

ANNUAL REPORT 2024

Enabling a
sustainable
future.





Leveraging deep
expertise and
technology across
the whole asset
lifecycle.



FY2024

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DISCLAIMER

This Annual Report may contain forward looking statements, guidance and statements of a general nature regarding the industries, markets and geographies which Verbrec serves. Albeit statements of this nature reflect the Company's opinion and expectations as at the date of this Annual Report, they cannot be relied upon as guarantees or accurate predictions of future performance or outcomes. Except as required by law and the ASX Listing Rules, Verbrec does not intend to publicly update or review any forward-looking statements or statements of a general nature should the underlying assumptions change or future events transpire differently to expectations.



Group Highlights

2024 IN REVIEW:



STRONGEST MARGINS
FOR THE PAST

5 YEARS

Bank covenants passed
and compliant.

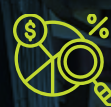


GROSS
MARGIN UP

↑ 35.8%

FROM 24.5%

Strategically focusing on
what Verbrec does well.



EBITDA
UP TO

↑ \$8.8M

FROM \$(2.9)M

Strong GM% and cost cut drives
to lower overheads.



NET OPERATING
CASH INFLOW

\$2.0M

LAST YEAR \$(3.9)M NET
OPERATING CASH OUTFLOW

FY25 anticipated to see stronger
cash inflows



NET PROFIT
AFTER TAX

\$1.9M

(from continuing operations
\$4.8M)



VERBEC
RETAINS

\$5.7M

OF FRANKING CREDITS

The restoration of a dividend
remains a fundamental
objective of the Group.

\$M	2020	2021	2022	2023*	2024*
Revenue	117.0	97.4	121.4	109.9	93.4
Gross Profit	36.3	26.8	35.4	26.9	33.4
Gross Profit Margin	31.0%	27.5%	29.2%	24.5%	35.8%
EBITDAI / EBITDA	7.3	0.3	3.0	(2.90)	8.8
EBITDAI / EBITDA Margin	6.2%	0.3%	2.5%	(2.6%)	9.4%
NPBT (continuing ops)	3.0	(4.1)	(3.4)	(6.8)	4.4
Income tax benefit / (expense)	(1.2)	(0.3)	0.3	0.4	0.4
Loss from Discontinued Operations	0.0	0.0	0.0	(3.1)	(2.8)
NPAT (after discontinued Ops)	1.8	(4.5)	(3.1)	(9.5)	1.9
Net Cash flow from operations	10.6	(1.6)	3.1	(3.9)	2.0



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	4.58



684
SAFETY LEADERSHIP
CONVERSATIONS



2ND
TRIPLE ISO
RECERTIFICATION



8
YEARS SINCE LAST
LOST TIME INJURY



46
HAZARD REPORTS
SUBMITTED

OPERATIONAL HIGHLIGHTS:

Operational Excellence

- Improved project delivery performance, with the entire portfolio of 2100+ active projects for FY2024 achieving a Cost Performance Index (CPI) of 1.16 at aggregate.
- 2100+ projects contributing to FY2024 delivered above bid margin at aggregate.
- Operational deep dive completed, with key recommendations implemented.
- Win rates (\$:\$) lifted on tenders from 31.0% in FY2023 to 36.0% in FY2024 by being more selective in our pursuits and working with our Key Clients.
- De-risked commercial exposure with proportion of revenue from reimbursable, O&M and training projects up from 60.5% in FY2023 to 71.7% in FY2024. Higher risk fixed and mixed project reduced from 39.5% in FY2023 to 28.3% in FY2024.

Transformation

- Divestment of the non-profitable, non-core SST training business to deliver substantial operational savings.
- Refocused on the core, strategically aligned, Competency Training business seen as a growth business to support the energy transition, "electrify everything".
- Appointment of a new General Manager in Western Australia with the reputation and track record required to ensure stability and growth for this strategically important region.
- Appointed a General Manager – Energy Transition to provide further focus on evaluating emerging technologies, leading initiatives, establishing partnerships and conducting studies to position Verbrec competitively in the evolving energy market transition.

Cost Control

- Reduced the cost of conversion for proposals from 3.5% in FY2023 to 3.0% in FY2024.
- Implemented tighter cost control through the introduction of several automated cost control alerts for proposal spend and billable transaction write offs.
- Introduced a user pays model for shared overheads such as software to help drive down costs at BU level.
- Improved resource utilisation through increased workshare across Business Units reducing non-billable time. Workshare hours up from 5.0% FY2024 Q1 to 7.0% FY2024 Q4.

People

- Launched internal Learning and Development software, a platform for future investment in our staff for better onboarding and ongoing development. More than 1,400 e-learning modules completed to date.
- Implemented stage 1 of a new skills management platform to compliment the L&D platform and further reduce barriers to workshare.
- Revitalized the Employee Value Proposition with a refresh of the various policies for leave, flexible working and other benefits.
- Drove down annual attrition for FY2024 with a 9.0% reduction from FY2023.



Delivering Our Ambition

LONG TERM **CONTRACTS WITH RELATIONSHIP CLIENTS:**



20

KEY ACCOUNTS



43

MULTI-YEAR PANEL
AGREEMENTS



14

MULTI-YEAR
OPERATIONS
CONTRACTS

REVENUE FROM KEY RELATIONSHIP CLIENTS:

FY2024 Revenue
(\$ millions)



SEGMENT **REVENUE:**

FY2024 Segment Revenue
(\$ millions)



INDUSTRY **SEGMENTS:**

FY2024 Revenue
(\$ millions)



ON OUR WAY TO BECOMING THE **RECOGNISED PARTNER FOR A SUSTAINABLE FUTURE:**

FY2024 Sustainable Focus Areas
(proportion of revenue)



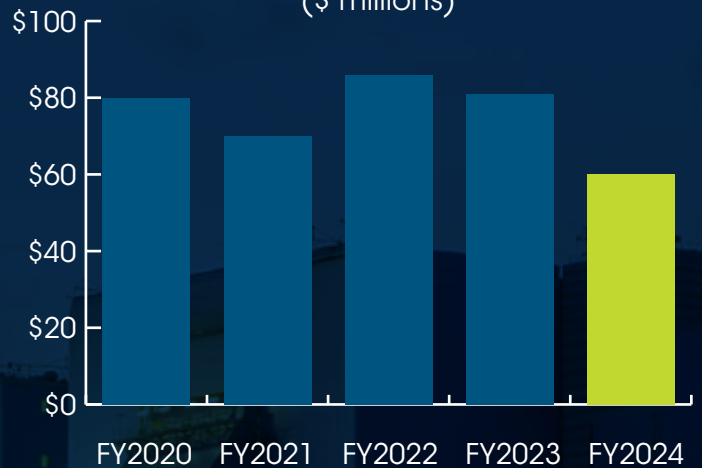


COST OF SALES:

Lowest cost of sales since merger of OSD and LogiCamms in 2019, the result of a combination of:

- Overhead reduction measures undertaken in early FY2024.
- Reduction in employee turnover rates and costs of recruitment.
- Targeted tendering process resulting in less frictional cost of sales and an increased tender win-rate.
- Operational efficiencies, including project delivery efficiencies with over 2,100 projects delivered above their initial estimated bid margin.

FY2024 Revenue
(\$ millions)



^ FY2023 & FY2024 has been adjusted for discontinued operations, no adjustment has been made for earlier years.

DELIVERING ON OUR PROMISES:

COMMITMENT CHECKLIST	STATUS
Sale of non-profitable training business resulting in substantial cost savings and EBITDA increase	✓
Review of projects including construction activities resulting in substantial cost savings and EBITDA increase.	✓
Operational review and reduction in overheads resulting in annualised EBITDA saving of \$2.3 million	✓
Finalise legacy projects	✓
Review of StacksOn mining technology business	✓
Strengthen client relationship program	✓
Operational efficiencies from leadership changes, streamlined structure and GM accountability	✓
Gross margin improvements	✓
Introduce improved project management systems and procedures	⌚
Increase work winning skills and effectiveness	⌚
Grow existing high performing businesses	⌚
Address the changing nature of the market the Company serves and focusing on sustainability	⌚



Verbrec At A Glance

Verbrec is uniquely positioned to support and understand our clients' priorities in their energy transition goals. The Verbrec brand represents our evolution and continued growth by leveraging emerging skills, technologies and the adaptability to remain at the forefront of an ever-changing industry for the benefit of our clients.

400+

TEAM MEMBERS



3

CORE
MARKETS



ENERGY



MINING



INFRASTRUCTURE

30+

AREAS OF
EXPERTISE



3

TRANSITION
MARKETS



ELECTRIFICATION/
ENERGY STORAGE



GAS MARKET
TRANSITION



SUSTAINABLE
MINING

14

LOCATIONS



1

PURPOSE

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



Our Business

Verbrec: a leading service provider of engineering, asset management, infrastructure, and training services, operating across the entire asset life cycle.

Driven by a common purpose, we build strong relationships based on trust to enable a sustainable future for our clients and their customers.

Leveraging deep expertise and technology across the whole asset lifecycle, we operate across multiple regions, including Australia, New Zealand, PNG, and the Pacific Islands, executing projects for organisations of all sizes.

With capabilities that range from concept design to end-of-life management, Verbrec is uniquely positioned to support and understand our client's priorities in their energy transition and sustainability goals.

At the heart of our business lies an endless drive to offer our clients a better way of working. Founded on a culture of high performance and safety, we continue to foster effective partnerships and alliances through a deep respect for our people.

Verbrec represents the industry's evolution and continued growth by leveraging emerging skills and technologies for a more sustainable future.

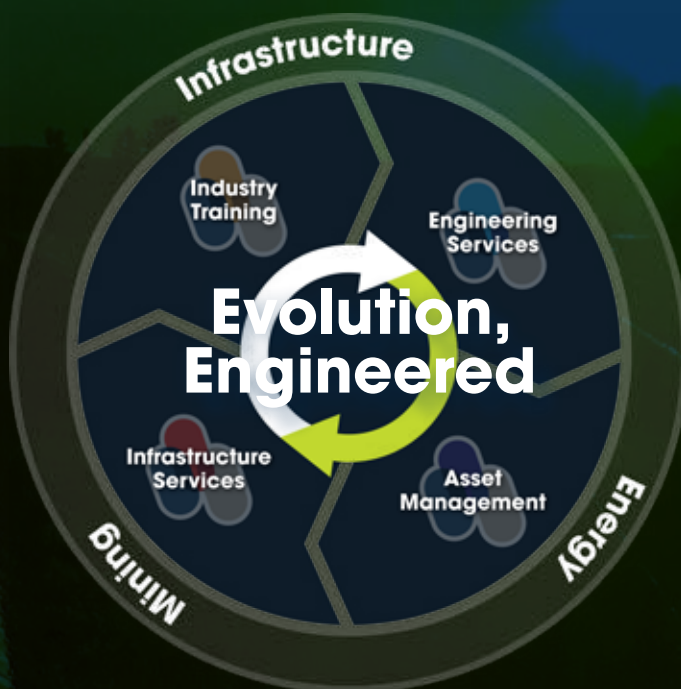
TURN KEY SERVICES FOR THE FULL ASSET LIFECYCLE

Engineering Services
Concept to Detailed Design

Asset Management
Increase Efficiencies, Reduce Costs & Improve Productivity

Infrastructure Services
From Project Inception through Procurement and/or Construction, Commissioning, and On-Site Operations and Maintenance

Training
Hazardous Area, High Voltage and Renewables Training





Our Core Services

As the industry transitions to digital and moves closer to its net-zero targets, we offer a comprehensive service suite designed to address both immediate needs and future demands. Our solutions are engineered to prepare clients for evolving challenges while supporting their long-term goals.

