec Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of Verbrec Limited and its subsidiaries. The consolidated interim financial statements are presented in Australian currency.

Verbrec Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Verbrec Limited  
Level 14  
200 Mary Street  
Brisbane QLD 4000

The consolidated interim financial statements were authorised for issue by the Directors on 27 February 2024. The Directors have the power to amend and reissue the consolidated interim financial statements.

**Verbrec Limited**  
ABN 90 127 897 689  
**Directors' Report**

Your Directors present their interim financial statements on Verbrec Limited (“the Company or Verbrec or VBC”) and its controlled entities (“the Group”) for the half-year ended 31 December 2023.

## 1. DIRECTORS and COMPANY SECRETARIES

The Directors of the Company in office during or since the end of the half-year ended 31 December 2023 are set out below:

Name	Position
Mr Phillip Campbell	Independent Non-Executive Chairperson
Mr Matthew Morgan	Independent Non-Executive Director
Ms Sarah Zeljko	Independent Non-Executive Director (retired 29 November 2023)
Mr Brian O’Sullivan AM	Non-Executive Director

The Company Secretaries of the Company in office during or since the end of the half-year ended 31 December 2023 are set out below:

Mr Joel Voss	Company Secretary
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## 2. PRINCIPAL ACTIVITIES

Verbrec is a leading engineering, asset management, infrastructure and mining technology software (collectively reported as “Engineering services” under note 5 - segment reporting) and training company (reported as “Training services” under note 5 - segment reporting) operating across the entire asset life cycle to a diverse range of industries including energy, mining, defence and infrastructure. The Group has more than 400 professionals operating across Australia, New Zealand, PNG, and the Pacific Islands from 11 offices throughout Australia and New Zealand and from our project delivery site offices.

The Company’s focus, in line with the commitments provided throughout FY2024, remains to strengthen client relationships, increase the proportion of the Company’s revenue streams related to sustainable and renewable energy related projects, and protect gross margins by tightly controlling operating expenses and selecting economically attractive project opportunities.

The Group has a strong position across its portfolio of services and has key long-term customers that continue to be supportive and provide Verbrec with strong revenue streams.

**Engineering Services:** Verbrec provides a range of engineering and project management services across the following areas:

**Asset Management:** Specialist asset management services including maintenance and reliability engineering, asset integrity, operational readiness, material and inventory management systems that increases efficiency, reduces costs and improves productivity.

**Automation & Control:** Specialist engineering and project delivery services in controls and automation, data acquisition, industry digitalisation (including IIOT – Industrial Internet of Things), industrial data analytics and advanced algorithms.

**Infrastructure Services:** Specialist pipeline and compressor station operation and maintenance services to the gas and mining industries. We have a reputation for the highest standards in safety for our people, contractors and the general public in addition to full compliance with legislative

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**Directors' Report (continued)**

requirements. This work is managed using a proprietary in-house 'Integrated Management and Operating System' (IMOS).

**Pipeline Engineering:** Specialist engineering and project delivery services including conceptual studies, engineering design, EPC delivery, commercial services and condition assessments. We specialise in gas, oil, water and hydro-transport (slurry) pipelines including all associated facilities including compressor stations, pumping stations, terminal facilities, pigging systems, metering systems, SCADA systems and tie-ins.

**Power:** Specialist engineering and project delivery in low voltage and high voltage electrical systems. This includes electrical distribution and reticulation, grid connections, switchboards and motor control centres, protection systems, as well as specialist expertise and electrical equipment in hazardous areas.

**Process Plant:** Full multi-disciplinary engineering, design and procurement capabilities for all oil and gas and chemical facilities including well-head systems, gathering networks, processing facilities (physical and chemical processing), compression and pumping facilities, tank farms and distribution systems.

**Software Solutions:** Verbrec has several mining technology software solution products currently either under development or in commercial use. The most advanced of these products that is both in commercial use and with further modules under development is StacksOn. StacksOn is a 3D stockpile yard modelling digital twin application that enables the visual tracking of material and grades. It tracks material being added to and reclaimed from stockpiles in order to maintain a 3D model of material in the stockyard. Verbrec offer customers an annual licence fee structure as well implementation services and ongoing support.

**Training Services:** Under the Competency Training brand our Registered Training Organisation (RTO 31299) provides specialist industrial training services for the Mining, Resources, Infrastructure and Manufacturing sectors. The specialty offers an extensive range of site-specific training as well as customised competency assurance services. These services range from the development of eLearning modules through to implementation of competency management programs with integrated technology components (virtual reality). Competency Training has dedicated, fully equipped training facilities (allowing for 'hands-on' training with equipment) across Australia.

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ABN 90 127 897 689  
**Directors' Report (continued)**

### 3. REVIEW OF FINANCIAL PERFORMANCE & MARKET OUTLOOK

In compiling these financial statements, the discontinued operations (under AASB 5) have been shown separately from the continuing operations and comparable numbers from previous corresponding period ("PCP") have been presented excluding those discontinued operations.

