



Enabling a **sustainable future** for our Clients and their Customers

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Agenda

1. Corporate Profile
2. Half Year in Review
3. Commitment Checklist
4. H1 FY2024 Results
5. Key Messages for H2 FY2024
6. Energy Transition
7. Project Highlight
8. Conclusion



Who is Verbrec

Verbrec is a leading Engineering, Asset Management, Infrastructure, Training and mining technology services provider, operating across the entire asset life-cycle. We operate across multiple regions, including Australia, New Zealand, PNG, and the Pacific Islands, executing projects for organisations of all sizes.

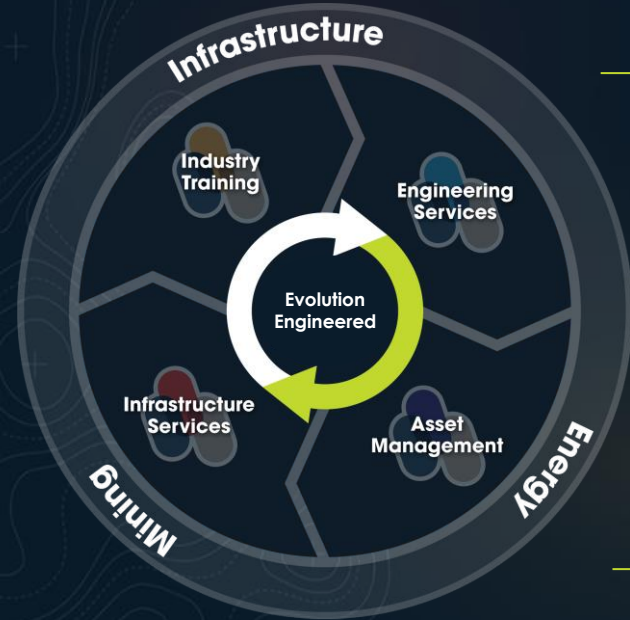
Enablers of Industry to transition their businesses and drive customer success in, electrification of everything, gas market transition, green commodities and asset optimisation. Verbrec services are engineered to enable our clients to not only be prepared for the time ahead but also meet their near-term need



Through strong relationships, built on trust

Verbrec enables a sustainable future for our Clients and their Customers

Services & Geographical Footprint



Enabling innovative solutions for a more sustainable future.

Verbrec operates across the entire asset life cycle.



Verbrec Office Locations

- Verbrec Engineering Services
- Verbrec Industry Training
- Verbrec Infrastructure Services
- Verbrec Asset Management

Products & Technology



A digital twin For Stockyards

enabling delivery of on-spec products in challenging conditions, whilst increasing throughput and reducing downtime.

Visibility = **profitability**



Real time 3D stockyard visualisations that track and predict grade



Predict and address **off-spec shipments** before they are filled



Intuitive tools help ensure delivery on specification



Designed and implemented for the **mining** industry

Verbrec at a glance

400+

TEAM MEMBERS



Enabling sustainability across:

3

CORE
MARKETS



ENERGY



MINING



INFRASTRUCTURE

1

VISION

**Recognised
Partner
for a
Sustainable
Future**

1

PURPOSE

Through strong relationships
built on trust
Verbrec enables a
sustainable future for our
Clients and their Customers.

Safety Zero Harm, Always

	LTIFR	MTIFR	TRIFR
FY16	1.14	1.14	2.28
FY17	0	2.39	3.59
FY18	0	1.45	4.35
FY19	0	0	0
FY20	0	0	0
FY21	0	0	0
FY22	0	4.35	8.70
FY23	0	1.20	6.02
FY24	0	0	2.5



466

LEADERSHIP
CONVERSATIONS



77

HAZARD
REPORTS
SUBMITTED



7

YEARS
SINCE LAST LOST
TIME INJURY

Corporate Snapshot

Equity, Cash & Finance Facilities

	31 December 2023	30 June 2023
Total equity attributable to owners of the Company	\$17.1 m	\$13.0 m
Cash Balance	\$5.9 m	\$4.4 m
Banking Covenants	PASS	FAIL