SERVICES:



Innovative engineering and project delivery solutions to clients – through our technical specialties, including Automation & control, Power, Process plant and Pipelines



Asset management solutions that increase efficiencies, reduce cost and improve productivity, unlocking higher value from client's assets



Full lifecycle services for project delivery from inception through procurement and/or construction, commissioning, operations and maintenance.



Under the trade name Competency Training, we offer a wide range of courses in hazardous areas, high voltage, safety, access, and qualifications, along with comprehensive competency assurance solutions for the industry.



PRODUCTS:



StacksOn™ - a digital twin for stockyards.

Our product provides clients with comprehensive visibility over stockpile grades through advanced visualizations and reclaim prediction tools, ensuring that every delivery meets specifications. This innovative solution integrates seamlessly with mining operations of any size, delivering safe, sustainable, and cost-effective results while minimizing risk and maximizing throughput.



Our Markets

As an engineering and technology leader, Verbrec is instrumental in the transition towards net zero. We support our clients in their own journeys across the sectors of Energy, Mining and Infrastructure, as a trusted partner and advisor in their transition to a sustainable future.

ENERGY

The oil and gas industry is undergoing a major transformation towards sustainability.

Verbrec's deep experience in hydrocarbon-derived energy combined with our leading-edge experience in renewables and decarbonisation means that Verbrec is uniquely positioned to service the transition to net zero. We are renowned for delivering projects related to pipeline transportation of oil and gas, tanks and terminals, field processing, refineries, compressor and pump stations, LNG receiving terminals, power station inlet facilities, electrical and control, and hazardous areas.

We embrace the transition to environmentally sustainable hydrogen and support our clients as they develop these projects. Employing only the highest standards of design safety principles, our multidisciplinary team supports clients by delivering environmentally sustainable and innovative brownfield or greenfield projects, with the capabilities to go beyond design work to provide full asset management, maintenance and reliability, and field operation services.

Verbrec's sustainability focus areas within Energy include **Low Carbon Energy** such as Hydrogen and Hydroelectric and **Transition and Decarbonisation** including Biogas, e-methane and Carbon Capture and Storage (CCS).

MINING AND RESOURCES

The challenges encountered by the mining sector in its pursuit of sustainable practices are multi-faceted. The mining industry's transformation towards environmental responsibility presents challenges that demand innovative solutions.

Verbrec has an exemplary track record of productivity improvement and innovation in the mining industry. From the pit to the port, we intimately understand the key commercial drivers in the value chain. This means our talented team and innovative solutions such as **StacksOn™** integrate seamlessly with mining companies, regardless of size, to deliver safe, sustainable, cost-effective solutions that minimise risk and maximise throughput. We are recognised for our services into the mining sector, including hydro transport, electrical and controls, digital industries, automation and information technologies, off-plot facilities, asset management, maintenance and reliability, operations, and much more.

We understand the fundamental commercial drivers for mining clients and the challenges they face in both providing the necessary raw materials to facilitate the energy transition whilst simultaneously reducing the carbon footprint of their operations. This means we can work collaboratively, with both major mining houses and emerging companies, to deliver intelligent, safe, cost-effective solutions that minimise risk and maximise environmental sustainability. Verbrec's focus is to support our clients to deliver Sustainable Commodities in the mining industry.

INFRASTRUCTURE

Verbrec leverages its expertise to deliver full lifecycle support for water and energy infrastructure. From energy transport, storage and electrification to water security, we provide sustainable solutions from design through to operations.

Verbrec enjoys a depth of experience in infrastructure development and maintenance that can only be gained as a licensed operator. From design to project execution, commissioning and best practice asset management strategies, we know how to unlock the true potential of an asset.

We are experienced in every aspect of the full lifecycle of water infrastructure, including both greenfield and brownfield projects, from concept through to long-term maintenance and operations to provide Water Security. This extends from pump station upgrades for water authorities, to supporting major desalination projects, to gathering systems, to high-pressure class 1500 water lift systems, to the replacement of large inefficient channel drains with thousands of kilometres of pipelines, with all of the associated pumping facilities and controls and automation.

We support the infrastructure industry in the Industry 4.0 transformation, including road traffic control system upgrades to the latest technology and are a trusted partner for Defence in upgrading their electrical infrastructure. Our heritage in electrical and instrumentation is deployed into Electrification and Energy Storage projects to address the inherent intermittency of renewable energy. From power system modelling to grid connections to long duration battery energy storage projects, Verbrec is actively delivering across the full asset lifecycle.



Our Purpose and Ambition

As the energy landscape evolves in response to complex geopolitical challenges and urgent climate demands, the industries we serve are navigating a once-in-a-generation transformation.

Our clients are adapting their operations to meet net-zero targets and advance sustainability commitments. Verbrec plays a crucial role in enabling this transition, providing innovative solutions that align with our purpose of enabling a more sustainable future.

By focusing on our clients' sustainability commitments, we ensure that their assets and people are optimised for the challenges ahead, reinforcing our commitment to driving positive change.

PURPOSE:

Through strong relationships built on trust, we enable a sustainable future for our Clients and their Customers.

AMBITION:

Our value proposition is hard to beat. We will be recognised as *partner of choice in enabling sustainable solutions*.

VALUES:

Our values underpin both our purpose and ambition.



Our Values

These values are the core of our culture. We use them to structure our objectives, measure our performance, and hold ourselves accountable to our clients.

*"Everything we do is guided by **the Verbrec Way**".*



SAFETY

Zero harm, always.

Safety is a priority in everything we do to ensure zero harm to our team members, our clients and partners. Our safety culture is leadership-driven and backed up by comprehensive, robust, practical and ISO-certified systems and procedures.



TEAM MEMBERS

We value our greatest asset.

It is our people who deliver for our clients and who go the extra mile to meet their needs. We care for the needs of each other, as well as those of our clients and the communities in which we work.



INTEGRITY

We are transparent. We do what is right.

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.



CLIENT DELIVERY

Quality. On time. On budget.

Providing outstanding service delivery is our mission. We hold ourselves accountable for delivering what we promised, when we promised it, and at the price we promised.



INNOVATION

Adding value by being a step ahead.

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.



Chairman's Letter

Clear Path for Growth and Sustainable Momentum Continuing

*"Following a comprehensive strategic review at the start of FY2024, which included restructuring and rationalising operations, Verbrec has charted a clear path to growth and sustainable profitability. Through disciplined execution of this strategy and a steadfast focus on sustainability, Verbrec is poised to achieve its vision of becoming the recognised partner for a sustainable future. **We remain committed to strengthening our client relationships and exploring opportunities that align with our sustainability goals.**"*





To our long-standing shareholders, I extend my deep gratitude. You have held strong and have seen us through a turbulent few years.

Actions taken by your new CEO, Mark Read, to build a capable and dedicated management team has produced the strongest EBITDA and NPAT result since FY2015.

To our new shareholders, I extend a warm welcome and thank you for your vote of confidence in our business.

In FY2024, our revenues have reduced to \$93.4 million (FY2023: \$109.9 million) on a continuing operations basis. Importantly, we do not consider this a point of concern. Rather, it was part of a deliberate decision to focus in FY2024 on delivering economically attractive projects, with relationship clients, at an acceptable level of risk.

It's in this context and with great pleasure, I present Verbrec's Annual Report for the financial year ended 30 June 2024.

A YEAR IN REVIEW

Strategy Review and Execution

With full backing of the Board, Mark and his senior executives embarked on the implementation of a comprehensive strategic review of the business from the very start of FY2024. The plan that was developed not only had elements of restructuring and rationalising various parts of the business, but also a clear view of the road back to growth and sustainable profitability.

What has buoyed all our employees are the well communicated and impactful changes made decisively by a united senior executive team they are proud to acknowledge.

The details of the refreshed strategy are more thoroughly detailed in the CEO's letter to shareholders.

Training Business Rationalisation

A key change in FY2024 was the divestment of the unprofitable parts of our training business, which has resulted in substantial operational savings.

That change has allowed the remaining profitable part of our training business, Competency Training, to focus on its core strengths. Under new can-do management, Competency Training has enjoyed a remarkable turnaround in performance – firstly in our existing areas of operation – and secondly with solid growth in new geographies.

The burgeoning demand for electrical and high-voltage hazardous area safety training from the renewables industry, along with electrical distribution network owners, presents excellent growth opportunities. Licencing our intellectual property with partner locations internationally is also showing considerable promise.

Finalisation of Troublesome Projects

The troublesome projects that were a burden on the business for far too long were all finalised before Christmas 2023. Not only has that lifted a financial burden from the business but it has also lifted a psychological burden and enabled our people to return to working on new and exciting projects. Our revised strategy seeks to avoid the types of projects that lead to these costly outcomes.



Capital Raising

We received strong support for our late 2023 capital raising, with a strong turnout from both long-standing and new investors, resulting in an oversubscribed placement and full pre-commitment to uptake any shortfall of the entitlement offer.

In all, we raised over \$4 million before fees to invest in growth activities, working capital and reduce our net debt position.

The impacts of this successful capital raise cannot be understated. It allowed our management team to fully focus on the things that matter and drive a very welcome improvement in our financial position at year-end. It also demonstrated to all our employees that Verbrec does have a solid foundation upon which to build a professional career. Pleasingly over 10% of the overall proceeds were raised from your Directors, CEO and executive management team.

Safety

The health and safety of our people, stakeholders and the communities we serve is paramount for Verbrec, it's Board and the executive management team. With a focus on best-practices we are putting additional focus on the rigour in which we collect and analyse safety leading indicators.

Our culture is one of continuous improvement, and the Board and management are always vigilant and committed to improving our already enviable safety record. It is with great pride I can report to you that we have now achieved our eighth consecutive year of Zero Lost Time Injuries.

Environmental, Social and Governance (ESG)

Matthew Morgan, our non-executive director and chair of the Verbrec Audit and Risk Committee has agreed to chair our newly formed Sustainability Committee.

With Matthew's valued guidance, we are designing an ESG framework to appropriately manage and report on ESG related risks and opportunities, which are of increasing importance to our stakeholders.

Verbrec recognises the urgency of reducing emissions and working with our clients to help them meet their net-zero goals. We believe we have a responsibility, through our delivery, to proactively support our clients in reaching their sustainability goals and create lasting positive impacts on our communities.

Verbrec has also published our Sustainability Policy and Climate and Sustainability Position Statement, which you can read on the Investor Centre section of our website.

Our People

It is important for our Board, and shareholders, to have confidence in the people managing Verbrec. From a Board perspective, I can say that we hold the current management team in the highest regard and thank them for their targeted efforts which produced the significant turnaround in Verbrec's FY2024 results.

The Board also recognises the valuable contributions of the approximately 400 people who make up Verbrec, who, through understanding the needs of our relationship clients and ensuring we deliver on our promises, are helping to restore our reputation in the market. We now have the foundations in place upon which to build an exciting future.

Attracting and retaining skilled, dedicated professionals is at the heart of a service business such as Verbrec. With that in mind, and to foster a strong performance culture, we have recently revised our remuneration system so that the value created by over-budget performance is shared by high performing employees and shareholders alike.



Board of Directors

In November 2024, non-executive director, Sarah Zelko retired from her position on the Board, driven by the need to focus on her growing board commitments at Energy Queensland and elsewhere. Sarah played a key role in improving Verbrec's approach to assessing and quantifying project and proposal risks and helped in the navigation of various legal and regulatory matters throughout her term. We wish Sarah all the best for the future.