#### 3.1 Financial Performance Overview

The consolidated interim financial results for the half-year ended 31 December 2023 compared to the previous corresponding period ("PCP") is follows:		31 December 2023	31 December 2022	Change to PCP
<b>Continuing Operations</b>				
Revenue (\$'000)	Note 5	49,994	59,070	(9,076)
Gross Margin Statutory (\$'000)		17,430	15,064	2,367
Gross Margin Statutory as a % of revenue (%)		34.9%	25.5%	9.4%
Profit before tax (\$'000)		2,703	(597)	3,300
Profit after tax (\$'000)		2,855	(1,440)	4,295
EBITDA <sup>1</sup> (\$'000)	Note 5	4,989	1,340	3,649
EBITDA as a % of revenue (%)		10.0%	2.3%	7.7%
Loss after tax from discontinued operations	Note 8	(2,766)	(1,217)	(1,549)
Total other comprehensive income, net of tax		92	99	(7)
Total comprehensive profit/ (loss) attributable owners of the Company		181	(2,558)	2,739
Basic earnings per share (cents) – continuing operations		1.2	(0.7)	1.9
Operating Cash Outflow (\$'000)		(694)	(3,754)	3,060
Net Cash <sup>2</sup> (\$'000)		(8,763)	(8,405)	(358)

<sup>1</sup> EBITDA (earnings before interest, taxes, depreciation and amortization)

<sup>2</sup> Cash on hand less borrowings and lease liabilities.

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**Directors' Report (Continued)**

**DISCONTINUED OPERATIONS – Site Services Training**

Verbrec acquired the Site Services Training Assets (“SST”) in April 2021 with a view to the acquisition complementing and increasing the profitability of its existing Competency Training business. Despite numerous attempts by the Verbrec team to fully integrate, grow and develop the SST business, the low barriers to entry and high competition prevented this from happening. Given its sustained poor performance the Directors and management took steps to close certain training facilities and seek an acquirer for the remainder of SST assets. In November 2023 the Company announced that it had entered an agreement with Harness Energy to sell the remaining assets, novate all leases and transfer staff to Harness Energy. The impact of the discontinued operations is shown on note 8 in the financial statements.

**Financial Performance**

For the half-year ended 31 December 2023, the Group reported revenues of \$50.0m, a decrease from \$59.0m reported in the previous corresponding period as (i) poor performing projects wound down, (ii) revenue from procurement reduced from 26% to 22%, (iii) training revenues reduced with the closure and sale of SST assets during the period and (iv) partly from management efforts to target economically attractive project opportunities.

In terms of revenue by industry sector, the composition of Verbrec’s revenue is broadening into sustainability and transition project although still largely in the hydrocarbon (gas) space and infrastructure projects (including defence).

The gross margin has increased to 34.9% from 25.5% in the PCP, partly as a result of the reduced procurement revenue and the remaining poor performing projects running down and partly from management efforts to target economically attractive project opportunities. EBITDA increased to \$5.0m (10% of revenue) as a result of the higher gross margins achieved and the Company’s focus on reducing overhead.

**BALANCE SHEET**

The Group’s finance facilities are provided by Westpac Banking Corporation. As reported at December 2022 and again in June 2023 the Westpac banking covenants had been breached. Verbrec has worked throughout the year to repair this position and can report that at the half year ended 31 December 2023 all covenants have been passed. This has allowed Verbrec to reclassify certain forms of debt from Westpac as non-current (please refer to note 12 in the financial statements for more information).

In November and December 2023, Verbrec successfully raised approximately \$4.0m between an oversubscribed placement, a non-renounceable entitlement offer and the placement of the subsequent shortfall. Cash and cash equivalent for the Group at 31 December 2023 is \$5.9m, compared to \$4.4m at 30 June 2023.

Overall, the liabilities of the Group have reduced predominantly with the reduction in Trade and other payables and contract liabilities over the 6 months.

The total Assets of the Group have also reduced with a reduction in both trade receivables and contract assets. In addition, at the June 2023 reporting date Verbrec impaired \$1.4m of intangibles (goodwill) associated with the closure of Carole Park and Darwin training facilities. With the sale of the remaining training facilities and assets to Harness Energy in November, the remaining intangible value associated with these training facilities (\$1.8m) has been impaired and included as part of the discontinued operations, as noted in disclosures note 8.

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**Directors' Report (Continued)**

## **CASH FLOW**

Closing cash for the half-year was \$5.9m compared to \$4.4m at 30 June 2023. The \$5.9m balance includes \$2.9m in restricted cash that is required to be held under the Westpac facility as part security for the issuance of bank guarantees. The quantum of bank guarantees and securities across the group is reducing and Verbrec will take the opportunity to transfer the cash to unrestricted accounts as it becomes available from term deposit investment.

## **3.2 Market Outlook**

The markets in which Verbrec operates are adapting to the changing sustainable environment and Verbrec's work in hand remains strong as the Company continues to support our core and key client base. Commodity prices continue to trade at long term elevated levels which in turn provides free cash flow for our clients to invest in new production capacity, and sustaining capital projects, as well as projects to improve safety and operating efficiency, with improved energy efficiency a recurring theme.

This trading environment will support strong ongoing demand for Verbrec's services. The significant capital investment in sustainability in our key traditional markets particularly energy, resources and digital transformations is very encouraging. New projects driven by investment in alternative energy are providing exciting new customer opportunities.

Addressing the changing nature of the market, the Company's focus is expanding to ensure that we can meet client needs in a move to a more sustainable future. Leveraging the Company's diverse pool of talented engineers, and by selectively recruiting where necessary to improve the group's consolidated skillset, Verbrec is in a position to participate in:

- **Electrification & Energy Storage** by addressing the need for gas firming in a renewables rich grid, assisting our clients transition to an electrical economy with projects currently being delivered in batteries, biogas and hydrogen.
- **Gas Market Transition** to guide and deliver solutions to our client base to design fit for purpose solutions for their existing assets to address gas as a peaking fuel rather than a base load fuel, with current prospects to participate in projects related to carbon capture utilisation and storage and biofuel / hydrogen augmentation / replacement.
- **Sustainable Mining & Green Commodities** assisting and advising our clients in minimising their scope 3 emissions, maximising the yield of their higher grade and 'green' metals such as magnetite and minimising waste by using the power of StacksOn to give clients greater grade control at iron ore mines / ports and developing innovative product transport solutions.