Top 5 Shareholders

Brian O'Sullivan	25.0%
Thorney Investment Group	14.4%
Candyblossom/Bloemhof P/L	12.6%
GFNA Bartley Family	6.3%
Forager Funds Management	5.5%

Capital Structure

ASX code	VBC
Market Cap (as at 27 February 2024)	\$25.1m
Share price (as at 27 February 2024)	\$0.087
Shares on issue (as at 27 February 2024)	288.4m



Half Year – In Review

Operational Review

- Operational review of the business resulted in improved operational efficiencies (including reduction in head count) expected to produce a combined \$2.8 million in annualised EBITDA savings.

Poor Performing Projects

- The Company incurred one-off expenses and write-downs in previous periods due to poor performing legacy projects.
- In H1 FY2024, the final poor performing project was closed and now all poor performing legacy projects are finalised.

Capital Raise

- Verbrec raised over **\$4 million** in an oversubscribed placement and entitlement offer.
- Investing in growth, working capital and reduction in Company's net debt position.



*Foundations Established for **Verbrec Profitability and Growth***

Training Business – Divestment

Divestment

- Verbrec divested the unprofitable parts of its training business in November 2023, which is expected to result in approximately **\$2.0 million** in annualised EBITDA savings.
- Divestment leaves Verbrec in a stronger position moving forward.
- Management can focus on the high performing Competency Training business unit.

One-off impacts

- The divestment of the training business **(Discontinued Operations)** results in a \$2.8 million one off NPAT impact, including:
 - *\$1.8 million written off intangibles (including goodwill).*
 - *\$1.0 million in operating losses in H1 FY2024.*

Continuing Operations


- H1 FY2024 results are presented with a focus on **Continuing Operations**.
- Genuine one-off impacts and operating losses related to the Discontinued Operations no longer affecting the Company.

Commitment Checklist

	STATUS
Sale of non-profitable training business resulting in annualised EBITDA savings of \$2.0 million	✓
Review of projects including high risk construction activities resulting in annualised EBITDA savings of up to \$1.0 million	✓
Operational review and reduction in overheads resulting in annualised EBITDA saving of \$1.8 million	✓
Finalise legacy projects (Reduce the impacts of and eliminate the legacy poor performing projects which have resulted in unacceptable level of one-off expenses impacting Verbrec's bottom line.)	✓
Review of StacksOn mining technology business	✓
Strengthen client relationship program	✓
Operational efficiencies from leadership changes, streamlined structure and GM accountability	✓

Commitment Checklist

STATUS

Introduce improved project management systems and procedures	
Gross margin improvements (review of underlying rates on MSA contracts with a focus on profitable work)	
Increase work winning skills and effectiveness	
Grow existing high performing businesses (including Asset Management, Infrastructure Services and Competency Training) over 24 months.	
Address the changing nature of the market the Company serves and focusing on sustainability.	



*“Our **integrity** guides all our decisions and the way we interact with each other, our clients, suppliers and community. **We pride ourselves on doing what we say we will do.**”*

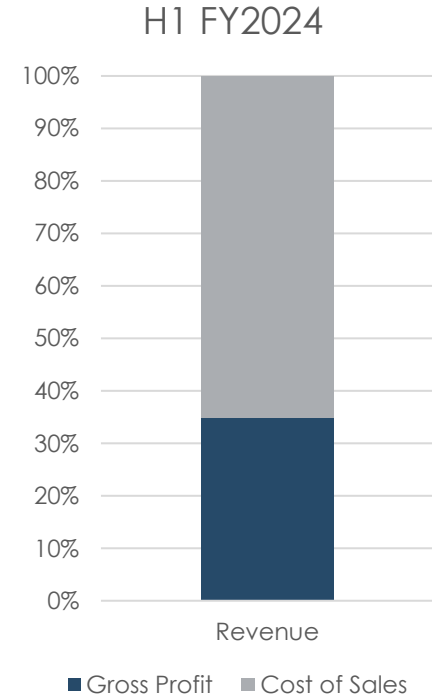
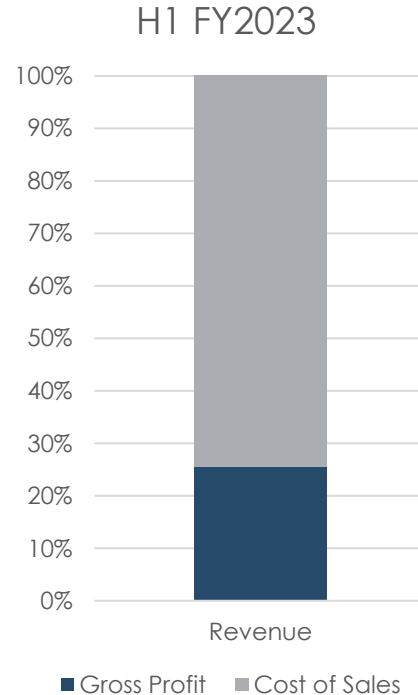
Financial Performance