We appreciate the need to bolster the Board and have been screening suitable candidates to join as non-executive Directors. We expect to make announcements in this regard in the second half of FY2025.

Outlook

Through diligent focus and disciplined execution of our strategy, building on the actions we've taken in FY2024, I have no doubt that Verbrec's vision "to be the recognised partner for a sustainable future" will be achieved.

In FY2024, over 33% of our revenues were generated from projects related to our sustainable focus areas. This is an important metric we are using internally to gauge how successful we are in achieving our vision.

As we strengthen our relationships with our core key clients, we aim to increase the proportion of revenue linked to our sustainable focus areas. If acquisition opportunities arise that will help further that aim we will carefully evaluate them.

Shareholder Acknowledgement

Finally, I would like to acknowledge our shareholders for their ongoing support.

We thank you for your patience whilst we took the necessary actions to turnaround the performance of your company over recent years.

A fundamental objective of the Board remains to restore a dividend for our shareholders, when it is prudent to do so. This is top of mind for FY2025.





Board of Directors

PHILLIP CAMPBELL NON-EXECUTIVE CHAIR



Phillip joined Verbrec in October 2019 and is an experienced independent non-executive director on publicly listed and private company boards. His executive experience includes MD and CEO roles in a range of manufacturing and engineering businesses, and he has significant experience in business turnarounds then growing businesses to restore value. Phillip has a Bachelor of Electrical and Electronics Engineering from the University of Queensland and is a graduate of the Australian Institute of Company Directors.

BRIAN O'SULLIVAN (AM) NON-EXECUTIVE DIRECTOR



As the founder and former Chairman of OSD, Brian joined the Verbrec Board in June 2019, bringing with him over 30 years' experience in business management, project management and engineering, specialising in the design, construction and maintenance of major pipelines and petrochemical facilities across Australia, PNG and South East Asia. Brian's key strengths include a strong technical knowledge and an in-depth understanding of commercial business activities. Brian has been a company director holding board positions for a range of entities, including Chairman of the Australian Muscular Dystrophy Foundation.

MATTHEW MORGAN NON-EXECUTIVE DIRECTOR



Matthew joined Verbrec in October 2019 and is an experienced independent non-executive director on publicly listed and private company boards. He began his career as an Institutional Venture Capital fund manager with QIC Limited and brings significant commercial experience including M&A and capital raising to the Verbrec Board. Matthew has a Bachelor of Commerce from Griffith University, a Bachelor of Applied Science and an MBA from Queensland University of Technology, and was Australia's first Kauffman Fellow.



Recognised
partner for a
sustainable
future.



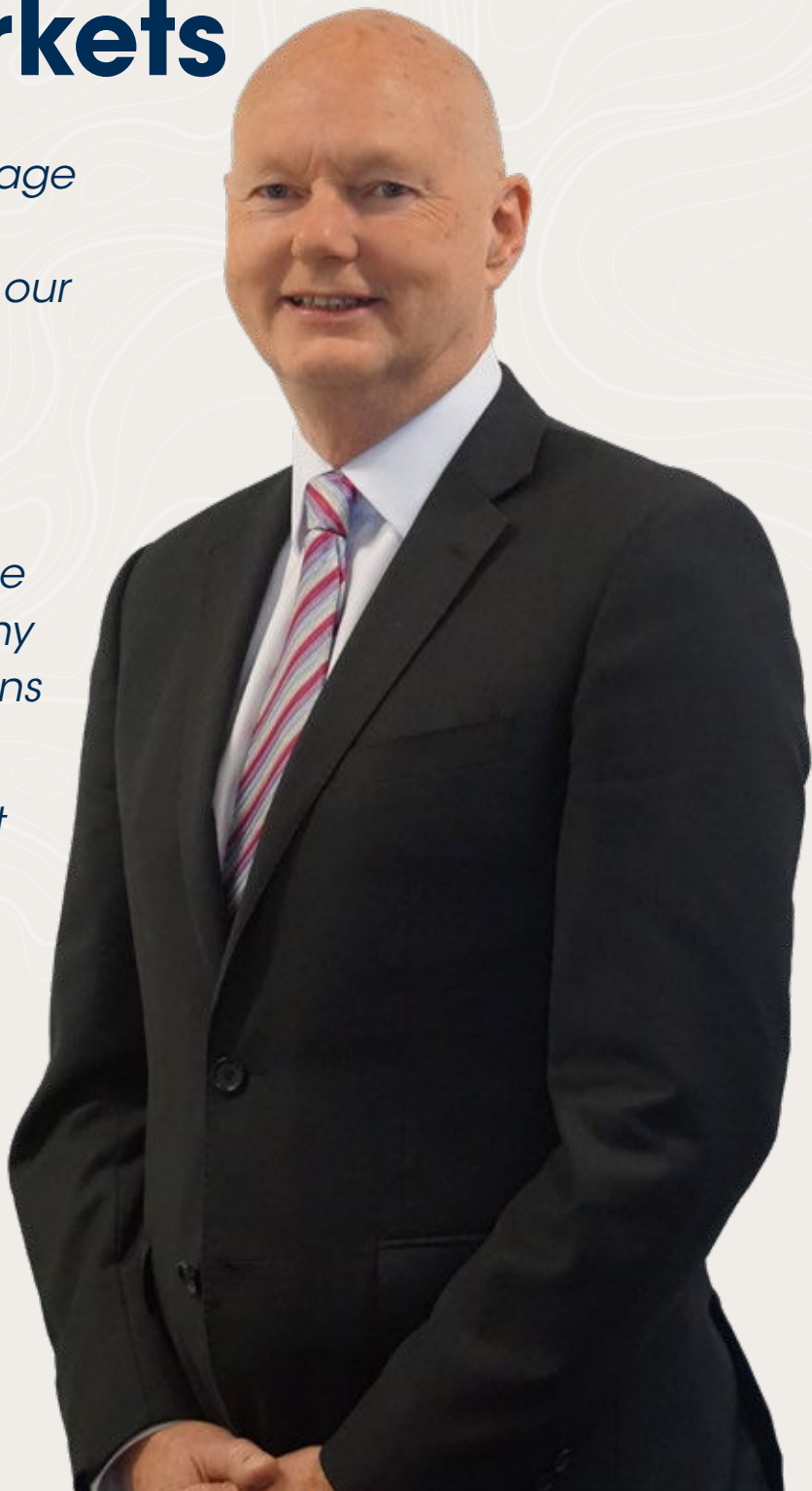


CEO's Letter

Aligning for a Sustainable Future: Unlocking Long-Term Value Across Diverse Markets

"Our focus in FY2025 is to leverage our capability and to better understand the core drivers of our relationship clients to increase overall revenues. By selectively partnering with our clients on their portfolio of works, we are confident that we can continue to produce revenue in a healthy way, producing profitable returns for our shareholders."

*We've worked hard throughout the financial year to distil our core strategy down to four key pillars. **This is how we are going to grow from a mid-tier engineering provider of choice to the recognised partner for a sustainable future.**"*





*We've aligned with client needs and rising demand for sustainability through our focus areas: **Electrification & Energy Storage, Gas Transition, Sustainable Mining, and Water Security.***

I proudly present Verbrec's Annual Report for the financial year ended 30 June 2024. It has been a year of repair and re-focus for us here at Verbrec. Our priority has been to establish the foundations for sustained profitability and growth.

Importantly, we have achieved what we set out to do at the start of the financial year. On almost all profitability metrics that we use to measure ourselves, on a continuing operations basis, Verbrec is in a stronger position in FY2024 than at any other time since the merger of OSD and LogiCamms in 2019.

OBSERVATIONS SINCE APPOINTMENT

I was warmly welcomed by the Board of Directors and the Verbrec team as Chief Executive Officer of Verbrec in March 2023.

I remember my first impressions in the initial months, as I was coming up to speed with the state of the business.

It became apparent to me and my executive leadership team that a handful of persistent and long-standing issues were holding the company back from its growth potential. We needed a reset and recovery phase to get ourselves on the right track.

In addition, our people were eager to rally behind an expanded long-term vision and strategy for Verbrec. I cannot emphasise enough my appreciation for our team of talented managers, engineers, professionals and trades who, despite the bumps in the road, delivered outstanding work for our core relationship clients. They deserved to understand what we are all here to achieve.

RECOVERY

Much of the focus in the first half of FY2024 was dedicated to addressing the persistent issues which were holding our business back, including:

- Improving our operating efficiencies and overhead burdens, adjusting the structure of the business and its overall headcount, resulting in a reduction in overhead of \$2.3 million.
- Divestment of the assets and contracts attached to the unprofitable parts of our training business, including the transfer of training locations in Gladstone, Queensland and Belmont, Western Australia.
- The reduction of ongoing spend against poor performing legacy projects and the expedient close-out of trailing issues, resulting in the closure and finalisation of all legacy projects impacting the Company's financial performance by the end of H1 FY2024.
- Capital raising activities undertaken in the final months of the first half, resulting in a capital injection of approximately \$4.0 million before fees, 10% of which was directly contributed by your Directors, myself and executive management team, demonstrating our collective faith in Verbrec's bright future.

STRATEGY

Approaching the second half of FY2024, having established a firmer footing, our focus turned to solidifying the strategic plan, and communicating it to our people and the market.

The feedback has been overwhelmingly positive, and it is already guiding a lot of what we do.



***In FY2024, over 68%
of our revenues were
generated by 20 Core
Relationship Clients.***

SUSTAINABLE FOCUS AREAS

Verbrec derives most of its revenue from the Energy, Infrastructure and Mining sectors. Our clients in these areas are all focused on sustainability, decarbonisation and the achievement of net-zero emissions by 2050.

Leveraging a deep understanding of our core relationship clients, we have aligned ourselves with their needs and the growing demand for sustainable solutions in the market, shifting our focus to enabling a sustainable future for our clients and their customers.

This is not a pivot or a rethinking of our core services, rather, it is a natural progression and expansion for us.

Our Sustainable Focus Areas, driven by our traditional service offering and in-house capability include Electrification & Energy Storage, Gas Market Transition, Sustainable Mining and Water Security.

These Sustainable Focus Areas may transform and shift over time as the energy transition matures and our relationship clients better assess their own pathways to a sustainable future. It's our job to be on the journey with our clients, ensuring we have the capabilities on hand to form long term partnerships that helps them achieve their vision.

We've worked hard throughout the financial year to distil our core strategy down to four key pillars. This is how we are going to grow from a mid-tier engineering provider of choice to the recognised partner for a sustainable future.

1. Relationship Clients

In FY2024, over 68% of our revenues were generated by 20 Core Relationship Clients. The strength and health of our relationships with our clients is directly correlated with the prosperity of Verbrec and the return we produce for our shareholders.

Our focus, above and beyond all else is on the customer experience. We're less concerned with what our competitors are doing or following trends for trends-sake.

By expending as much effort as we reasonably can to understand the needs of our client, the journey they are on, and their core drivers, we will naturally grow to become capable and trusted partners.

The natural flow-on effects from adopting a partnership focus, and strengthening those partnerships over time, means we are taking on the types of work we are good at, with like-minded customers, decreasing the costs of selling and increasing our proportion of repeat business. Success will be measured by a growing revenue top line from our core relationship clients, which, ideally, constitutes a larger proportion of our overall revenue.