## **Positioning for growth of Verbrec's business offerings:**

The Company is focused on areas of growth including:

- **Engineering:** providing innovative engineering and project delivery solutions to clients, through our technical specialties, including automation & control, power, process plant, pipelines and asset management.
- **Competency Training:** Focus can now be applied to the remaining parts of CT with the sale of the Site Skills Training assets. The shift to sustainable and renewable energy, underpinned by demand for resources supporting this transition provides excellent opportunities for Competency Training which specialises in hazardous areas, high voltage, safety and access and other emerging courses.

**Verbrec Limited**  
ABN 90 127 897 689  
**Directors' Report (Continued)**

Our training business is working with industry to upskill current and new employees including those of Verbrec's core client base.

- **Asset Management:** continues to expand during the first half year while maintaining strong EBITDA performance. Working with owners and operators across Australia, New Zealand and PNG to provide asset management solutions that increase efficiencies, reduce cost and improve productivity, unlocking higher value from client's assets. The diversified client base has contributed to half yearly revenues increasing year-on-year.
- **Infrastructure Services:** providing clients full lifecycle services for project delivery from inception through procurement and/or construction, commissioning and operations. On the back of continued growth in the Resources and Oil and Gas developments in Australia, the Infrastructure Services business continues to grow and provides services in the NT, QLD, VIC, SA and WA. This growth is largely linked to long term contracts with recurring revenues.
- **StacksOn:** a digital twin for stockyards enabling on-specification product in challenging conditions, whilst increasing throughput and reducing downtime continues to be enhanced in order to provide even more benefits to its client base. New opportunities are being pursued by the team and early interest from new clients established.

Our work in hand number continues to remain healthy and the group continues to focus on recurring revenue agreements which are under-pinned by:

- key long-term customers that provide >40% of the Company's revenue
- 43 (up from 41) Master Service Agreements
- 12 (up from 10) Operations and Maintenance Agreements
- Rate increases and rise and fall mechanisms to mitigate cost escalation pressures

Verbrec continues to pursue opportunities to increase capability, pursue partnerships and alliances in the areas of electrification, gas market transition and green commodities. Finally, the restoration of a dividend remains a fundamental objective of the Group. With carried forward tax losses of \$37.8m (note 7), we expect operating cashflows to continue to improve resulting in the generation of free cashflow to fund dividends. The group also carries \$5.7m in franking credits which will be distributed once dividends resume.

## **DIVIDENDS**

The Board has elected not to declare an interim dividend for the period ended 31 December 2023.

## **AFTER BALANCE DATE EVENTS**

The Directors are not aware of any other matters or circumstances not otherwise dealt with in this report or the interim financial statements that have, or may, significantly affect the operations or state of affairs of the Group in future years.

## **ROUNDING OF AMOUNTS**

The Group is of the kind referred to in Australian Securities and Investments Commission (ASIC) Corporations Instruments 2016/191 dated 24 March 2016 pursuant to s.341(1) of the Corporations Act 2001, relating to the 'rounding off' of amounts in the Directors' Report and Consolidated Interim Financial Statements. In accordance with that legislative instrument, amounts in the Consolidated Interim Financial Statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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ABN 90 127 897 689  
**Directors' Report (Continued)**

**RESOLUTION APPROVING DIRECTORS' REPORT**

This Directors' Report is made in accordance with a resolution of the Directors.

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 10.

A handwritten signature in black ink, appearing to read 'Phillip Campbell', with a horizontal line underneath.

Phillip Campbell  
Chairperson

Brisbane  
28 February 2024

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## Auditor's Independence Declaration

### To the Directors of Verbrec Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Verbrec Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



CDJ Smith  
Partner – Audit & Assurance  
Brisbane, 28 February 2024

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**Verbrec Limited**  
ABN 90 127 897 689  
**Condensed consolidated statement of profit  
or loss and other comprehensive income**  
For the half-year ended 31 December 2023

		31 December 2023	31 December 2022
	Notes	\$'000	\$'000
<b>Continuing Operations</b>			
Revenue	5	49,994	59,070
Cost of providing services	6(a)	(32,564)	(44,006)
<b>Gross profit</b>		<b>17,430</b>	<b>15,064</b>
Other income		32	(36)
Other operating expenses	6(b)	(14,180)	(15,277)
<b>Profit/ (loss) from operating activities</b>		<b>3,282</b>	<b>(249)</b>
Finance expense		(579)	(348)
<b>Profit/ (loss) before income tax</b>		<b>2,703</b>	<b>(597)</b>
Income tax benefit/ (expense)	7	152	(843)
<b>Profit/ (loss) for the half-year from continuing operations</b>		<b>2,855</b>	<b>(1,440)</b>
<b>Loss from discontinued operations</b>	8	<b>(2,766)</b>	<b>(1,217)</b>
<b>Profit/ (loss) for the half year attributable to owners of the Company</b>		<b>89</b>	<b>(2,657)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		92	99
<b>Other comprehensive income for half-year, net of tax</b>		<b>92</b>	<b>99</b>
<b>Total comprehensive profit/ (loss) for the half-year attributable to owners of the Company</b>		<b>181</b>	<b>(2,558)</b>
<b>Total comprehensive (Loss)/profit for the half-year attributable to owners of the Company arises from:</b>			
Continuing Operations		2,947	(1,341)
Discontinued Operations		(2,766)	(1,217)
		<b>181</b>	<b>(2,558)</b>
<b>Earnings per share from Continuing Operations</b>			
Basic earnings per share (cents per share)		1.2	(0.7)
Diluted earnings per share (cents per share)		1.2	(0.7)
<b>Earnings per share for profit attributable to the ordinary equity holders of the company</b>			
Basic earnings per share (cents per share)		0.0	(1.2)
Diluted earnings per share (cents per share)		(0.0)	(1.2)