	H1 FY2024	H1 FY2023	Change to PCP
Revenue	\$50.0 m	\$59.1 m	(\$9.1 m)
Gross Profit	\$17.4 m	\$15.1 m	\$2.4 m
Gross Margin	34.9 %	25.5 %	9.4 %
EBITDA	\$5.0 m	\$1.3 m	\$3.6 m
EBITDA Margin	10.0 %	2.3 %	7.7 %
Profit / (Loss) after tax for Continuing Operations	\$2.9 m	(\$1.4 m)	\$4.3 m
(Loss) after tax attributable to Discontinued Operations	(\$2.8 m)	(\$1.2 m)	(\$1.5 m)
Total comprehensive Profit / (Loss)	\$0.2 m	(\$2.6 m)	\$2.7 m

Revenue, Gross Profit, Gross Margin, EBITDA and EBITDA Margin for Continuing Operations.
 Unless explicitly stated otherwise, all financial metrics contained in this presentation are in the context of Continuing Operations.

Financial Performance - Commentary

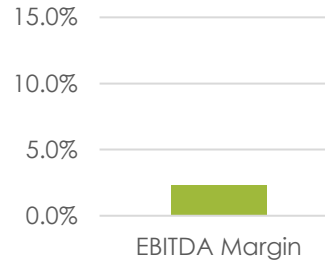
- **9.4% (\$2.4 million) increase in Gross Margins compared to previous corresponding period.**
- **\$11.4 million reduction in Cost of Sales associated with only a \$9.1 million reduction in Revenue compared to previous corresponding period.**
- **Verbrec is selecting lower risk, more economically attractive projects with its relationship clients.**



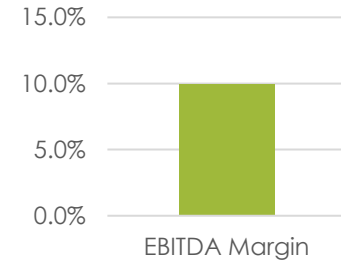
Financial Performance - Commentary

- 10.0% EBITDA margin (\$5.0 million) produced in H1 FY2024.
- EBITDA margin has increased by 7.7% (\$3.6 million) compared to pcp.
- **Impact of one-off's and legacy projects reduced during period.**
- **The final legacy poor performing project was closed in H1 FY2024.**
- EBITDA as a proportion of Gross Margin increased from 8.9% (H1 FY2023) to 28.6% (H1 FY2024).
- **Verbrec management took measures to reduce overhead burdens, increase sell rates and deliver projects more efficiently in H1 FY2024.**

