

29 November 2024

CEO Address to Shareholders at Verbrec's 2024 Annual General Meeting

Verbrec Limited (ASX : VBC) (**Verbrec** or the **Company**) issues the following address script delivered by Verbrec's Chief Executive Officer, Mark Read at the Company's 2024 Annual General Meeting.



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CEO Address to Shareholders

I would like to start by acknowledging the traditional owners of the land on which we are meeting today and pay my respects to Elders past and present.

As the Chairman has noted in his address:

- The Board and management of Verbrec has worked extremely hard over the past financial year to set a new foundation for profitability and growth.
- The outcome is self-evident with the highest profits since FY2015 and the highest profit margins since the merger of OSD and LogiCamms in 2019.
- We've repaired our balance sheet and have optimised our operations to produce revenues at dramatically reduced cost of sales.

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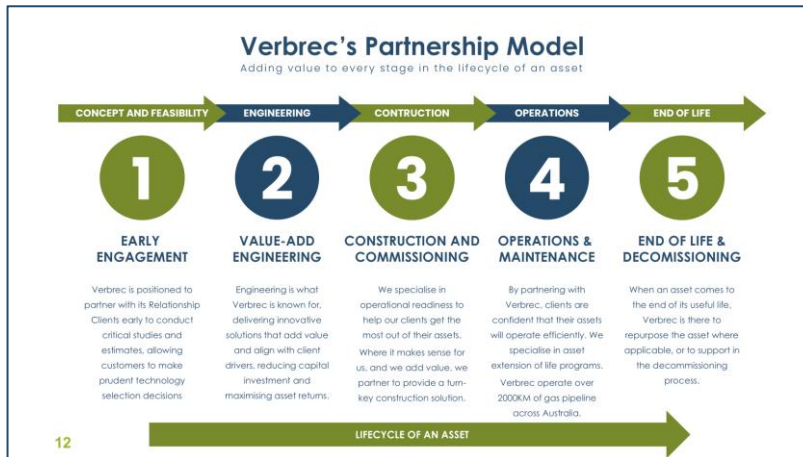
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- Our strategy is in place and active, and we are now able to grow our revenues and profits in FY2025. A substantial proportion of revenues is reliable and recurring, fuelled through long term contracts.
- Our growth targeted business units, including asset management, operations & maintenance and competency training are performing strongly, and we anticipate that trend to continue.

I'd like to spend some time today demonstrating why Verbrec is different from its peers, how we create value and provide further insight into our long-term contracts and sustainable focus areas.



Verbrec's Partnership Model

Verbrec's strength is in its ability to form strong client relationships that continue through the entire life cycle of an asset.

A one stop shop – a true partner.

We engage with our clients at the earliest stages of project development to select the optimum solution.

Moving on to engineering, we can support our clients with multi-disciplinary engineering services, adding value to reduce their capital investment costs and maximising their assets returns.

We provide our clients with Asset Management services to increase efficiency, reduce asset costs and improve productivity.

Where it makes sense, we partner for construction, providing turn-key construction services or acting as owners' engineers to support our clients throughout the construction phase.

Verbrec often operates our client's assets over the long term, providing uninterrupted and efficient operations in line with legislative and regulatory requirements. We also provide a range of training services for our client's electrical trades.

When an asset comes to the end of its useful life, Verbrec is there to work with our clients to repurpose the asset or support them in the decommissioning process.

HOW WE CREATE VALUE:

FULL LIFE CYCLE SERVICES
Providing services across the full life cycle of an asset, from concept to commissioning and beyond.


SUSTAINABLE FOCUS
Enabling energy transition through capability driven engineering and training services, aligned with client and government investment in this growing industry.


RELATIONSHIPS
Being the provider of choice for our Relationship Clients.

MULTI-YEAR CONTRACTS & PANEL AGREEMENTS
Substantial proportion of revenues generated from long-term professional services panel agreements and multi-year operations and maintenance agreements.

TRAINING
Competency Training is growing, aligned with the market trend to 'electrify everything'. Training courses in hazardous area, high voltage and renewables training is poised for geographic expansion and growth.

MINING TECHNOLOGY
Through the licensing of our software product StacksOn, the digital twin of choice for smarter and more efficient stockyards.





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How we Create Value

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

By adding value across the entire life of our client's assets, we forge strong long-lasting relationships with our clients.