**Verbrec Limited**  
ABN 90 127 897 689  
**Condensed consolidated statement  
of financial position**  
As at 31 December 2023

		31 December 2023 \$'000	30 June 2023 \$'000
	Notes		
<b>Assets</b>			
Cash and cash equivalents		5,907	4,461
Trade and other receivables		15,594	17,102
Contract assets		3,524	5,804
Current tax assets		275	263
<b>Total current assets</b>		<b>25,300</b>	<b>27,630</b>
Property, plant and equipment	9	1,105	1,476
Right-of-Use Assets		5,916	4,799
Deferred tax assets		7,761	7,606
Intangible assets	10	10,508	12,566
<b>Total non-current assets</b>		<b>25,290</b>	<b>26,447</b>
<b>Total assets</b>		<b>50,590</b>	<b>54,077</b>
<b>Liabilities</b>			
Trade and other payables		8,583	14,667
Contract liabilities		4,201	6,022
Borrowings	12	3,212	6,780
Lease liabilities		2,365	2,727
Other financial liabilities	13	313	916
Employee benefits		4,510	4,831
Provisions	11	628	870
<b>Total current liabilities</b>		<b>23,812</b>	<b>36,813</b>
Employee benefits		448	643
Borrowings	12	4,544	-
Lease liabilities		4,549	3,359
Provisions	11	176	221
<b>Total non-current liabilities</b>		<b>9,717</b>	<b>4,223</b>
<b>Total liabilities</b>		<b>33,529</b>	<b>41,036</b>
<b>Net assets</b>		<b>17,061</b>	<b>13,041</b>
<b>Equity</b>			
Share capital	14	28,021	24,267
Reserves		443	266
Retained earnings		(11,403)	(11,492)
<b>Total equity attributable to owners of the Company</b>		<b>17,061</b>	<b>13,041</b>

**Verbrec Limited**  
ABN 90 127 897 689  
**Condensed consolidated statement  
of changes in equity**  
For the half-year ended 31 December 2023

	Attributable to owners of Verbrec			
	Share Capital	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2022</b>	<b>24,267</b>	<b>226</b>	<b>(1,969)</b>	<b>22,524</b>
Profit for the half-year	-	-	(2,657)	(2,657)
Other comprehensive income	-	99	-	99
Total comprehensive income for the half-year	-	99	(2,657)	(2,558)
Share based payment expense	-	84	-	84
<b>Balance at 31 December 2022</b>	<b>24,267</b>	<b>409</b>	<b>(4,626)</b>	<b>20,050</b>
<b>Balance at 30 June 2023</b>	<b>24,267</b>	<b>266</b>	<b>(11,492)</b>	<b>13,041</b>
Profit for the half-year	-	-	89	89
Other comprehensive income	-	92	-	92
Total comprehensive income for the half-year	-	92	89	181
Contribution of equity, net of transaction costs	3,754	-	-	3,754
Share based payment expense	-	85	-	85
<b>Balance at 31 December 2023</b>	<b>28,021</b>	<b>443</b>	<b>(11,403)</b>	<b>17,061</b>

**Verbrec Limited**  
ABN 90 127 897 689  
**Condensed consolidated statement**  
**cash flows**  
For the half-year ended 31 December 2023

	31 December 2023 \$'000	31 December 2022 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (including GST)	60,320	68,703
Payments to suppliers and employees (including GST)	(60,695)	(72,132)
	(375)	(3,429)
Interest received	48	21
Interest paid	(367)	(346)
<b>Net cash outflow from operating activities</b>	<b>(694)</b>	<b>(3,754)</b>
<b>Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment	16	-
Payments related to sale of SST business	(303)	-
Payment for acquisition of subsidiary, net of cash acquired (Note 13)	(626)	(558)
Acquisition of property, plant and equipment and intangibles	(210)	(521)
<b>Net cash outflow from investing activities</b>	<b>(1,123)</b>	<b>(1,079)</b>
<b>Cash flow from financing activities</b>		
Share issue cost	(199)	-
Proceeds from issue of shares	3,953	-
Proceeds from borrowings	2,895	6,736
Repayment of borrowings	(1,919)	(133)
Principal elements of lease payments	(1,551)	(1,440)
<b>Net cash inflow from financing activities</b>	<b>3,179</b>	<b>5,163</b>
Net increase / (decrease) in cash and cash equivalents	1,362	330
Cash and cash equivalents at the beginning of the year	4,461	6,415
Effects of exchange rate changes on cash and cash equivalents	84	18
<b>Cash and cash equivalents at the end of the half-year</b>	<b>5,907</b>	<b>6,763</b>

**Verbrec Limited**  
ABN 90 127 897 689  
**Notes to the Financial Statements**  
For the half-year ended 31 December 2023

## **1 General information**

Verbrec Limited (the “Company”) or (“Verbrec”) is a company domiciled in Australia. The address of the Company’s registered office is Level 14, 200 Mary Street, Brisbane, Australia. The consolidated interim financial statements of the Company for the six months ended 31 December 2023 comprises the Company and its subsidiaries (together referred to as “the Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities.