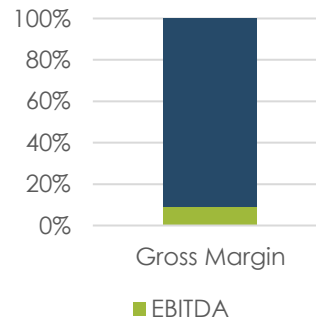
H1 FY2023



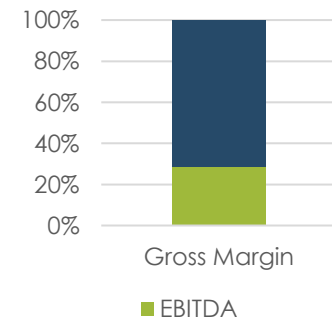
H1 FY2024



H1 FY2023

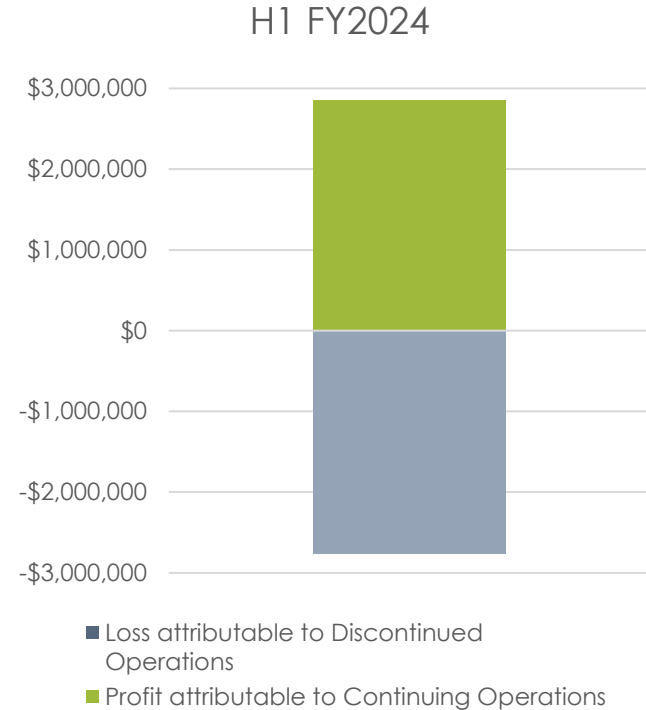


H1 FY2024



Financial Performance - Commentary

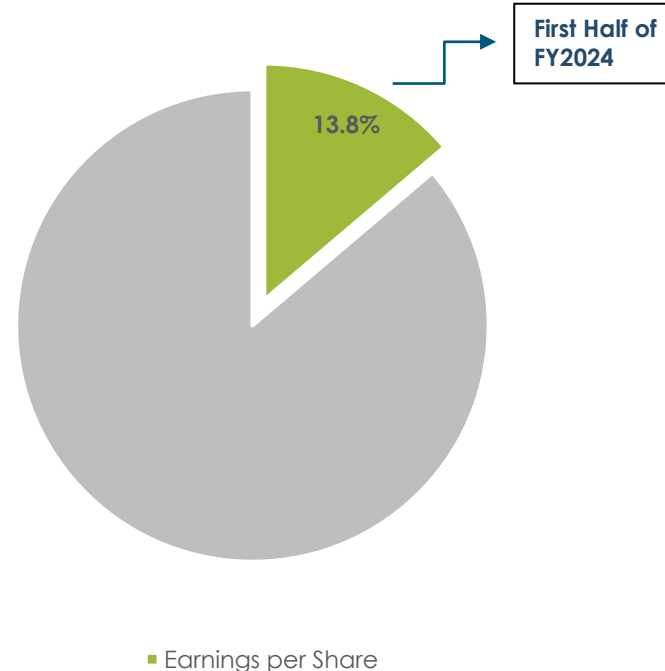
- Comprehensive Profit attributable to Continuing Operations of \$2.95 million.
- Comprehensive Loss attributable to Discontinued Operations of \$2.77 million.
- Statutory total Comprehensive Profit attributable to owners of the Company of \$0.18 million.
- **Verbrec's Profit attributable to Continuing Operations has offset the Loss attributable to Discontinued Operations in H1 FY2024.**
- **No material impacts of Discontinued Operations to affect H2 FY2024.**



Financial Performance - Commentary

- **Basic earnings per share attributable to Continuing Operations is 1.2 cents for H1 FY2024, an increase of 1.9 cents compared to the previous corresponding period.**
- **The EPS attributable to Continuing Operations in H1 FY2024 alone represents a 13.8% proportion of Verbrec (ASX : VBC) share price of 8.7 cents on 27 February 2024.**