A substantial proportion of our revenues is generated through multi-year operations and maintenance contracts and panel agreements.

Growth



ORGANIC GROWTH

Leveraging our capability and the talent of our people, by focusing on the needs and goals of our Relationship Clients, and their sustainability goals, Verbrec expects to increase its proportion of revenues generated from its Core Relationship Clients.



GEOGRAPHIC EXPANSION

Verbrec in FY2024 made progress in expanding its geographic reach with both its Infrastructure Services and Asset Management businesses solidifying their presence in Western Australia. This presence will allow Verbrec to sell more of its services into this important region. Competency Training fuelled by high demand for its services, expanded from 6 operating locations in FY2023 to 11 operating locations in FY2024.



ENERGY TRANSITION

Aligned with the current trend and needs of our Relationship Clients, Verbrec is positioned to take advantage of the evolving energy landscape. The Australian Energy Market Operator, in its 2024 Integrated System Plan predicts an annualised capital cost of all utility-scale generation, storage, forming and transmission infrastructure in the optimal development path has a present value of \$122 billion.



STACKSON

StacksOn functionality continues to be enhanced, providing substantial value to the mining operations which have adopted the system. The StacksOn team continue to pursue opportunities to further expand in the West Australian Iron Ore market and are actively pursuing opportunities to expand into other commodity sectors where control of stockpile grade is critical to client operations.



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Growth

In FY2025 we expect to grow our revenues and profits.

It is through a combination of organic growth, including geographic expansion, where we will maximise the revenues, we achieve from our panel agreement and operations and maintenance contracts.

The energy transition is the other major pillar of our growth strategy, I'll get to this point a little later in the presentation.

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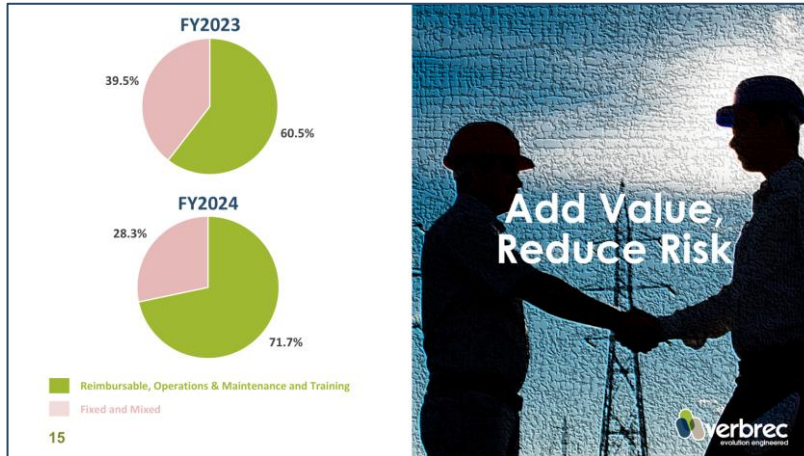
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Add Value, Reduce Risk

Whilst we have a strong focus on growing our revenues, we're not taking on additional risks in our expansion efforts.

I'm pleased to report that in FY2024, we've significantly increased the proportion of our revenues from Reimbursable, Operations & Maintenance and Training contracts. These contracts have a lower risk profile.

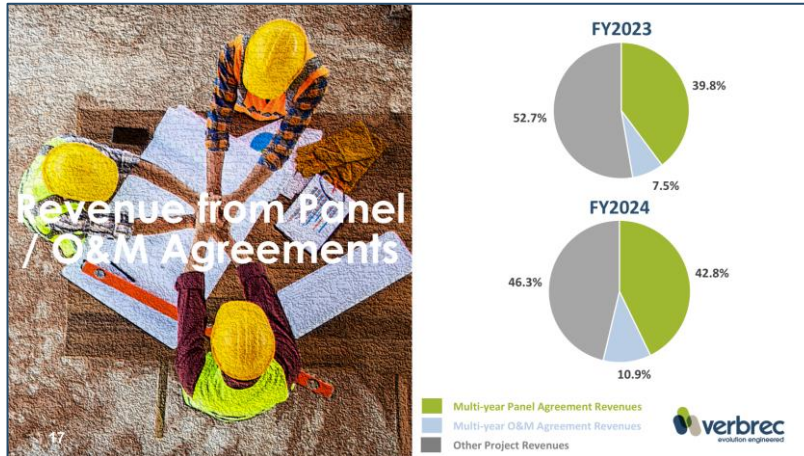
Fixed and mixed contracts, contrastingly, are higher risk for us, hence we're being more selective in the contracts we take on and their economic attractiveness.