That revenue ought to be healthier too, with less potential for the types of write-downs we've seen in previous years which, at a core level are caused by a lack of understanding of the client's needs, the limits of the work scope and a fundamental misalignment between us and our client. With a firm adherence to our understanding of the client's needs, and holding firm to our strong project management systems, we will ameliorate any potential reduction of project margins, that we have seen in the past.

We are determined to be more selective of the customers we work for and the types of projects we take on. I am pleased to report that we work now for a portfolio of blue-chip relationship clients which is the envy of our industry.



2. Best People, Great Teams

One of the most important parts of my job, and that of my executive leadership team is refining how we attract, retain and reward the best people and encourage our great teams to service our relationship clients.

We primarily derive our revenues from professional engineering and training services. In a business like ours, we recognise that our people are our most important asset.

We've made important strides in FY2024, and there's more to be done to make sure we are, and stay, competitive with our peers and customers.

We are not immune to higher than desired employee turnover rates. The labour market in FY2024 has been one of extreme competition to attract skilled labour resources, particularly those that have a strong capability set that translate well to the evolving energy landscape.

We will continue working hard in FY2025 to invest strategically in improving our attraction and retention strategies, our employee value proposition and benefits programs.

A key aspect will be the design and rollout of a targeted reward system to encourage positive behaviours aligned with the delivery of projects on-time and on-budget, increasing core relationship client selling, performance against our internal budget targets and increasing customer awareness of our service offering across the entire lifecycle of our clients' assets.

3. Build Capability

We have a lot of talented people and capability in-house at Verbrec to meet the needs of our relationship clients as they undertake transformational programs aligned with our Sustainability Focus Areas.

The energy evolution is moving at an aggressive pace, and we recognise the imperative need to progress aligned services quickly rather than relying on our current capability set. We will ensure we are ready the next phase of the energy evolution, driven by the needs of our relationship clients, we are actively taking stock of our combined capability, and strategically recruiting to secure more of the best people to advance our position in the market. In FY2025 we will be additionally focused on training and upskilling our people.

We continue to pursue partnership opportunities with developers and technology owners to enable the design, deployment and integration of cutting-edge sustainability technologies into the Australian, New Zealand and Pacific markets.

4. Delivery

We recognise the imperative to deliver on our promises to relationship clients, providing quality services to their schedule requirements, within their budget expectations. It's one of the key measures that clients use to evaluate partnering with Verbrec on their critical programs of work.

As a company, we have a choice. We can choose to outsell poor performance, with astronomical costs of sales, high-customer turnover and a subsequent ever-eroding reputation in the market. Verbrec's choice is to deliver to expectations after really understanding what the customer wants to foster a relationship of trust and grow repeat business.

I have seen companies choose the former way, in the short-term producing similar financial results. Verbrec chooses the latter which, in our thinking, has considerably more upside for everyone involved, and makes for a much more sustainable business.

As noted earlier, our focus, above and beyond all else is on the customer experience, and the way we deliver on our promises is fundamental to this.

Despite higher than desired employee turnover in parts of our business we've been successful in keeping the quality of our work high, although a minority of projects have slipped on important metrics like schedule and budget.

We faced the choice in FY2024 to invest capital into the sales machine and try to outsell our former problems. Verbrec chose instead to take a step back, repair those client relationships, deliver more effectively and solidify our foundations for the next growth phase.

Our focus, above and beyond all else is on the customer experience. We're less concerned with what our competitors are doing or following trends for trends-sake.



33.5% of our revenues are in our **Sustainable Focus Areas**.

SUMMARY OF FINANCIAL RESULTS

The direct result is a decrease in revenues in FY2024 to **\$93.4 million** (FY2023: \$109.9 million) as we opted to be more selective in the types of clients we worked for and the economics of the projects we would agree to pursue.

We have been living and breathing the strategy refresh for most of FY2024, resulting in healthier sources of revenue with increased EBITDA of **\$8.8 million** (FY2023: (\$2.9) million) and lower cost of sales of **\$60.0 million** (FY2023: \$83.0 million).

In FY2024, we have produced the highest gross margins since the merger of OSD and LogiCamms in 2019 of **35.8%** (FY2023: 24.5%, FY2022: 29.2%, FY2021: 27.5%, FY2020: 31.0%) due largely to a combination of selecting the right projects and the measures we took in early FY2024 to divest parts of the training business, reduce overhead burdens, increase sell rates and delivery projects more efficiently.

It is our first year of comprehensive profit since the merger of OSD and LogiCamms in 2019 of \$2.0 million, with **\$4.8 million** from continuing operations (FY2023: (\$9.5) million, FY2022: (\$3.1) million, FY2021: (\$1.6) million, FY2020: \$1.8 million).

Our improved financial performance throughout the period resulted in Verbrec unconditionally passing all banking covenants at both half-year and full-year ends.

[^] FY2024 and FY2023 figures in this section are for Continuing Operations. No adjustment is made for earlier years.

OUTLOOK

Our focus in FY2025 is to leverage our capability and to better understand the core drivers of our relationship clients to increase overall revenues. By selectively partnering with our clients on their portfolio of works, we are confident that we can continue to produce desired revenue in a healthy way, producing profitable returns for our shareholders.

That revenue will come from both traditional areas and from our sustainable focus areas. We are already making significant progress in building revenues through our sustainable focus areas.

In FY2024, of our overall \$93.4 million revenue:

- 11.2% was related to Water Security,
- 10.6% was related to Gas Market Transition,
- 10.0% was related to Sustainable Mining,
- 1.8% was related to Electrification & Energy Storage,

Meaning that 33.5% of our revenues are in our Sustainable Focus Areas, whilst the remaining 66.5% is derived from our traditional services offering.

We believe there is lots of room for growth in our training business, Competency Training, to achieve further geographic expansion and increase our student base. The training provided by this team in electrical, high voltage and renewable sectors is backed by increasing demand from an ever evolving energy landscape.

Our Infrastructure Services business continues to be a major player in the Australian market for the operation and maintenance of gas pipelines and process plant, securing additional long-term contracts throughout FY2024, including Verbrec's first pipeline under management in Western Australia. The establishment of a presence of this business in that state opens up opportunities to penetrate the market and expand our offering in Western Australia.

We continue to see strong growth and margins from our Asset Management business, which specialises in working with owners and operators to provide solutions that increase efficiencies, reduce costs and improve productivity, whilst unlocking higher value from client assets. In addition to our core services into Queensland, primarily to the energy market, we have established a footing in Western Australia, with projects awarded from mining clients. We expect mining revenues to grow swiftly as we solidify our Asset Management reputation in this space.



Our engineering business was the most impacted by employee turnover in the period, primarily due to increased competition for labour resources. Engineering is also the business most affected by the former poor performing legacy projects, and thus, it is the area we most closely scrutinised when considering whether to pursue projects. With the appointment of some key new managers for our geographical regions, along with greater focus on the health of this business, it's expected that engineering will make a steady recovery and become the partner of choice to our clients seeking a sustainable future.

StacksOn continues to be an integral part of the operations for the customers who have adopted it, as the digital twin of choice for smarter and more efficient stockyards. We continue to pursue prospects with clients who see the need to increase their throughput and reduce downtime. In FY2025 we will consider integration partnerships to expand our opportunity pipeline and investigate development opportunities to expand the commodity base StacksOn can service.

SAFETY

As noted in the Chairman's letter to shareholders, we have achieved our eighth consecutive year of zero lost time injuries.

Safety is a priority is everything we do to ensure zero harm to our team members, our clients and partners. Our safety culture is leadership driven and backed up by comprehensive robust, practical and ISO-certified systems and procedures.

I commend the whole Verbrec team on their commitment to safety and living by our values. Zero harm, always.

ACKNOWLEDGEMENT

I'd like to thank the entire Verbrec team for their commitment and support throughout FY2024. It's because of their collective targeted efforts, we have produced these results and brought the company back into good health.

Further, I provide my thanks to the Board of Directors for their steadfast support and encouragement throughout my first full financial year with the business, I look forward to many more.

Finally, I pass along my thanks to you, the shareholder, for your patience and sticking with us throughout the past few years.

We are more confident in the health of the business and the platform we have in place to deliver profitable growth in FY2025 and beyond.

*Our focus in FY2025 is to leverage our capability and to **better understand the core drivers of our relationship clients to increase overall revenues.***



Our Executive Team

MARK READ CHIEF EXECUTIVE OFFICER



Mark Read has been appointed Chief Executive Officer of Verbrec effective on 13 March 2023. Mark is a results-focused senior executive business leader, CEO and Board director with a proven record of successfully establishing, transforming, acquiring and growing businesses to improve profitability, enable international expansion and achieve sustained growth. Over 30 years' experience across publicly listed and privately held global engineering service companies with roles ranging from global enterprise management, engineering, project management and in turnkey construction through to operations and maintenance in a wide range of industries.

BRAD LOVE EXECUTIVE GENERAL MANAGER



Brad is a Project Delivery, Project Controls and Business Systems professional with more than 20 years' experience across a range of industry sectors both client side and consultant side. As a degree qualified Mechanical Engineer, with a career originally forged in the manufacturing sector, Brad has a strong background in Lean methodology and a passion for process improvement.

JOEL VOSS COMPANY SECRETARY, CONTRACTS & PROCUREMENT MANAGER



Joel is a Contracts, Procurement and Governance professional with over 15 years of experience, primarily in the construction, manufacturing and engineering consulting sector. Joel joined Verbrec in 2016 and in addition to his Company Secretarial duties is the Contracts and Procurement Manager for Verbrec and its associated subsidiary companies. As part of his role, he provides commercial guidance to key company stakeholders and acts as the main conduit between the company and its various legal advisers, insurers and regulators.

RICHARD ADEN CHIEF FINANCIAL OFFICER



Richard is an Australian Certified Practising Accountant (CPA) and UK Chartered Management Accountant (ACMA). Richard has over 25 years' experience in senior financial and commercial positions within International and ASX listed entities. Richard will assume the responsibilities for all of Verbrec's finance functions and other Corporate Services including Legal, Contracts and Procurement and ICT.



TRACEY CAMPBELL GENERAL MANAGER, COMPETENCY TRAINING



Tracey has over 20 years of experience working across the training industry. She brings extensive knowledge in designing and implementing effective training programs for the manufacturing and mining sectors. As General Manager for our RTO Competency Training, Tracey is responsible for the governance, leadership, capability development and growth of the Industry Training business, leading the highly regarded Competency Training team which develops and delivers internationally and nationally recognised technical training, compliance and management services to clients across Australia, New Zealand, PNG and the Asia-Pacific.

SOHEIL TAHERIAN GENERAL MANAGER, EAST



Soheil has 19+ years of expertise in petrochemical, oil & gas, and water infrastructure design, construction, and integrity management. He excels in pipeline design, from concept studies to construction support, and has a strong background in engineering services. As the GM of East Engineering at Verbrec, Soheil oversees the engineering services team in Eastern and Northern Australia, Papua New Guinea, and parts of the Pacific. He holds a Bachelor's degree in Mechanical Engineering, an MBA, and is a Chartered Engineer, RPEQ, and Fellow member of Engineers Australia.

PETER MAY GENERAL MANAGER, NEW ZEALAND



Peter is responsible for the leadership and growth of Verbrec's New Zealand business unit. Peter has worked across the Oil and Gas and Petrochemicals sectors for over 30 years and brings a strong engineering execution and delivery history, extensive cross-cultural management and leadership experience, gained across four continents. Leveraging off his strong technical background knowledge of FEED/EPCm/EPC and Consulting Engineering Services businesses, solid commercial background and proven ability to apply business acumen, Peter ensures strategic goals are driven to realization through stakeholder engagement and buy-in.