EPS as a proportion of Share Price



Key Messages – H2 FY2024



Relationship Clients

Be the provider of choice for our Chosen Clients



Best People, Great Teams

Growing a culture around the best people and teams



Build Capability

Embrace the new technologies and skills critical to becoming an enabler of Client success in energy transition, decarbonisation

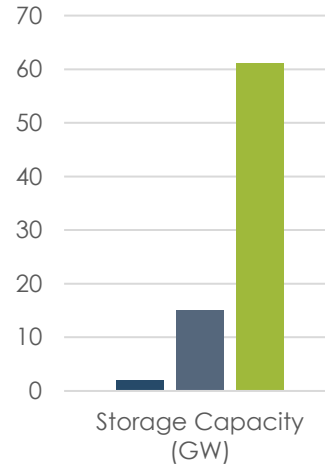


Delivery

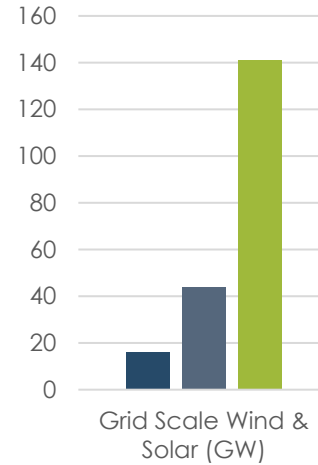
Deliver on our promises, on time, on budget

Electrification & Energy Storage

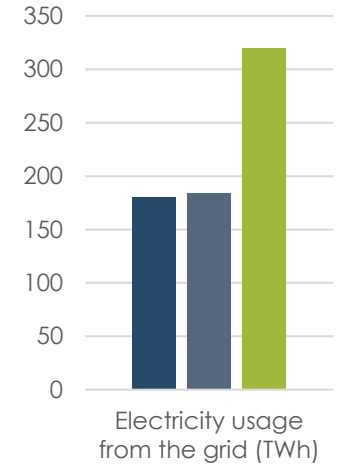
- Verbrec's Infrastructure & Defence project portfolio contains 11% projects related to Electrification & Energy Storage.
- AEMO Integrated System Plan (2022) predicts:
 - **Storage Capacity to increase by a factor of 30 by 2050.**
 - **Grid-scale wind and solar in increase 9-fold by 2050.**
 - **Electricity usage from the grid to nearly double by 2050.**




■ 2022 ■ 2030 ■ 2050



■ 2022 ■ 2030 ■ 2050



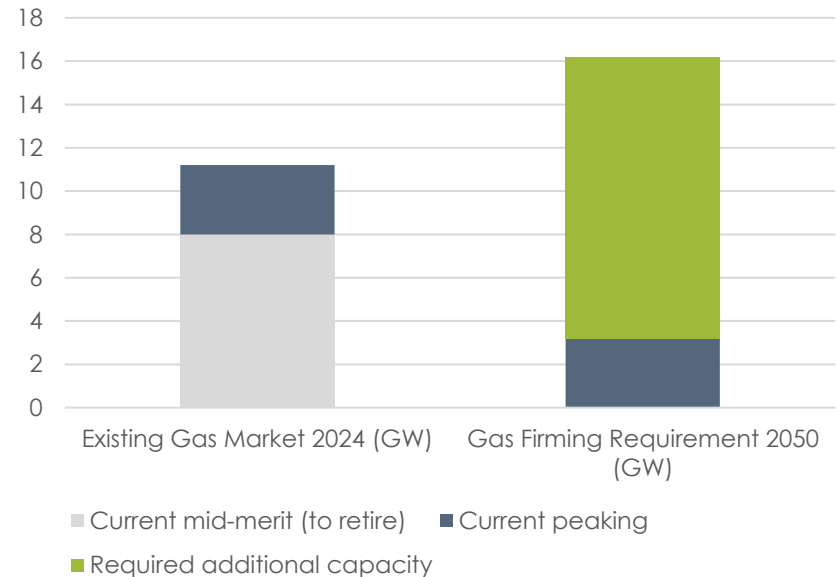
■ 2022 ■ 2030 ■ 2050



*Investments into the renewables and sustainable energy sector will continue to grow. Prime opportunities exist for Verbrec to undertake early stage feasibility and concept select studies. **As funding becomes available and the costs of variable energy production decreases, engineering, construction support, asset management and maintenance opportunities for Verbrec increase.***