Our Valued Relationship Clients

This slide shows many of our blue-chip relationship clients all of whom are responding to the evolving energy landscape.

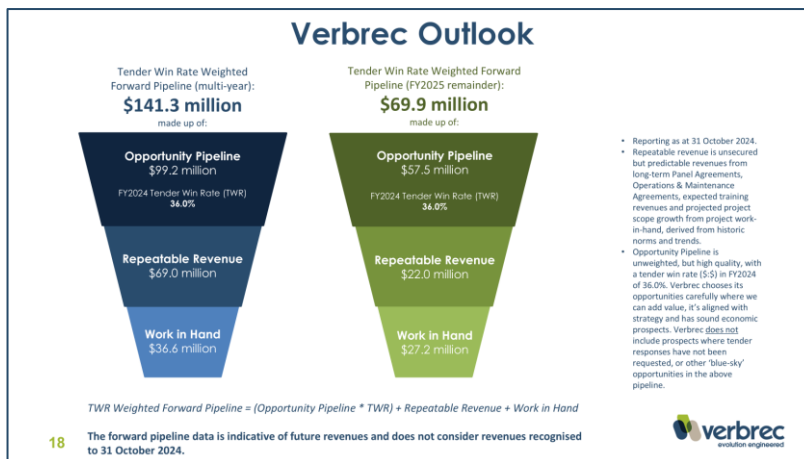
It is by deeply understanding our clients' sustainability journeys and responding to their needs, Verbrec will increase its share of the revenue generated with our relationship clients.



Revenue from Panel / O&M Agreements

From these graphs, you can see that we have increased the proportion of our revenues generated from multi-year panel agreements and multi-year operations and maintenance contracts from 47% in FY2023 to 54% in FY2024.

This is a good indicator that our 'Relationship Client' approach is working and gaining traction from the market.




Verbrec Outlook

This outlook slide demonstrates our full forward pipeline and the pipeline for the remainder of FY2025.

We've placed great emphasis on improving our win rate, which averaged 36% in FY2024. Our expectation is that we will equal or better this throughout this financial year.

Verbrec Repeatable Revenue	
Verbrec Operations & Maintenance	Verbrec Panel Agreements
Multi-year operations and maintenance contracts.	Verbrec have 43 multi-year panel agreements in place with Relationship Clients.
For each \$1.00 in contracted services under these multi-year agreements, Verbrec in FY2024 secured \$1.14 in additional ad-hoc revenues. We consider the contracted services as work-in-hand and the additional services as Repeatable Revenue.	Difficult to represent in a traditional opportunity pipeline given the relative short timeframe from opportunity recognition to work-in-hand.
Verbrec operates over 1,800 KM of Gas Pipelines across Australia.	Revenues generated from these panel agreements is well documented, based on historic norms, these project revenues are treated as Repeatable Revenue.
Successful acquisition and integration of Energy Infrastructure Management in December 2020. Verbrec Operations and Maintenance business' FY2024 revenue is over 94% higher than FY2021 revenue.	Panel Agreements provide a source of predictable revenues year on year, which are more reliably secured at economically favourable terms than other ad-hoc project work.

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Verbrec – Repeatable Revenues

Operations & Maintenance Agreements

Verbrec's Operations and Maintenance business derives the bulk of its revenues from Multi-Year Pipeline and Process Plan operations contracts. We operate over 1,800KM of gas pipelines across Australia.

It's a great business, which we added to in 2021 by acquiring Energy Infrastructure Management. The business' revenues in FY2024 are over 94% higher than in FY2021.

For each \$1.00 in contracted services under these multi-year agreements, Verbrec in FY2024 secured \$1.14 in additional ad-hoc revenues.

We consider these additional services as 'repeatable revenue' as we have a clear correlation between contracted services and additional services, and thus can reasonably estimate this additional revenue.

Verbrec Panel Agreements

Verbrec also has 43 multi-year panel agreements in place with relationship clients.