TONY PETRUZZELLI GENERAL MANAGER, SOUTH



Tony is responsible for the leadership and growth of Verbrec's business unit in southern Australia, based in Adelaide which includes our South Australia and Victoria operations. He has worked across the infrastructure, oil & gas, mining and minerals, water and food & beverage sectors for over 30 years, and has gained extensive business development, project management and engineering management experience in roles with Amec, Goodman Fielder and LogiCamms. Tony's qualifications and technical background are in electrical engineering, control systems and automation.

DOMINIC WOOD GENERAL MANAGER, ASSET MANAGEMENT



Dom heads up our Asset Management business unit, leading a team of specialists focused on delivering asset management solutions for clients across Australia, New Zealand, PNG and the Pacific. He has over 15 years' asset management and maintenance experience, specialising in maintenance management, operational readiness assurance, and maintenance optimisation. Dom has a Bachelor of Mechanical Engineering from the University of Queensland.

JARROD WOOLNOUGH GENERAL MANAGER, INFRASTRUCTURE SERVICES



Jarrod has over 13 years' experience working across the oil and gas, mining, and minerals processing industries, with his expertise including brownfield design and construction management, pipeline and process facilities design and operations and maintenance, turnaround project management, and contract administration. Jarrod manages our Infrastructure Services team which operates and maintains pipelines and associated facilities across Australia.



Our Executive Team (continued)

CALLUM PHILLIPS GENERAL MANAGER, PEOPLE AND CAPABILITY



As General Manager of People and Capability, Callum is responsible for shaping Verbrec's people strategy, including engagement, talent development, and workplace relations. Callum has 10 years of experience assisting organisations and leaders to develop high-performing teams to align with corporate objectives. Prior to joining Verbrec, he provided strategic advice to a variety of unionised industries, with a focus on those in the resources sector, before moving into an operational leadership position in the healthcare industry.

MARK FOSTER GENERAL MANAGER, SOFTWARE SOLUTIONS STACKSON



Mark is the General Manager of the Software business unit of Verbrec, and has more than 35 years' experience in the software industry, with over 20 years spent servicing the mining industry. Before joining Verbrec, Mark served as Chief Development Officer for the ASX-listed mining software company K2Fly Pty Ltd in Perth, Western Australia. Prior to this, he founded and led SATEVA, a software development consultancy that specialised in serving the mining, resources, and rail industries. SATEVA was acquired by K2Fly in 2020, marking a key milestone in Mark's career. Clients under his leadership included major industry players such as Rio Tinto Iron Ore, Roy Hill, and Fortescue Metals Group.

BRIAN O'TOOLE GENERAL MANAGER, WEST



Brian O'Toole is a highly skilled General Manager for the West, recognised for his strong capabilities in leading, growing, and developing high-performing teams. With over 15 years of experience in control systems engineering, Brian has cultivated extensive expertise in both technical skills and site commissioning across a wide range of projects and industries. Brian began his career with LogiCamms, where he served from 2008 to 2021. During his tenure, he played a pivotal role in the design, testing, and commissioning of control systems for process plants and bulk handling yards, contributing to several major greenfield projects.



Enabling a sustainable future for our Clients and their Customers.



How We Create Value

Verbrec is positioning itself as the sustainable partner of choice, driving change in key growth markets. Through cutting-edge technology, adaptability, and responsiveness, we are committed to supporting these vital sectors in their journey towards a more sustainable future.

OUR VISION:

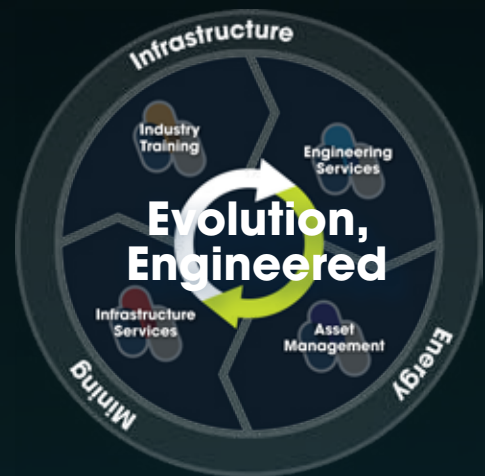
To be the recognised partner for a sustainable future.

OUR PURPOSE:

Through strong relationships built on trust, we enable a sustainable future for our Clients and their Customers.

HOW:

Staying true to our values, our diverse team delivers fit-for purpose solutions across the entire asset life cycle, providing a competitive advantage for our clients by making their projects and operations **more efficient and sustainable** while also being highly responsive with a relentless safety focus for our clients.



THE VERBREC DIFFERENCE:

Full life-cycle services for client projects and assets

Enabling energy transition through capability driven engineering and training services

Creating sustainable value through stock-pile visualisation, StacksOn

WE FOCUS ON:

Electrification
& Energy Storage

Gas Market Transition

Sustainable Mining

Water Security

WE FURTHER PROMOTE OUR TECHNICAL SPECIALIST:

- Automation and Control
- Power
- Asset Management
- Pipelines
- Process plant
- Industry training

OUR KEY LONG-TERM GROWTH AREAS:

- Renewables
- Carbon Capture Sequestration (CCS)
- Battery Minerals
- Hydrogen
- Emission reductions
- Decommissioning

WE FURTHER BUILD AND PROMOTE CAPABILITIES IN:

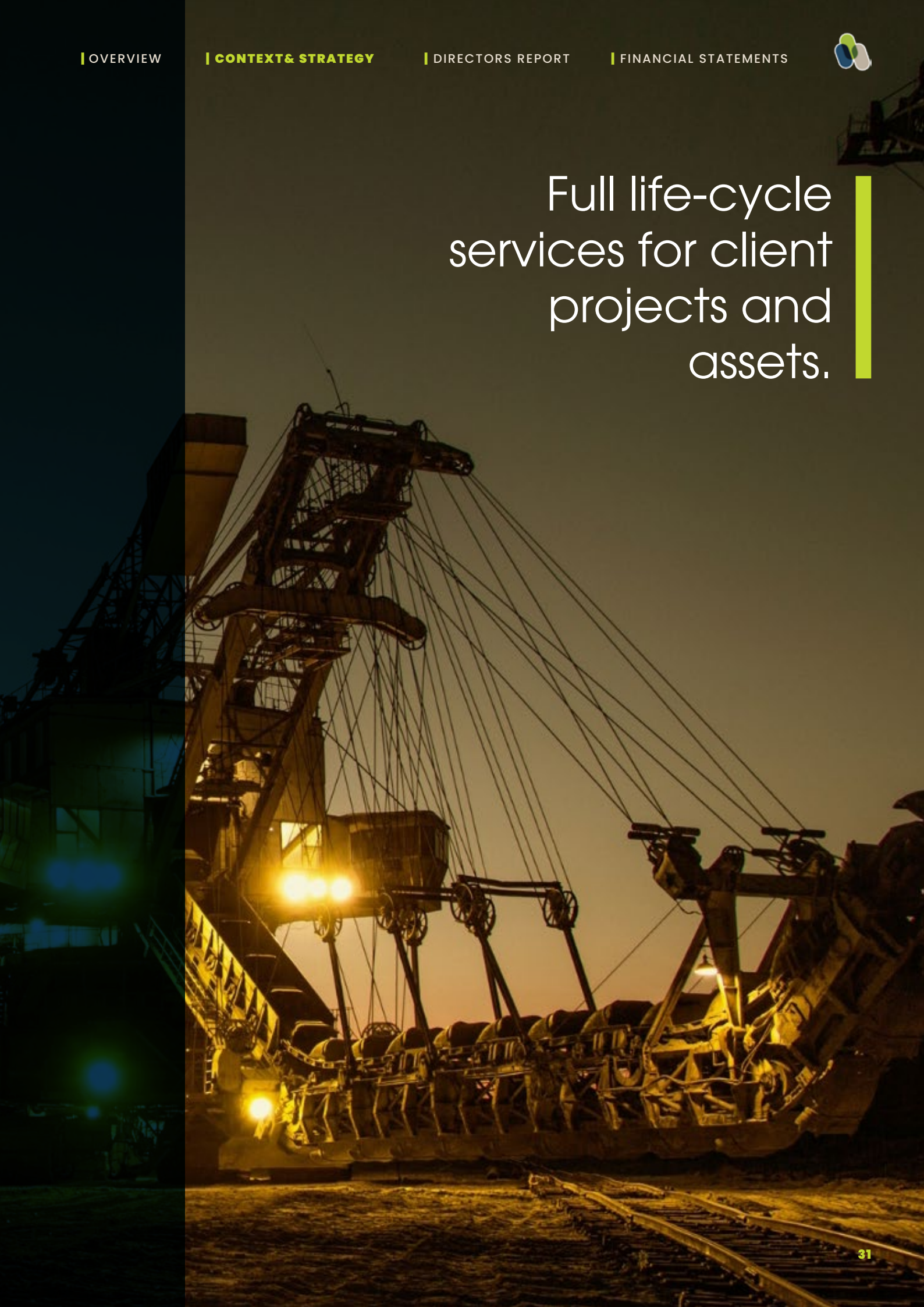
- Traditional and alternate gas support
- Emerging battery and energy storage technologies
- Front-end
- Long term asset maintenance support
- Slurry pipeline solutions
- Project delivery

OUR CORE MARKETS:

- Mining
 - Infrastructure
 - Energy
- (Across Australia, NZ, PNG, and the Pacific)



Full life-cycle services for client projects and assets.





Our Strategy

Our clients are making significant investments in decarbonisation and net-zero goals by 2050. We align with these priorities through our focus areas: Electrification & Energy Storage, Gas Market Transition, Sustainable Mining, and Water Security. As the energy transition evolves, so does our approach, ensuring we stay aligned with our clients' sustainability ambitions.

We've refined our strategy into four key pillars that will drive our growth from a mid-tier engineering provider to a recognised partner for a sustainable future.

REFRESHED STRATEGY



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

Embracing 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

THE 3 PILLARS OF OUR GROWTH STRATEGY

We turn challenges into opportunities by focusing our growth strategy on three key pillars:



Organic Growth

Leverage existing relationships to add value to new and adjacent areas of interest, and increase market share generally with Relationship Clients

Gain market share organically through the natural transition of current customers into new markets and geographies

Growth in Competency Training as client workforces transition to new energy requirements.



Energy Transition

Secure new projects and clients through expertise in concept and feasibility design stages relating to Renewable and Sustainability projects

Utilise full-life cycle capability to secure a bid position on project phases as investments release and opportunities crystallise

Onboard, partner and acquire as needed to ensure capability set meets growing and emerging market demands.