Gas Market Transition

- Verbrec's Process & Hydrocarbon project portfolio contains 37% projects related to Gas Market Transition.
- AEMO Draft Integrated System Plan (2024) predicts:
 - **Peaking gas-fired generators will play a crucial role as significant coal fired generation retires, as an on-demand fuel source during extended periods of low variable renewable energy (at utility scale) output.**
 - **Gas-fired peaking plants to increase from 11.2GW to 16.2GW whilst current mid-merit plants retire.**

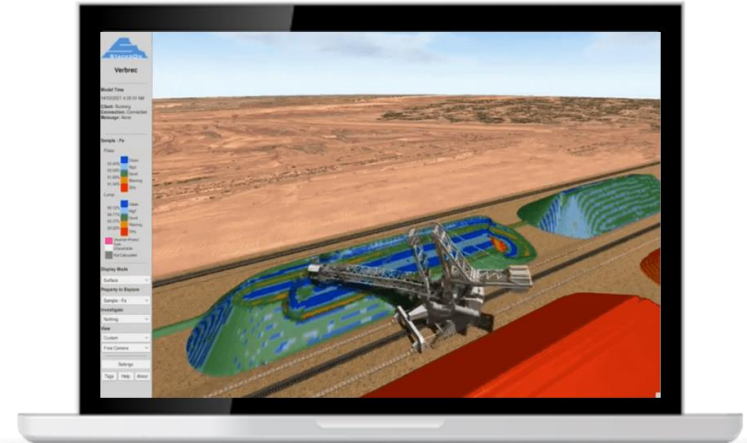


Gas Market Transition fully aligns with Verbrec's current core capabilities, significant key client base and is a prime area where Verbrec can maximise its offering by aligning with Client needs as they transition from gas as a base load fuel to a firming / peaking fuel.

Sustainable Mining & Green Commodities

- Verbrec's Minerals & Metals project portfolio contains 28% projects related to Sustainable Mining & Green Commodities.
- Verbrec's digital twin product, StacksOn enables our mining clients to deliver on-spec product, in challenging conditions, whilst increasing throughput and reducing downtime.
- Verbrec presented StacksOn to key industry representatives at the Smart Mining Austmine Conference in February 2024.
- Verbrec is playing a key role in Green Commodities with its participation in the Mid-West Infrastructure Project.

**Addressing a fundamental issue in
an innovative way**



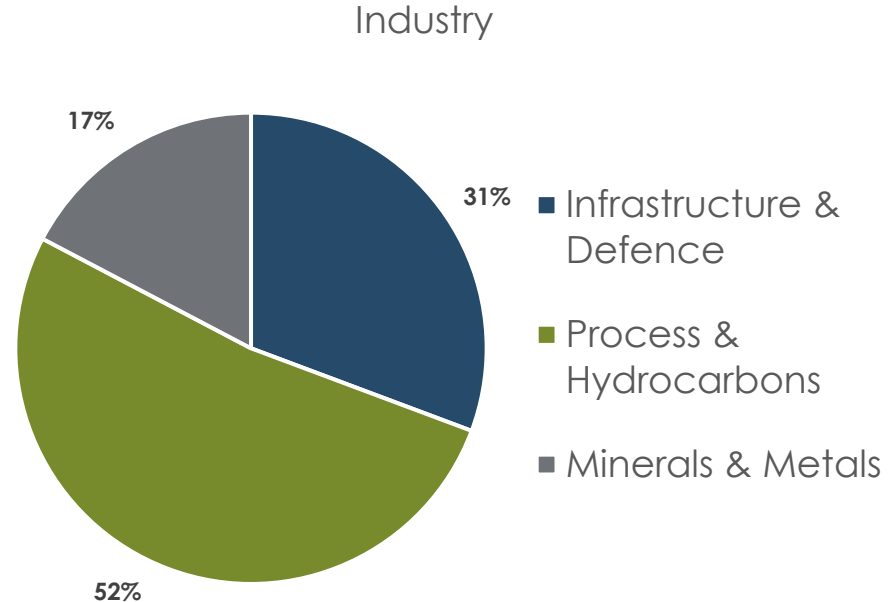
For more information, please visit:
stackson.com