The Group operates two segments being engineering and training. The engineering segment encompasses service lines in asset management, digital industry, infrastructure services, pipeline engineering, power and process plant across the hydrocarbons, mining and infrastructure industry sectors, with a focus on Australia, New Zealand, Papua New Guinea and the Pacific Islands. The training segment offers technical training and compliance services.

The consolidated interim financial statements were approved by the Board of Directors on 27 February 2024.

## **2 Basis of preparation**

The consolidated interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with the requirements of the Australian Corporations Act 2001 and in compliance with AASB 134 – Interim Financial Reporting, that ensures compliance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting.

The consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Verbrec Limited during the interim reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

## **3 Estimates**

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial statements, the significant judgements were made by the management in applying the Group’s accounting policies, and the key sources of estimation uncertainty for continuing operations were the same as those applied to the consolidated financial statements for the year ended 30 June 2023. Those key accounting policies and estimates related to discontinued operations are as disclosed in respective disclosure notes to these financial statements.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

**Verbrec Limited**  
ABN 90 127 897 689  
**Notes to the Financial Statements**  
For the half-year ended 31 December 2023

**4 Summary of significant accounting policies**

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period.

**(a) Basis of measurement and presentation currency**

The Consolidated Interim Financial statements have been prepared on the historical cost basis and are presented in Australian dollars, which is the Group's functional currency.

**(b) Going concern**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the period ended 31 December 2023, the Group generated a profit before income tax of \$2.7m (loss H1 FY23: \$0.6m) from continuing operations; experienced net cash outflows from operations of \$0.7m (H1 FY23: outflows of \$3.8m), had a surplus of current assets of \$1.5m (as at 30 June 23: deficiency of \$9.1m); and was in compliance of its lending facility covenants.

In the directors' opinion, the going concern basis of preparation remains appropriate, in the main due to:

- As of January 2024, the Group had in excess of \$50.0 million of contracted work,
- The markets in which the Group operates continue to be at buoyant levels,
- The impact of all poor performing legacy projects have ceased.
- The Company raised \$4.0 million in funds from investors across November and December 2023 and currently has \$5.9 million in cash.
- Westpac facilities, including debtor finance and overdraft are available for use if required.

The Directors are of the view, given the circumstances as outlined above, that the Group will be able to continue to satisfy its capital and operating commitments as and when they fall due.

**(c) Discontinued operations**

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

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**5 Segment and revenue information**

The Group has two reportable segments in which it operates, being Engineering and Training. This is based on information that is internally provided to the executive group for assessing performance and making operating decisions.

The Group is domiciled in Australia, with operations and projects predominantly across Australia, New Zealand, Papua New Guinea and the Pacific Islands. Revenue is attributed to the reportable segments based on the revenue owned by the subsidiaries domiciled in each region.

**Segment information provided to the Board of Directors and other executives within the business.**

The below table shows the segment information arisen from the continuing operations of the business as provided to the Board of Directors for the reportable segments for the half-year period and also the basis on which revenue is recognised.

	Australia	New Zealand	Papua New Guinea	Total
31 December 2023	\$'000	\$'000	\$'000	\$'000
<b>Verbrec services</b>				
- Engineering services revenue	41,515	4,830	41	46,386
- Training services revenue	3,580	28	-	3,608
<b>Total revenue from external parties</b>	<b>45,095</b>	<b>4,858</b>	<b>41</b>	<b>49,994</b>
<b>Timing of revenue recognition</b>				
Point in time	531	-	-	531
Over time	44,564	4,858	41	49,463
	<b>45,095</b>	<b>4,858</b>	<b>41</b>	<b>49,994</b>

	Australia	New Zealand	Papua New Guinea	Total
31 December 2022	\$'000	\$'000	\$'000	\$'000
<b>Verbrec services</b>				
- Engineering services revenue	55,697	-	30	55,727
- Training services revenue	3,284	59	-	3,343
<b>Total revenue from external parties</b>	<b>58,981</b>	<b>59</b>	<b>30</b>	<b>59,070</b>
<b>Timing of revenue recognition</b>				
Point in time	498	-	-	498
Over time	58,483	59	30	58,572
	<b>58,981</b>	<b>59</b>	<b>30</b>	<b>59,070</b>

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**5 Segment and revenue information (continued)**

A reconciliation of EBITDA to operating profit before income tax is provided as follows:

	31 December 2023 \$'000	31 December 2022 \$'000
<b>EBITDA</b>		
Engineering services	4,607	962
Training services	382	378
	<u>4,989</u>	<u>1,340</u>
<b>EBITDA</b>	4,989	1,340
Finance costs	(579)	(348)
Depreciation and amortisation	(1,707)	(1,589)
<b>(Loss)/profit before income tax from continuing operations</b>	<u><b>2,703</b></u>	<u><b>(597)</b></u>

**6 Profit and loss information**

**a) Cost of Sales**

	31 December 2023 \$'000	31 December 2022 \$'000
Personnel expenses	20,961	23,662
Contractor expenses	3,806	5,086
Project expenses (including procurement)	7,797	15,258
	<u><b>32,564</b></u>	<u><b>44,007</b></u>

**b) Other Operating Expenses**

	31 December 2023 \$'000	31 December 2022 \$'000
Salaries and wages	6,960	8,160
Other employment related expenses	414	477
General outgoings	577	561
Subscriptions, licenses and memberships	1,099	1,092
Consulting	1,871	987
Depreciation and amortisation	1,707	1,589
Insurance	848	950
Other administrative expenses	704	1,461
	<u><b>14,180</b></u>	<u><b>15,277</b></u>

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**6 Profit and loss information (continued)**

c) Significant items

	31 December 2023 \$'000	31 December 2022 \$'000
<b>Profit/ loss for the half-year includes the following items that are unusual because of their nature, size or incidence:</b>		
<b>One-off (income) / expenses</b>		
Restructuring costs	-	126
Poor performing projects (legal costs) net of settlements*	755	8
Re-financing costs	-	150
One off consultancy fees	110	-
Other non-recurring costs	79	58
	<u>944</u>	<u>342</u>
<b>Discontinued Operation</b>		
Contingent consideration fair value adjustment	-	(91)
Goodwill Impairment	1,266	-
Intangible assets impairment	551	-
	<u>551</u>	<u>-</u>

\*During the period, the Group settled litigation in relation to one of the legacy poor performing projects and above shows the net amount paid on legal expenses.