Mining Technology Solutions

Add new functionality to StacksOn

Leverage existing relationships to expand into iron ore internationally

Further penetrate WA based iron ore market by adding value to client stockpile operations through consultancy services & focused business development efforts

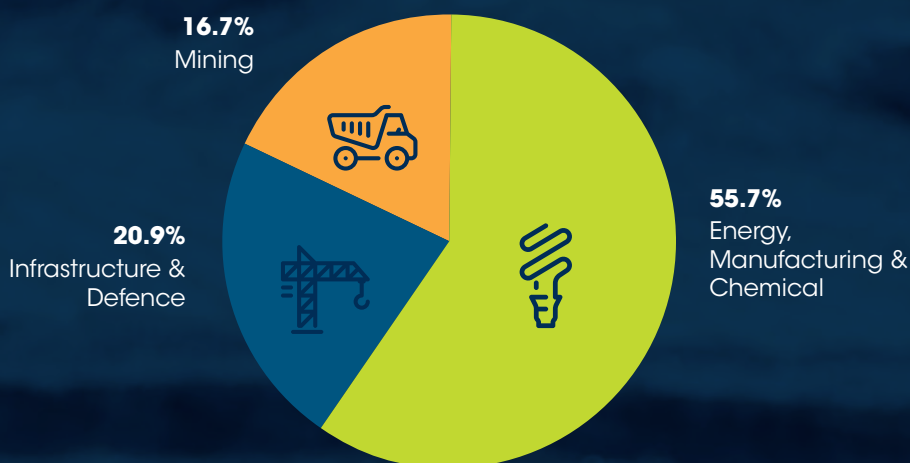
Expand StacksOn into new commodity classes



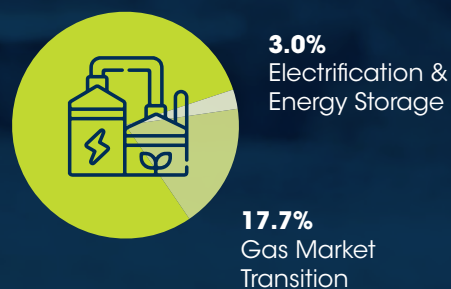
Capturing The Opportunity

Our awarded contracts are already moving into our Sustainable Focus Areas. Improving sustainability outcomes for major projects in Australia, New Zealand, PNG & Pacific Islands.

**FY2024 Industry
Segment Revenue**



**Energy, Manufacturing
& Chemical**



Mining



**Infrastructure
& Defence**





Operational Overview

1. BUSINESS UNIT HIGHLIGHTS

a. Competency Training

Verbrec's training business, Competency Training provides electrical, high voltage and renewable energy training programs to the Energy, Mining and Infrastructure sectors, providing training services to support the evolution of the energy market, "electrify everything".

Verbrec divested the unprofitable parts of its training business in H1 FY2024. The remaining profitable part of the business, Competency Training, with a simplified business model has expanded from 6 operating locations at the start of FY2024 to 11 operating locations at the end of FY2024.

The key growth strategies for this business unit, continuing into FY2025, include:

- Target key areas of growth in Gas Market Transition, Electrification & Sustainable Mining.
- Geographical expansion in order to more effectively capture the training needs of Australia and New Zealand, initially through partnerships.
- Established new office in Gladstone, a future renewables hub.
- Establishment of more portable training equipment to meet client site training requirements.
- Expand CT's offering internationally through partnerships.

b. Engineering

The Engineering business provides innovative engineering and project delivery solutions to clients, through our technical specialties, including automation & control, power, process plant and pipelines.

The Engineering business supports key relationship clients through long term panel contracts with their current and evolving needs throughout the energy transition.

In FY2024, the Engineering business' revenues (excluding asset management, infrastructure services and StacksOn) were impacted by:

- Industry wide competition for professional labour with skills applicable to the evolving energy landscape, particularly in Queensland and Western Australia.
- Diligent focus from management to select economically attractive, higher margin projects and clients.

With the appointment of several new managers throughout FY2024, it is expected that Engineering will make a steady recovery to become the engineering partner of choice for a sustainable future.

The growth strategies for this business unit, continuing into FY2025, include:

- Support key relationship clients through long term panel contracts with their current and evolving needs through the energy transition.



- Maintain focus on target areas where Verbrec can add significant value to client assets and operations, thereby maximising gross margins as demand grows for experienced professional resources.
- Target key markets of growth in Gas Market Transition, Electrification & Energy Storage, Water Security and Sustainable Mining.
- Grow capabilities in key areas of transition to electrical economy with traditional and alternate gas support, such as Biogas and Hydrogen.
- Forge partnerships with equipment manufacturers and developers to leverage our extensive talent pool to contribute to the rapid change in the energy landscape.

c. Asset Management

The Asset Management business specialises in asset management services including maintenance and reliability engineering, asset integrity, operational readiness, material and inventory management systems that increase efficiency, reduces costs and improves productivity.

Asset Management continues to produce strong margins and revenue reliability for Verbrec and remains a dominant service provider to the Energy industry in Queensland and Papua New Guinea. In FY2024, Asset Management expanded its presence and offering in Western Australia, with projects awarded from major tier-1 mining and energy clients.

The key growth strategies for this business unit, continuing into FY2025, include:

- Target key markets of growth in Gas Market Transition, Electrification & Energy Storage, Water Security and Sustainable Mining.
- Strengthen and service more clients and assets in existing markets in QLD and WA.
- Geographic expansion, increasing exposure to underserved markets including Papua New Guinea, New Zealand and Northern Territory.
- Pilot new areas of expertise including Master Data Online (MDO) and Capital Planning.

d. Infrastructure Services

The Infrastructure Services business specialises in brown-fields construction and the long-term maintenance and operations of pipelines and process plant throughout Australia and New Zealand.

Infrastructure Services secured its first multi-year pipeline operations and maintenance contract in Western Australia in FY2024. The establishment of a permanent presence in Western Australia opens up opportunities to expand operations in the state and increase long term multi-year operations and maintenance contracts.

The key growth strategies for this business unit, continuing into FY2025, include:

- Securing multi-year operations and maintenance contracts.
- Delivering high quality solutions for the base services specified in the contract, whilst maximising revenues by securing additional scopes of works under those contracts.
- Predictable ongoing revenues from specified services and high margin additional services procured on an ad-hoc basis throughout the life of the contracts.
- Target new asset classes and address ongoing operations and maintenance needs in Gas Market Transition, Electrification and Sustainable Mining.
- Expand geographically as additional assets and pipelines under management are secured.
- Capital investment in tools and equipment to increase gross margins and reduce instances of third party hired in plant.

e. StacksOn

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

StacksOn has become an integral part of the operations for the mining clients who have adopted it. The StacksOn team continue to pursue opportunities to further penetrate 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.

The key growth strategies for this business unit, continuing into FY2025, include:

- Diversify revenue generation through a blend of software license fees, ongoing support fees and consulting services.
- Maintain valued relationships with Iron Ore producers in Western Australia.
- Expand further into the WA region by adding value to miner's incumbent systems.
- Utilising strong client relationships, expand StacksOn to overseas Iron Ore Markets.
- Implement StacksOn to service other commodity sectors.
- Increase the utility of StacksOn in order to increase annual license revenue from each stockyard.

2. FOUNDATIONS FOR PROFITABILITY AND GROWTH

FY2024 was a year of repair and re-focus, setting the foundations for sustained profitability and growth.

In FY2024, Chief Executive Officer, Mark Read and his executive management team:

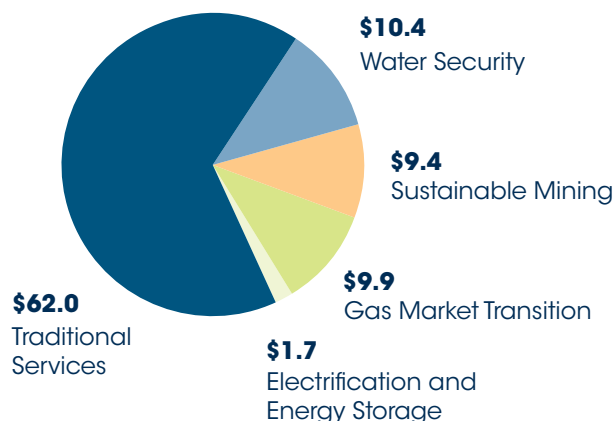
- Improved operating efficiencies and reduced overhead burdens, resulting in annual overhead reduction of \$2.3 million.
- Divested unprofitable parts of Verbrec's training business, including several operating locations.
- Reduced ongoing spend against poor performing legacy projects, bringing all outstanding issues to a close by H1 FY2024.
- Completed a \$4.0 million (before fees) capital raise. 10% of the proceeds were directly contributed by Verbrec's Directors, CEO and executive management team.

3. SUSTAINABLE FOCUS AREAS

Verbrec is already on the journey to a more sustainable future, with 33.5% of our FY2024 revenues in our Sustainable Focus Areas:

In FY2024, Verbrec appointed a General Manager of Energy Transition to provide the business with focus and expertise in the evaluation of emerging technologies, leading sustainability initiatives, establishing partnerships and conducting studies in position Verbrec to become the recognised partner for a sustainable future.

FY2024 Sustainable Focus Area Revenue
(\$ millions)





4. RELATIONSHIP CLIENTS

We are focused on the client's experience and endeavour to truly understand the needs and goals of our Core Relationship Clients.

In FY2024, 68.2% of Verbrec's revenues were generated by 20 Core Relationship Clients compared to 64.4% from those clients in FY2023.

A revitalised key account management program was piloted and launched in FY2024, with the scheme continuing into FY2025.

5. BEST PEOPLE, GREAT TEAMS

People are our most important asset, and Verbrec is committed to sustaining a culture that attracts and retains the best people and fosters great teams.

In FY2024, despite extreme competition for professional labour resources, Verbrec decreased its voluntary employee turnover by 9.0% when compared to FY2023.

A revitalisation of our employee value proposition and benefits program was commenced in FY2024, including the development of enhanced incentive and reward schemes, which will continue into FY2025.

6. BUILD CAPABILITY

Verbrec leverages the considerable expertise of its talented workforce to meet the needs of our Relationship Clients.

As the evolution of the energy landscape continues to mature, Verbrec is committed to ensuring we embrace the technologies and skills critical to becoming the recognised partner for a sustainable future.

In FY2024, Verbrec launched an internal learning and development program, rolled out utilising a software platform, promoting better onboarding, self-assessments and ongoing development. Over 1,400 e-learning modules completed to date. This initiative will continue in FY2025.

Pursuing partnerships with developers and technology owners to enable the design, deployment and integration of sustainability technologies into the Australian and New Zealand markets remains a key driver for Verbrec.

7. DELIVERY

To service our Relationship clients, we must understand their drivers and deliver on our promises, on time and on budget.

Over 2,100 projects contributing to FY2024 revenues were delivered above their initial estimated bid margin.

The proportion of rates reimbursable, O&M and training projects increased to 71.7% in FY2024 compared to 60.5% in FY2023, a result of Verbrec's commitment to more selectively assess the economic attractiveness of projects and limit the risks of write-downs experienced in prior years.

Our increased understanding of the needs of our Relationship Clients contributed to a reduced cost of proposals to 3.0% (FY2023: 3.5%) and increased our tender win rate to 36.0% (FY2023: 31.0%).



Market Outlook Energy

Australia and New Zealand continue to invest heavily in renewable energy sources, including solar, wind, and hydroelectric power, to meet their net-zero targets. Both countries have set ambitious targets for carbon neutrality. Australia aims for net-zero by 2050, while New Zealand targets 2030 for its emissions reduction goals.

The development and adoption of new technologies, such as advanced energy storage and smart grids, are accelerating the transition to cleaner energy sources.

New Zealand is further along the journey to a net-zero energy future and in many ways should serve as a case study to Australia, to ensure that the transition is achieved in a way that sustains energy security. Despite investing heavily in both renewable energy generation through Wind and Solar and attempting to deal with the intermittency of these energy sources using hydro storage, New Zealand finds itself running out of Gas.

Intermittency of renewables, particularly solar and wind energy, requires sophisticated energy storage solutions and grid management to ensure a stable supply. This is a key focus area of Verbrec.