StacksOn, the digital twin of choice for smarter and more efficient stockyards.
Creating sustainable value and enhancing decision making through stockyard visualisation.

Sustainable Focus Areas

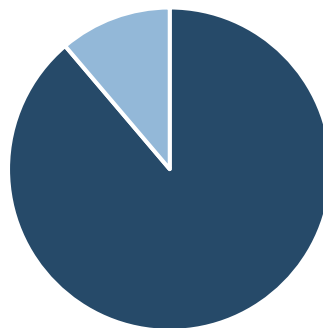
- Verbrec primarily serves the Energy, Mining and Infrastructure sectors.
- The Australian Market Energy Operator, in its draft 2024 integrated system plan estimates that the annualised capital cost of all generation, storage, firming and transmission infrastructure in the optimal development path [to 2050] has a present value of \$121 billion.
- Verbrec's FY2024 focus areas include:
 - **Electrification & Energy Storage**
 - **Gas Market Transition**
 - **Sustainable Mining & Green Commodities**



Sustainable Focus Areas

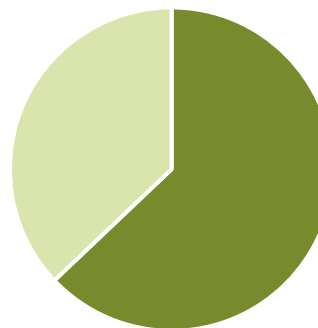
- Infrastructure & Defence project portfolio - 11% Electrification & Energy Storage projects.
- Process & Hydrocarbon project portfolio - 37% Gas Market Transition projects.
- Minerals & Mining project portfolio - 28% Sustainable Mining (including green commodity) projects.
- **Approximately 30% of Verbrec's project portfolio is now in our sustainable focus areas.**

Infrastructure & Defence



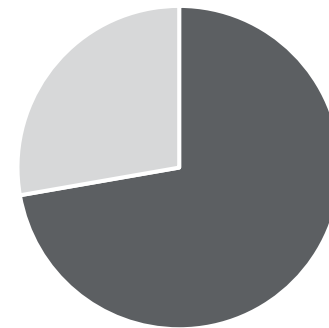
■ Electrification & Energy Storage

Hydrocarbons



■ Gas Market Transition

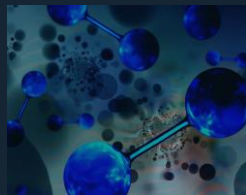
Minerals & Metals



■ Sustainable Mining

Project Highlights

**Hydrogen to Green
Ammonia RAM Study**



**Energy Evolution Hub
(EEH) – Pre-Feasibility
Study**



**Long Duration Battery
Energy Storage Concept
Studies**



**Broadlands Biogas
Upgrade Design**



**New Seawater Desalination
Plant Project In South
Australia**



**Safeguards Mechanism
and Australian Carbon
Credits – Advisory Paper**



Conclusion

- **Verbrec has addressed many of the issues that were previously impacting the organisation:**
 - No further material impacts of Discontinued Operations expected in H2 FY2024.
 - The poor performing legacy projects are finalised and closed.
- **Verbrec is well placed to prioritise improvement in day-to-day operations in the second half of FY2024 and the Company's focus remains:**
 - To strengthen client relationships.
 - To increase the proportion of the Company's revenue streams related to sustainable and renewable energy related projects.
 - Protect gross margins by tightly controlling operating expenses and selecting economically attractive project opportunities.
- **Verbrec high performing business units continue to perform strongly, with that trend anticipated to continue in the second half of FY2024.**