In FY2024, 43% of Verbrec's revenues were derived from these panel agreements.

The trend of revenues that come in from these agreements is well documented, thus, we take a view based on historic norms to predict these repeatable revenues.



Sustainable Focus Areas

We have four sustainable focus areas at Verbrec. These are the areas where we see ourselves best fitting into the evolving energy landscape and our client's sustainability journeys. It's the sweet spot where our in-house capability is well suited to adapt to our client's changing goals and assets.

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Sustainable Focus Areas



ELECTRIFICATION & ENERGY STORAGE

- Addressing the need for gas firming and renewables rich grid.
- Assisting our clients transition to an electrical economy.
- Projects currently being delivered in advanced battery technologies, biogas, hydrogen and hydropower.
- Australia will require over 350 Twh/year of electricity by 2030 in order to achieve the Net-zero goals set out by the Federal Government.
- The investment required in transitioning the energy system could be as high as \$425 billion by 2050.



GAS MARKET TRANSITION

- Verbrec is guiding and delivering solutions to our clients to design fit-for-purpose solutions for their existing assets.
- Addressing gas as a peaking fuel rather than a base load fuel, with current projects and prospects related to carbon capture utilisation and storage and biofuel / hydrogen augmentation or replacement.
- Peaking gas-fired generators will play a crucial role as significant coal fired generation relies as an on-demand fuel source during extended periods of low variable energy (at utility scale) output.



SUSTAINABLE MINING

- Verbrec assists and advises our clients to minimise their scope 3 emissions.
- Maximising the yield of their higher grade and 'green' metals such as magnetite and minimising waste.
- For example, by using the power of StacksOn (a Verbrec product) we enable clients to achieve greater grade control at iron ore mine sites and powers.
- The industry is navigating the challenges of climate change and the push towards net-zero targets, which necessitates a reduction in global coal production and a phase-out of unabated coal power by 2040.



WATER SECURITY

- Verbrec provides our expertise and years of experience servicing water authorities and operators across Australia.
- We design, construct, maintain and optimise water assets, desalination plants and treatment facilities and provide critical advisory services on the efficient use, transport, storage and treatment of water utilised in heavy industry and mining operations.

21 Source: Energy Storage Companies Australia - Market Share & Size (mordorintelligence.com)
Source: Australia Energy Storage Systems Market Size 2024-2032 (expertmarketresearch.com)



Sustainable Focus Areas

Electrification & Energy Storage

The first of our four focus areas is Electrification & Energy Storage. This is core business for Verbrec. We are already working in this space providing innovative solutions in the areas of system modelling, battery technologies, geo-thermal energy and hydro-energy solutions, and actively pursuing opportunities to more meaningfully contribute to the solar and wind energy sectors.

Gas Market Transition

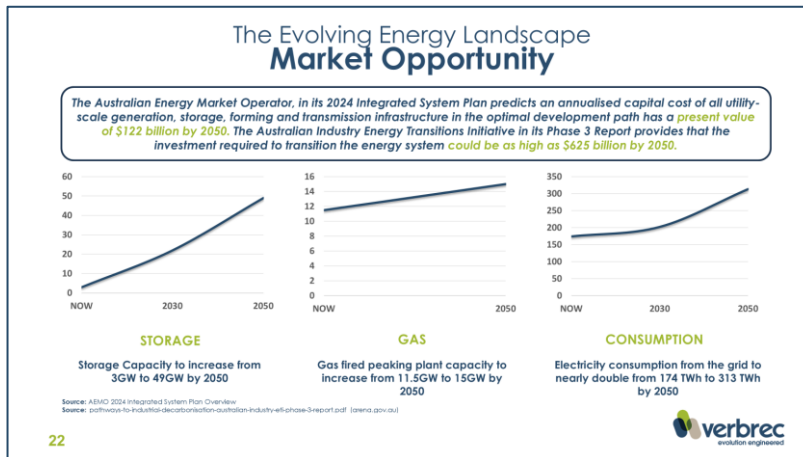
A particular area of focus for Verbrec is the Gas Market Transition. This fully aligns with Verbrec's current core capabilities and client base. It is a critical area where Verbrec can maximise its offering as we transition from gas as a base load fuel to a firming / peaking fuel. Verbrec is already well established in this area, undertaking services for clients on their peaking gas plants, along with biogas, hydrogen, carbon capture and storage and other emerging technologies.