The grid will also require the stability, reliability and responsiveness of Gas as a standby and firming energy supply well into the future. In fact, according to AEMO, the demand for Gas in 2050 will be more than double current levels, despite a comparable 10-fold increase in Solar and Wind total installed capacity over the next 25 years.

Existing energy infrastructure needs substantial upgrades to accommodate increased renewable energy input. The total installed capacity of renewables must be many times greater than the dispatchable capacity owing to their inherent intermittence and whilst much of the focus in recent years has been on low carbon energy, Verbrec sees that a significant amount of investment is necessary in the decarbonisation of the gas market.

Investment in the gas industry is sensitive to government policies and regulations which have a significant impact on investment decisions and project timelines and ultimately energy security.

We serve the Energy sector, in the sustainable focus areas of Low Carbon Energy and Transition and Decarbonisation and continue to support our valued Key Clients to assure energy security in the Conventional Energy space. Verbrec is committed to ensure a sustainable future for all and will work diligently with our clients for sustainable solutions.



LOW-CARBON ENERGY

The focus on low carbon energy is accelerating, with significant advancements in renewable energy technologies such as solar and wind power.

The Australian government is investing heavily in these sectors, with initiatives aimed at achieving net-zero emissions by 2050. Engineering projects are increasingly oriented towards improving efficiency and storage solutions, such as battery technologies and pumped hydro.

The rise of green hydrogen also presents new opportunities for Verbrec to engineer and deliver infrastructure and systems for its production and distribution.

Hydroelectric remains strong and Verbrec is currently delivering various pumped hydro Concept and FEED studies in the Pacific region, which we see strong demand for going forward, as the need to store renewable energy continues to grow.



CASE STUDY | HYDROELECTRIC | RENEWABLES

HYDROELECTRIC PRE-FEASIBILITY STUDIES IN THE PACIFIC REGION

We are proud to be awarded the contract for four Pre-feasibility Studies in the Pacific region.

These studies will assess the hydrogeological flows, energy generation potential, financial viability, and constructability of the proposed hydroelectric schemes.

This award builds on our recent success with a Feasibility Study for a 2.5MW Hydroelectric scheme in Fiji. Importantly, this initial phase paves the way for further collaboration, with the client to advance through FEED and Detailed Design stages.

We are thrilled to contribute to unlocking natural, renewable power for our Pacific neighbours, supporting their sustainable energy future.



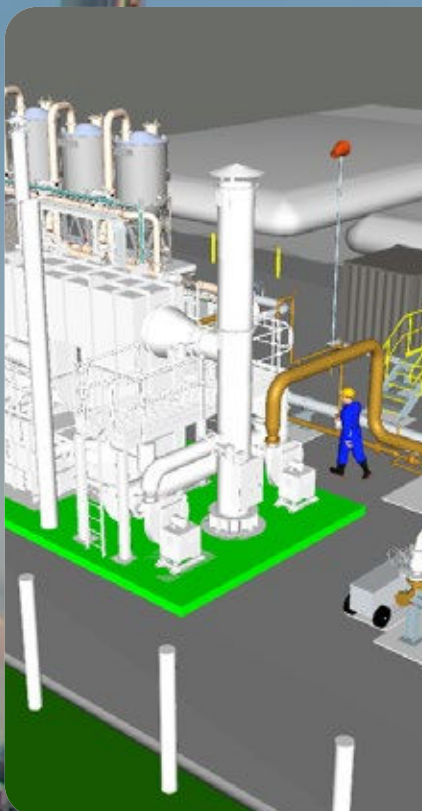
GAS TRANSITION AND DECARBONISATION

The transition from traditional natural gas to lower-carbon alternatives is gaining momentum. Verbrec are engaged in designing and implementing technologies to reduce methane emissions and improve energy efficiency in existing gas infrastructure.

The development of biogas and renewable natural gas (RNG) is also a focus, with engineering efforts directed at integrating these into the existing gas grid. Additionally, advancements in carbon capture and storage (CCS) technologies are being explored to mitigate the environmental impact of gas usage during the transition

period. Verbrec is supporting its key clients to reduce their carbon footprint across Australia, New Zealand and beyond in multiple Biogas and CCS concept studies, FEEDs and detailed design projects.

Gas is an essential ongoing component of the overall energy solution, therefore ensuring that carbon emissions are reduced remains a key area of focus for the business and an expected area of continuing demand for our services.



CASE STUDY | GAS TRANSITION | BIOGAS

ENABLING SUSTAINABLE ENERGY: BROADLANDS BIOGAS UPGRADE DESIGN

We are delivering the Broadlands Biogas Upgrade design for First Renewables Limited (FRL), as part of the Firstgas Group. The project involves integrating this upgraded biogas into Firstgas' existing gas pipeline system.

To ensure the safe injection of biogas, it must be upgraded to high-quality biomethane at Ecogas' Organics Processing Facility in Reporoa. Our deliverables include the FEED and Detailed Design for the Biogas Upgrading Facility, as well as Detailed Design for three key delivery points (Broadlands, Taupo, and Reporoa) and the pipeline connecting the Biogas Facility to the gas network.

The development of New Zealand's first large-scale biogas upgrading facility at Reporoa represents a significant milestone in the country's energy transition. This project supports a circular economy by transforming kerbside waste into a valuable source of renewable gas, ultimately contributing to a reduction in reliance on fossil fuels and providing cleaner energy for homes and businesses.



CONVENTIONAL ENERGY

Despite a broader transition to low-carbon alternatives, there is still a significant reliance on conventional energy sources to maintain energy security. 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 energy (at utility scale) output.

In the conventional energy sector, particularly in fossil fuels, there is a shift towards cleaner practices. The engineering focus in the conventional space is on making these operations more sustainable and preparing for the gradual decline of fossil fuel dependency as the world moves towards greener energy solutions.

Verbrec works with our key clients on enhancing their efficiency and reducing the emissions of their conventional power plants through control system optimization.

Verbrec is also investigating how to deploy StacksOn into the coal industry to improve grade control and bulk handling operations to reduce the carbon footprint of this energy source whilst it provides its very necessary interim role as we continue to pivot away from reliance upon that commodity.

CASE STUDY | **LNG IMPORT | ENERGY SOLUTIONS**

VERBREC'S PIVOTAL ROLE IN THE PORT KEMBLA GAS TERMINAL

We supported the construction of Australia's first LNG import and regasification terminal at Port Kembla, New South Wales, for a major energy distributor.

This landmark project features a permanently moored floating storage regasification unit (FSRU), onshore facilities, a gas export pipeline connecting to the East Coast grid, nitrogen injection facilities, and additional tie-in structures.

Under the contract, Verbrec provided the detailed design of the onshore receiving facilities, encompassing utilities, control systems, balance of plant, non-process infrastructure, fire safety, and civil works including roads and drainage. We also provided procurement support and oversaw the integration of 3D modelling.

This pioneering project plays a pivotal role in securing Australia's energy future and drive advancements in sustainable energy solutions.





Market Outlook Infrastructure

Australian and New Zealand governments are making significant investments in hydrogen as a key component of their future energy strategies. This includes developing green hydrogen and ammonia production capabilities and associated infrastructure.

Both countries are implementing supportive policies and funding programs to advance hydrogen technology and infrastructure, aiming to position themselves as global leaders in the hydrogen economy.

Collaborations between government, industry, and research institutions are accelerating hydrogen projects and fostering innovation. High costs however, associated with hydrogen production, storage, and distribution infrastructure can be a barrier and we have seen this play out in recent announcements regarding the postponement of Australia's most significant green hydrogen project in WA.

Economic feasibility and securing investment remain critical concerns in the Hydrogen space. Hydrogen technologies, including electrolysis and fuel cells, are still evolving. Ensuring these technologies are reliable and cost-effective at scale is a significant challenge. This places greater importance on the project development process in the early phases of Concept and FEED to ensure that the final investment decision is supported by robust engineering and economic analysis, a core strength of Verbrec.

As policy makers grapple with the need to balance the drive towards net zero with energy security, we see continuing demand to invest in the infrastructure needed to deploy gas as a firming fuel source and with this comes the need for pipelines.

Our long-proven capabilities in pipelines extend beyond the conventional and to adapting pipelines for hydrogen transportation, addressing compatibility challenges, implementing safety measures, and ensuring reliable and efficient distribution.

During FY2024, Verbrec delivered the detailed design for the Atlas to Ready Creek (ARC) pipeline, the longest pipeline being engineered in Australia at that time. To kick off FY2025, Verbrec are now engaged to deliver the FEED for another gas pipeline, overtaking ARC and now the longest pipeline being engineered in Australia.



CASE STUDY | PIPELINE ENGINEERING | GAS SUPPLY | ENERGY SECURITY

EMPOWERING AUSTRALIA'S ENERGY FUTURE: DETAILED DESIGN FOR ATLAS TO REEDY CREEK PIPELINE

Verbrec delivered the Detailed Design for the 56 km Atlas to Reedy Creek Pipeline and End of Line Facilities (EOLF).

Our engineering services team provided comprehensive design solutions across process, mechanical, piping, civil/structural, electrical, and instrumentation disciplines. The project also involved critical facilitation and coordination of HAZOP, SMS, and 3D model/constructability reviews.

This pivotal infrastructure project enabled our client to receive low-pressure raw gas from gathering systems, compress and dry it, and then deliver it into the Atlas Reedy Creek (ARC) Pipeline. The ARC Pipeline subsequently transported sales gas to the high-pressure Roma to Brisbane pipeline, enhancing the East Coast gas supply.

Verbrec's involvement underscored our commitment to supporting domestic energy solutions and ensuring a secure and reliable gas supply for Australia's manufacturing sector.



CASE STUDY | PIPELINE ENGINEERING | FEED

AUSTRALIA'S LARGEST ONSHORE GAS PIPELINE FEED PROJECT

Verbrec's engineering team has been awarded the Front End Engineering and Design (FEED) contract for a significant energy infrastructure project. This award underscores Verbrec's excellence in engineering and strategic planning, building on the success of the previous pre-FEED phase.

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

As part of the FEED, Verbrec will focus on finalising the pipeline route selection, defining crossing requirements, and detailing facilities and pipeline stations. This includes updating Process Flow Diagrams (PFDs) and Piping and Instrumentation Diagrams (P&IDs) for key components.



ELECTRIFICATION & ENERGY STORAGE

There is an increasing push for electrification across various sectors, including the transport, industry, and residential, driven by the need to reduce greenhouse gas emissions.

The development of advanced energy storage solutions beyond lithium-ion batteries and into other emerging technologies such as liquid metal and nickel hydrogen, is crucial for managing the variable supply of renewable energy and supporting electrification efforts. The technologies in this space are dynamic and ever changing, meaning that much of the work is still centered around concept selections and pilots to test these emerging technologies. Verbrec is very active in this space and we see this demand continuing.

Both Australia and New Zealand governments are implementing policies to support the growth of electrification and energy storage, including incentives for electric vehicles and support for renewable energy integration. The uptake of EVs remains a challenge, yet the transition to renewables is heavily reliant upon consumer energy resources (CERs) such as EVs and in home batteries, to provide distributed storage capacity.

The shift towards electrification requires substantial upgrades to electrical grids and infrastructure to handle increased demand and ensure reliability.

Developing and scaling up energy storage solutions to meet the needs of a renewable-dominated grid remains a challenge, including addressing issues related to cost, efficiency, and lifecycle management including the ultimate recycling of battery materials.