**7 Income tax expenses**

a) Income Tax

The difference between the actual income tax expense and the income tax expense using the Company's domestic rate of 30% is mainly attributable to current tax losses not recognized.

	31 December 2023 \$'000	31 December 2022 \$'000
<b>Numerical reconciliation between tax expense and pre-tax accounting profit</b>		
<b>(Loss)/profit before income tax</b>	2,703	(597)
Income tax using the Company's domestic tax rate of 30% (2022 - 30%)	811	(174)
Withholding taxes paid	-	-
Non-deductible expenses	40	70
Non-assessable income	(108)	-
Amounts coded to equity	(58)	-
Current year deferred tax movements not recognised	(830)	930
Other current year movements	35	17
Income tax expense attributable to current half-year	<u>(110)</u>	<u>843</u>
Adjustments for current tax of prior periods	-	-
Adjustments for deferred tax of prior periods	(42)	-
Income tax expense attributable to prior periods	<u>(42)</u>	<u>-</u>
<b>Total income tax expense</b>	<u>(152)</u>	<u>843</u>

**Verbrec Limited**  
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**7 Income tax expense (continued)**

b) Tax losses

	31 December 2023 \$'000	30 June 2023 \$'000
Unused tax losses	37,772	38,772
Potential tax benefit @ 30%	11,332	11,632

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

**8 Discontinued operations**

In November 2023 the Group announced that it had entered an agreement with Harness Energy to sell the remaining assets, novate all leases and transfer staff of its SST Business to Harness Energy. The impact of the discontinued operations and sale of the Site Skills assets is shown below in the statement of profit or loss.

Discontinued Operations	31 December 2023 \$'000	31 December 2022 \$'000
Notes		
Revenue	1,867	4,392
Loss from sale of sites	(334)	-
Impairment charge on Goodwill and Intangible Assets	(1817)	-
Other operating expenses	(2,482)	(5,700)
Other gains (revaluation of contingent consideration receivable)	-	91
<b>Gross profit</b>	(2,766)	(1,217)
Income Tax (expense) / benefit	-	-
Loss From Discontinued Operations	(2,766)	(1,217)
Net Cash inflow from operating activities	1	209
Net cash outflow from investing activities	(929)	(609)
Net Cash outflow from financing activities	(229)	(696)
Net decrease in cash generated by discontinued operations	(1,157)	(1,096)
<b>Earnings per share</b>	Cents	Cents
Basic earnings per share from discontinued operations	(1.2)	(0.5)
Diluted earnings per share from discontinued operations	(1.2)	(0.5)
<b>Details of sale of sites</b>		
Consideration received / (paid)	(303)	
<b>Total disposal consideration</b>	(303)	
Net loss from write-off of fixed assets	(31)	
Income tax expense on gain	-	
<b>Loss of sale after income tax</b>	(334)	

**9 Property, plant and equipment**

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	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
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**As at 30 June 2023**

Cost	16,220	1,685	17,905
Accumulated depreciation	(14,957)	(1,472)	(16,429)
<b>Net book amount</b>	<b>1,263</b>	<b>213</b>	<b>1,476</b>

**Half-year Ended 31 December 2023**

Opening net book amount	1,263	213	1,476
Additions	28	-	28
Disposals	(141)	-	(141)
Depreciation charge	(188)	(70)	(258)
<b>Closing net book amount</b>	<b>962</b>	<b>143</b>	<b>1,105</b>

**At 31 December 2023**

Cost	16,107	1,685	17,792
Accumulated depreciation	(15,145)	(1,542)	(16,687)
<b>Net book amount</b>	<b>962</b>	<b>143</b>	<b>1,105</b>

**10 Intangible assets**

	Goodwill \$'000	Application Software \$'000	Development Costs \$'000	Brand Names \$'000	Customer Contracts \$'000	Total \$'000
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**As at 30 June 2023**

Cost	9,224	1,015	565	369	5,454	16,627
Accumulated amortisation	-	(988)	(102)	(76)	(2,895)	(4,061)
<b>Net book amount</b>	<b>9,224</b>	<b>27</b>	<b>463</b>	<b>293</b>	<b>2,559</b>	<b>12,566</b>

**Half-year Ended 31  
December 2023**

Opening net book amount	9,224	27	463	293	2,559	12,566
Additions	-	-	200	-	-	200
Impairment charge	(1,266)	-	(28)	(250)	(273)	(1,817)
Amortisation charge	-	(14)	(2)	(18)	(407)	(441)
<b>Closing net book amount</b>	<b>7,958</b>	<b>13</b>	<b>633</b>	<b>25</b>	<b>1,879</b>	<b>10,508</b>

**At 31 December 2023**

Cost	7,958	1,015	737	119	5,181	15,010
Accumulated amortisation	-	(1,002)	(104)	(94)	(3,302)	(4,502)
<b>Net book amount</b>	<b>7,958</b>	<b>13</b>	<b>633</b>	<b>25</b>	<b>1,879</b>	<b>10,508</b>

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**10 Intangible assets (continued)**

Goodwill

During the period under review, total Goodwill that was recognised in the balance sheet amounting to \$1.3m in relation to the SST portion of the training business was fully impaired. Additionally, a further \$0.5m worth of Intangible Assets assigned to SST business was impaired. Accordingly, the total impairment expense of \$1.8m was recognised (note6 (c)) and included within expenses of discontinued operations (note 8).