Sustainable Mining

Along with providing engineering and asset management support to key mining clients throughout Australia, Verbrec's digital twin product, StacksOn, enables our mining clients to deliver on-spec product, in challenging conditions, whilst increasing throughput and reducing downtime, contributing to more profitable / sustainable stockyard management.

Water Security

Verbrec is also an important contributor to water security throughout Australia and New Zealand. We provide our expertise to water authorities and other partners in this critical industry by designing, constructing and maintaining water assets, including traditional water infrastructure, desalination plants and water treatment facilities.



The Evolving Energy Landscape, Market Opportunity

Allow me to provide a little more context.

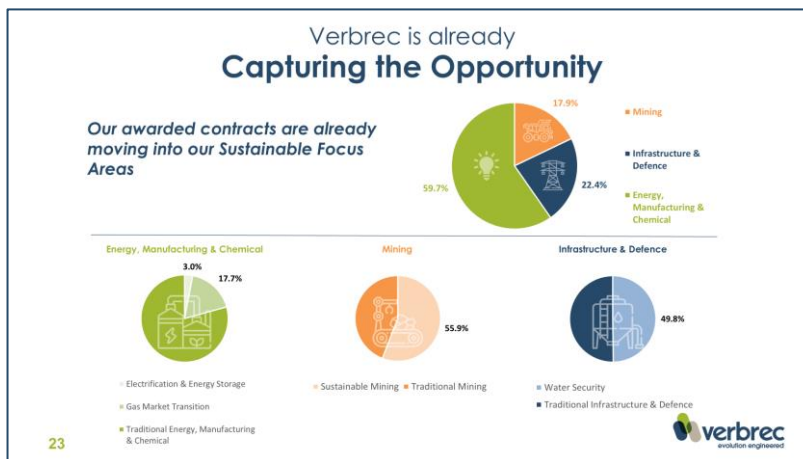
The graphs on this page, as detailed in AEMO's 2024 Integrated System Plan, demonstrate the magnitude of the additional capacity and investment required for the evolving energy landscape in Australia.

- Energy storage will need to increase more than 15-fold by 2050
- Gas peaking plant capacity will need to significantly increase whilst much of the traditional gas market assets will need to be decommissioned or retrofitted and repurposed
- Electricity consumption is predicted to nearly double by 2050.

AEMO predicts that the optimal development path will require a net present value of \$122 billion in annualised capital costs, whereas, the Australian Industry Energy Transitions Initiative has placed the investment closer to a staggering \$625 billion.

It's a similar story in New Zealand where we also have a strong presence.

The truth is, that nobody really knows exactly how the transition will play out, or what the overall investment will be. But Verbrec is working with our clients and their advisers, developing the right strategies to deal with it.



Verbrec is already Capturing the Opportunity

We are already well on our way. This chart shows that of our three main core markets, more than 33% of our project portfolio comes from our Sustainable Focus Areas.

We expect this to grow over time as the industry continues its transition to a more sustainable future.



Verbrec Project Highlights

Now I'd like to talk to you about some of the really exciting projects that we've been delivering.



Broadlands Biogas Upgrade

On 6 November 2024, First Renewables announced that the First Renewables Biogas to Pipeline Upgrade Facility at Ecogas' Organics processing facility in Reporoa, New Zealand is now in production. James Irvine (General Manager of Future Fuels at Clarus) hailed this as a historic milestone for New Zealand's gas pipeline infrastructure.

Verbrec provided the front-end and detailed design engineering services for this landmark project which transforms kerbside waste into a valuable source of renewable gas, ultimately contributing to a reduction in reliance on fossil fuels and providing cleaner energy for New Zealand homes and businesses.

It is through a collaborative, relationship client approach that has enabled Verbrec to provide innovative engineering services to Clarus for over 15 years. Verbrec is tremendously proud of the part it has played in enabling the renewable gas flow at the First Renewables Biogas facility.

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Verbrec's Operations & Maintenance business provides full life-cycle services for project delivery from inception through procurement, construction and commissioning, specialising in ongoing operations and maintenance of client assets and pipelines.

Verbrec awarded its first multi-year gas pipeline operations contract in Western Australia. The establishment of a permanent presence of this business in WA opens opportunities to expand operations in the state.