However, the remaining Goodwill and Intangible Assets pertaining to the Competency Training business is remaining on the balance sheet and continues to be tested for impairment periodically, as explained in note 15.

**11 Provisions**

	31 December 2023			30 June 2023		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Bonus provision	253	-	253	200	-	200
Make good provision	251	176	427	544	221	765
Service warranties	113	-	113	126	-	126
Restructuring/ Redundancy costs	11	-	11	-	-	-
<b>Total</b>	<b>628</b>	<b>176</b>	<b>804</b>	<b>870</b>	<b>221</b>	<b>1,091</b>

The movement in provisions for the period is shown below:

	Bonus provision \$'000	Make good provision \$'000	Service warranties \$'000	Restructuring / Redundancy costs \$'000	Total \$'000
Carrying amount at 1 July 2023	200	765	126	-	1,091
Charged/(credited) to profit or loss:					
addition provisions recognised	253	74	-	11	338
unused amounts reversed	(10)	(203)	(13)	-	(226)
Amounts used during the half-year	(190)	(209)	-	-	(399)
Carrying amount at 31 December 2023	<b>253</b>	<b>427</b>	<b>113</b>	<b>11</b>	<b>804</b>

**Verbrec Limited**  
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**12 Borrowings**

	31 December 2023			30 June 2023		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
<b>Secured</b>						
Bank loans	1,271	4,241	5,512	5,879	-	5,879
Equipment loans	787	303	1,090	645	-	645
	<b>2,058</b>	<b>4,544</b>	<b>6,602</b>	6,524	-	6,524
<b>Unsecured</b>						
Insurance premium financing	1,154	-	1,154	256	-	256
<b>Total borrowings</b>	<b>3,212</b>	<b>4,544</b>	<b>7,756</b>	6,780	-	6,780

The movement in borrowings for the period is shown below:

	Bank loans \$'000	Equipment finance loan \$'000	Insurance premium funding \$'000	Total \$'000
Carrying amount at 1 July 2023	5,879	645	256	6,780
Additional borrowings	373	936	1,586	2,895
Repayments during the half-year	(740)	(491)	(688)	(1,919)
Carrying amount at 31 December 2023	<b>5,512</b>	<b>1,090</b>	<b>1,154</b>	<b>7,756</b>

The Group's financing facilities are mainly from Westpac Banking Corporation. The facility and usage as at 31 December 2023 was as follows:

Facility	Term	Value \$000	Drawn Down 31 December 2023 \$000	Available 31 December 2023 \$000
Business Loan – SME Loan Scheme	10 years	5,000	4,630	370
Business Loan – Current Loan	1 year	1,200	508	-
Invoice Finance	Ongoing, at call	5,000	373	4,627
Flexible Options - Bank Guarantee *	Ongoing, at call	5,000	4,772	228
Flexible Options - Overdraft *	Ongoing, at call	4,000	24	3,976
Equipment Finance	Ongoing, at call	1,500	488	1,012
Business Credit Card	Ongoing, at call	300	211	89
		<b>22,000</b>	<b>11,006</b>	<b>10,302</b>

\*The total of the Flexible Options Facility totals \$9.0m and can be varied to suit the Group's working capital requirements.

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## 12 Borrowings (continued)

Westpac provide the Group with our financial facilities and as part of those facilities Verbrec has covenants that are tested periodically for compliance. Following the annual review of the facilities by Westpac during the period a reassessment of the Group's finance agreement was undertaken. Covenants were reviewed including Financial Debt to Adjusted EBITDA ratio to be less than 3.50 times (unchanged) and an Adjusted Equity to Assets Ratio greater than or equal to 35% for 31 December 2023 (40% for 30 June 2023) calculation and will return to 40% for the 30 June 2024 calculation. Financial debt is financial liabilities excluding IFRS 16 Lease Liabilities specific to property leases. Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, minus lease payments which are no longer accounted for as a lease expense due to IFRS 16 application. Adjusted equity ratio means the percentage calculated by dividing the sum of total shareholder funds plus/minus net intercompany loans, by total assets excluding IFRS 16 Right to Use Assets specific to property leases.

The Group had breached both covenants under its finance agreement as of 30 June 2023. However, as at 31 December 2023 the Group has passed each of the covenants as follows;

Covenant	Result as at 31 December 2023	Measurement	
		31 December 2023	30 June 2023
Financial Debt to Adjusted EBITA	1.2 times	Less than 3.5 times	Less than 3.5 times
Adjusted Equity to Assets Ratio	38%	Greater than or equal 35%	Greater than or equal 40%

## 13 Other financial liabilities

The movement in other financial liabilities for the period is shown below:

	31 December 2023	30 June 2023
	\$'000	\$'000
<u>Contingent consideration</u>		
Current	313	916
Non-current	-	-
	<b>313</b>	<b>916</b>

The Group's contingent consideration is as a result of the legal acquisition of all operational assets of Site Skill Training Assets ("SST") on 12 April 2021. Under the terms of the contract, in the event that certain pre-determined sales volumes are achieved by SST for the year ended 30 June 2022 and 30 June 2023, contingent consideration of \$1.0 million and \$1.5 million will be payable in cash in September 2022 and September 2023 respectively. During the half year, it was agreed with the seller to pay the remaining amount as of 30 June 2023 in three payments in October 2023, December 2023 and February 2024 respectively and accordingly, an amount of \$625,900 was paid during the period under review. Balance payment of \$312,900 was paid on 15 February 2024.

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## 14 Share capital

	Shares '000	Issue Price \$	\$'000
Opening balance 1 July 2023	221,476		24,267
Balance 30 June 2023	221,476		24,267
Issue of new equities	65,875	0.06	3,953
Less: transactions costs arising on share issues			(199)
On issue at 31 December 2023 - fully paid	<b>287,351</b>		<b>28,021</b>

## 15 Impairment

### Financial assets

The Group has two types of financial assets, trade receivables and contract assets, that are subject to impairment assessment using the expected credit loss model.

### Non-financial assets

#### *Testing for impairment*

The Group tests non-financial assets for impairment:

- At least annually for intangible assets with indefinite life and goodwill; and
- Where there is an indication that the asset may be impaired (which is assessed at least each reporting period); or
- Where there is an indication that previously recognised impairment (on assets other than goodwill) may have changed.

If any such indication exists then the asset's recoverable amount is estimated, being the greater of its value in use and its fair value less costs to sell.

At 31 December 2023 there were some indicators of impairment so impairment tests were conducted.

For the purpose of impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The identified Cash Generating Unit's ("CGU") for the Group are the Training Services and Engineering Services CGU's.

#### *Inputs to impairment calculations*

The Group tests whether goodwill has suffered any impairment as a minimum on an annual basis. When assessing for impairment the recoverable amount of the CGUs is determined based on value-in-use calculation which require the use of assumptions. The calculations use cash flow projections based on financial budgets or forecasts approved by management and the board after adjusting to reflect the current conditions of each CGU.

Expected future profits are based on projected revenues and EBITDA margins utilising the budget or forecasts which reflects the expected performance of the Group for that period and which considers current market conditions and expected performance of current projects. Revenues are projected for the five-year forecast based on expected growth of the Company and considers the market sector growth rates over the longer term.

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**15 Impairment (continued)**

The projected EBITDA margins over the five-year period and beyond are adjusted back to the historical averages.

Cash flow projections beyond the five-year period, which are based on Group estimates, take into consideration historical performance as well as expected long term operating conditions. Growth rates do not materially exceed the consensus forecasts of the long-term average growth rate for the market sector in which the CGUs operates.

The pre-tax discount rates are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary, and other assumptions are determined with reference to external sources of information and use consistent, conservative estimates for variables such as terminal cash flow multiples. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to fall below carrying values.

The Value-In-Use calculation uses cash flow projections based on the Group's corporate plans and business forecasts prepared by management and approved by the Board. The corporate plans are developed annually and, on the understanding, that actual outcomes may differ from the assumptions used. For these calculations, adjustments are incorporated for the relevant industry metrics. In the circumstances that the CGU is unable to achieve the forecast growth in earnings, there is a risk that the carrying value of the two CGUs (engineering and training) would exceed its recoverable amount.

*Goodwill*

Goodwill is monitored by management at a CGU level, being Engineering and Competency Training. A summary of the goodwill allocated to each of Engineering services and Training services, along with the basis in which that goodwill arises, is presented below:

	Engineering Services	Training Services	Total
	'000	'000	'000
Opening balance 1 July 2023	4,130	5,094	9,224
Impairment charge (Note 8)	-	(1,266)	(1,266)
<b>Closing balance 31 Dec 2023</b>	<b>4,130</b>	<b>3,828</b>	<b>7,958</b>

**Verbrec Limited**  
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**15 Impairment (continued)**

*Impairment calculations*

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal or Value-In-Use.

The recoverable amount of the goodwill is based on a Value-In-Use calculation with respect to the CGU and was determined by applying a five-year net present value calculation of projected cash flows and a terminal value at the end of the fifth year. The calculation of the Value-In-Use was determined having regard to the following key assumptions:

- Discount rates used:
  - Engineering business - a pre-tax discount rate (17.86%), post-tax discount rate (12.5%)
  - Training Business - a pre-tax discount rate (16.59%), post-tax discount rate (11.6%)
- Expected future profits are based on the re-forecasted FY24 figures, being 6 months actuals from July to December 2023, and forecasted figures for the remaining 6 months, which is in line with the FY24 budget.
- Revenue over the five year forecast is based on expected sector revenue growth rates of between 2% and 8% for the Training services CGU, and between 3% and 5% on the Engineering services CGU (base case estimates).
- EBITDA margins for the five-year forecast of between 7- 9% and 18% - 22% on the Engineering services and Training services CGU respectively, and
- Terminal growth rate of revenue of 2% beyond FY27.

*Impairment charge*

Apart from the impairment charge made on goodwill and intangible assets relating to SST Business during the period, no further impairment is required for the remaining portion of goodwill and intangible assets pertaining to Competency Training and Engineering businesses.

# Verbrec Limited

ABN 90 127 897 689

## Directors' declaration

In the opinion of the Directors of the Company:

- the consolidated interim financial statements and notes set out on pages 11 to 27 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the consolidated interim financial statements and notes set out on pages 11 to 27 give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**Phillip Campbell**

Chairperson

Brisbane

28 February 2024

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## Independent Auditor's Review Report

### To the Members of Verbrec Limited

#### Report on the half year financial report

##### Conclusion

We have reviewed the accompanying half year financial report of Verbrec Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half year financial report of Verbrec Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

##### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



CDJ Smith  
Partner – Audit & Assurance  
Brisbane, 28 February 2024