The Cape Preston Pipeline provides a reliable energy supply for the Cape Preston Mine operated by Citic Pacific Mining.

First major long-term operations and maintenance contract in WA

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First major long-term Operations & Maintenance contract in WA

Verbrec operates over 1,800 KM of gas pipelines across Australia. Near the end of the financial year, we secured our first multi-year pipeline operations and maintenance contract in Western Australia. Pipeline operations is a core service offering of our Infrastructure Services team and provides a predictable, multi-year baseline of revenues for the group.

Western Australia is served by relatively few competitors in this space, so breaking into this market is a real achievement for Verbrec and gives us the opportunity to introduce our competitive offering into this region and secure greater market-share.

Through this O&M contract, we will provide CITIC Pacific Mining with operational assurance and ensure pipeline integrity through continuous performance monitoring and Right of Way surveillance.



Verbrec specialises in innovative engineering and project delivery solutions to clients – through our technical specialities, including Automation & Control, Power, Process Plant and Pipelines.

Verbrec's engineering team have been recently awarded the Front-End Engineering for a gas pipeline, enhancing energy security for New South Wales.

Australia's largest onshore gas pipeline FEED project

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Australia's Largest Onshore Gas Pipeline FEED Project

Verbrec specialises in innovative engineering and project delivery solutions to clients – through our technical specialities, including Automation & Control, Power, Process Plant and Pipelines.

Verbrec's engineering team has been recently awarded the Front-End Engineering for one of Australia's largest pipeline development projects.

The pipeline is poised to be a crucial asset in enhancing energy security for New South Wales. By improving the reliability of the gas supply, this pipeline will contribute to stabilising and reducing the gas and electricity prices for households, manufacturers and businesses across the region.

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Competency Training provides a range of hazardous area, high voltage, electrical and renewable energy courses and qualifications to help clients, and their employees advance in the mining, resources, oil, gas, construction and engineering industries.


Competency Training enters an exciting chapter, gaining interest from a diverse array of international companies seeking our expert training solutions, including hazardous areas and IECEX assessments.

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Competency Training's Growing International Presence


Our Competency Training group specialises in delivering courses and providing qualifications for clients in areas such as hazardous operations, high voltage, electrical and renewable energy. It is interesting to note that we are seeing growing demand from international customers looking for better training and competency assessment to meet the stringent electrical standards required by the Australian market.

It's Competency Training's impressive reputation in the market which has secured greater market share, and it's growing rapidly. And it's not just internationally. Competency Training has increased its domestic operating footprint from 6 to 11 locations in FY2024 as the demand for qualified electrical trades continues to grow.



StacksOn is the digital twin of choice for smarter and more efficient stockyards. StacksOn is a digital twin for stockyards enabling on-spec product in challenging conditions, whilst increasing throughput and reducing downtime.

BHP Iron Ore are using StacksOn across their entire iron ore operations in Western Australia. By integrating StacksOn into their operations, BHP has increased train loading efficiency and yard capacity producing annual savings and operational gains.



Efficiency for BHP with StacksOn

StacksOn is a digital twin software package for mine stockyards enabling on-spec product in challenging conditions, whilst increasing throughput and reducing downtime. Revenues are generated through a blend of software license fees, ongoing support and consulting services.

Growth in the StacksOn business requires expansion into more of the iron ore market, both in Western Australia and globally as well as maximising it's utility and introducing new features to keep the product sticky and increase annual license fees from each stockyard.

Expanding into other commodity markets and stockyards is another area of focus to achieve revenue growth for StacksOn.

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Ph: +61 3 9415 4000

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

Company Enquiries

Mark Read

Chief Executive Officer

Mark.Read@verbrec.com

Investor Relations

Joel Voss

Company Secretary

Investors@verbrec.com

Media Enquiries

Joel Voss

Company Secretary

Investors@verbrec.com

About Verbrec Limited

Verbrec Limited (ASX : VBC) (Verbrec or the Company) a leading engineering, asset management, project delivery, operations & maintenance, training and mining technology service provider that supports customers across Australia, New Zealand, Papua New Guinea and beyond. The Company serves the energy, infrastructure, and mining industries through their technical specialties; asset management, automation and control, pipelines, power, process plant and training, 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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