Operating a reliable low-carbon power system means that energy storage infrastructure is imperative. Verbrec offers concept selection, FEED, detailed design and niche construction for battery storage technologies and has recently completed concept work for two pilot plants for two technologies, both of which are being trialed for the first time in Australia.

To ensure the workforce is prepared for the energy transition with the skills needed to deploy and maintain the technology, Verbrec delivers training, through its registered training organization, Competency Training.

Competency Training is ideally positioned for the energy infrastructure changes “electrify everything” and plays a crucial role in training electricians and electrical engineers in High Voltage and Hazardous Areas.

Integrating large amounts of intermittent renewable energy into the grid requires sophisticated grid management technologies to maintain stability and prevent outages. Verbrec offers complex power system modelling during early Concept and FEED phases and control system and SCADA engineering services to ensure robust control.

We expect the demand for engineering and niche construction services in this space to remain strong.





CASE STUDY | **ENERGY STORAGE** |

AUSTRALIAN FIRST BATTERY TRIAL: LONG DURATION BATTERY ENERGY STORAGE CONCEPT STUDIES

We delivered the trial of two different battery storage technologies, both of which are being trialled for the first time in Australia. Each battery installation will be a 5MW/ 50MWhs BESS (Battery Energy Storage System). The trials will assess the applicability and integration of these new and emerging battery technologies, developed in the USA.

The pilot project is a small-scale deployment that allowed the client to develop first-hand knowledge in emerging long duration energy storage technologies to underpin a rapid transition to renewables.



CASE STUDY | **INDUSTRY TRAINING** | **GLOBAL FOOTPRINT**

COMPETENCY TRAINING'S GROWING INTERNATIONAL PRESENCE

Competency Training (CT) enters an exciting chapter in its global journey. Recently, our Training RTO, CT has garnered interest from a diverse array of international companies seeking our expert training solutions at their own sites. This surge in global engagement highlights our reputation as a leading training provider in the industry.

The training requests primarily focus on Hazardous Areas, including Classification, Design, Installation, and Maintenance. Additionally, IECEx assessments often follow these training sessions, contributing further revenue and reinforcing our value proposition. We are delighted to welcome several prestigious new clients across Germany, Italy, Singapore, Canada and Uganda, highlights our growing international presence and portability of our services. Their trust in CT underscores our expanding influence and growing reputation. As CT continues to extend its global reach, we remain steadfast in our commitment to providing exceptional training and services.



CASE STUDY | **OPERATIONAL TECHNOLOGY** | **SCADA**

With the impending sale of its Blackwater and Daunia mines, BHP required a comprehensive transfer of Operational Technology (OT) assets, including PLC, SCADA, and MES systems, to a new domain.

The project involved establishing a new PCN domain and transferring IT and OT assets to ensure a smooth transition. Verbrec handled the setup and testing of new domain assets, including clients and servers, and provided essential project documentation. Both on-site and remote commissioning activities were conducted to bring the new domains online. Additionally, Verbrec facilitated the Knowledge Transfer phase in collaboration with BHP and Whitehaven Coal. The project was completed on time and within budget, enabling BHP to divest from the mines without compromising proprietary systems and delivering fully operational, standalone mining operations to Whitehaven Coal.



WATER SECURITY

Both Australia and New Zealand are facing challenges related to water scarcity and variability due to climate change, which is driving investment in water infrastructure and management solutions.

Governments are implementing policies and regulations to ensure sustainable water use and support infrastructure development.

Innovations in desalination, water recycling, and smart water management technologies are being adopted to address water security issues. Desalination processes however are energy-intensive and expensive, requiring investments in energy-efficient technologies and sustainable practices to minimize environmental impact.

Integrating new water management technologies with existing infrastructure while maintaining system reliability and minimizing disruptions can be complex.

Verbrec uses our superior skills in system integration and balance of plant design to support OEMs to deliver turnkey desalination plants and various pump station upgrades for multiple water authorities across Australia.

We support in the balance of plant design and implementation of sustainable desalination technologies that reduce energy consumption, minimize environmental impact, and ensure long-term water resource viability.

Enhancing energy efficiency across industries and sectors demands sophisticated control systems that monitor, analyse, and optimize energy consumption while reducing waste. By deploying control systems that enable real-time monitoring and adjustment of industrial processes (SCADA), we contribute to the decarbonization of key sectors while maintaining productivity.



CASE STUDY | **DESALINATION** | **WATER SECURITY**

STRENGTHENING KANGAROO ISLAND'S RESILIENCE AND WATER SECURITY

In a significant milestone, Verbrec, in partnership with John Holland Guidera O'Connor (JHGO), proudly delivered 'First Water' at the Kangaroo Island desalination plant in South Australia. This pivotal project is critical in strengthening the region's water security and enhancing the resilience of existing infrastructure, ensuring reliable access to clean drinking water for the local community.

Scope of Work

Verbrec was engaged to deliver the electrical, instrumentation, and controls engineering for the new desalination plant, as well as design deliverables for both the plant and a new seawater pump station at an existing desalination facility. Our team's involvement encompassed Management, Project Services, E&I, Controls & Automation, and Construction.

Sustainable Solutions

Our combined expertise in engineering and project management played a vital role in addressing the region's water needs while supporting broader sustainability goals.

This project underscores Verbrec's ongoing commitment to enabling resilient and sustainable solutions.

The Kangaroo Island Desalination Plant is a cornerstone for ensuring clean drinking water for over a thousand residents and significantly boosting the area's resilience against bushfires. This project underscores Verbrec's commitment to community safety and sustainability.





DEFENCE

Australia's defence spending has increasingly emphasized sustaining capital and maintaining existing infrastructure, including at key bases such as RAAF Edinburgh in South Australia where Verbrec plays a key role.

Verbrec has for many years now supported defence investment in sustaining capital for its infrastructure, to extend its operational life and ensure it meets current and future needs. Verbrec has been deploying our niche offering of combined Engineering Procurement and Construction (EPC) on various switchroom, substation and HV kiosk upgrades throughout FY24. We have built a reputation over many years for our well-planned cutover methodologies allowing power to be maintained to these strategically important assets throughout the construction, commissioning and ultimate cutover.

Ongoing maintenance is also critical for ensuring that infrastructure remains functional and reliable. Verbrec offers regular inspections, repairs, and servicing of electrical infrastructure and equipment to address wear and tear and prevent operational disruptions. In addition, we develop comprehensive preventative maintenance schedules to manage the lifecycle of facilities and equipment effectively, minimizing downtime and ensuring readiness.

Future spending is likely to include investments in integrating advanced technologies into defence infrastructure, such as cyber-security enhancements, smart base technologies, and energy-efficient systems.





CASE STUDY | **DEFENCE | HV INFRASTRUCTURE | ELECTRICAL ENGINEERING**

ELECTRICAL INFRASTRUCTURE: DEMONSTRATING HV EXCELLENCE AND SAFETY

Verbrec successfully completed an Electrical Infrastructure project in South Australia. This achievement highlights Verbrec's exceptional capabilities in high-voltage (HV) projects and its ability to deliver under challenging conditions.

Executed in a remote and demanding environment, the project faced extreme weather, including 45°C temperatures, bushfires, and unusual rainfall. Despite these challenges, Verbrec's construction team delivered outstanding results, achieving over 12,000 man hours with no major or minor injuries, showcasing the team's commitment to safety and excellence.

The deliverables included the fabrication, supply, installation, and commissioning of an 11kV ISS Switchroom, an auxiliary transformer, LV switchboard, and other critical systems. It also involved the setup of four 11kV to 415V Kiosk Transformers and, installation of 1,500 meters of 11kV cable.

This project exemplifies Verbrec's proficiency in the HV sector and its dedication to excellence, safety, and innovation in even the most demanding environments.



CASE STUDY | **OPERATIONAL EFFICIENCY | DEFENCE ELECTRICAL UPGRADE AT RAAF BASE**

Verbrec successfully completed an extensive electrical upgrade at the RAAF Base, marking a significant milestone in enhancing national security infrastructure.

Awarded the contract by AXIS Construction, the principal contractor to Program Management Firm JLL, Verbrec's scope of work included the supply, installation, and commissioning of two 11kV kiosks. This also encompassed the associated electrical site works and controls systems for HV monitoring and control.

This project involved comprehensive upgrades to the base's electrical systems, aimed at improving operational efficiency and reliability. By modernising the infrastructure, Verbrec has directly contributed to supporting the Defence Force, thereby reinforcing the security of both the community and the country.

The completion of this upgrade underscores Verbrec's commitment to delivering high-impact solutions that bolster critical national assets.





Market Outlook

Mining & Resources

There is increasing pressure on the mining sector to adopt sustainable practices, including reducing greenhouse gas emissions and improving resource efficiency.

Growing global demand for minerals and metals, particularly for renewable energy technologies, has driven increased demand for lithium, cobalt and nickel, but key to the electrification goal is copper. The infrastructure needed to support electrification, will create a huge demand for copper and we see this as a major driver in the mining sector over the next decade.

As easily accessible resources are depleted, the industry faces challenges in accessing and extracting lower-grade ores more sustainably. Depleting natural resources underscore the need for sustainable extraction and transportation methods and improved resource utilisation. Mining companies are tasked with optimising operational efficiency and reducing resource consumption.

The sector's evolution hinges on adopting advanced technologies to enhance operational efficiency reduce environmental impact through the entire supply chain. Adoption of technologies like automation, IoT, and advanced process control systems is helping to improve efficiency and reduce environmental impacts, however there is much more to do. Miners of the resources needed for the transition are faced with the competing priorities of extracting those minerals needed for the transition whilst also reducing their carbon emissions in doing so.

We are using our capability in hydro-transport, high voltage, automation and controls and our StacksOn™ 3D stockpile yard modelling software to support our clients in decarbonising their operations and providing greater water stewardship through operational efficiencies.





SUSTAINABLE MINING

As a leader in slurry pipelines, Verbrec is playing a key role in decarbonising the transport of magnetite from Yilgarn to market in Western Australia. The now complete pre-feasibility study has produced capex and opex cost modelling for this shared infrastructure, that would ultimately reduce the carbon footprint associated with the delivery of ore to market.

By offering cutting-edge solutions in the process automation and software space, we help mining companies boost productivity while minimizing resource consumption. StacksOn™ is one such example which allows the optimisation of stockpile management to ensure the resources extracted are utilised in the most efficient way.

Our expertise in integrating advanced technologies like IoT and automation into mining operations enhances decision-making, reduces downtime, and enhances overall performance, thereby reducing carbon footprint.

Our training business unit is also transforming the way training is delivered in the mining sector, by providing safe virtual environments to complete training activities. Verbrec Industry Training played a key role in the eventual delivery of the multi-award winning ToolTek Vehicle manufactured by WEIR ESCO and now being used on mine sites by Rio Tinto.

As a trusted partner for a sustainable future, we recognise the challenges the mining sector faces with the competing priorities of extracting those minerals needed for the transition whilst also reducing their carbon emissions simultaneously.

We see this as an ongoing challenge over the coming decade.

CASE STUDY | STACKSON | DIGITAL TWINS | SUSTAINABLE MINING

OPTIMISING TRAIN LOADING EFFICIENCY FOR BHP – STREAMLINING OPERATIONS WITH STACKSON™

BHP Iron Ore are successfully using StacksOn across their entire WA operations, both at the mine site and Ports, with significant savings per annum.

BHP wanted to speed up their train loading times, increase their yard capacity and limit the number of times their mobile machines were waiting for place to stacks and reclaim.

By integrating StacksOn™ into their operations, BHP Iron Ore has achieved remarkable improvements across their WA sites. The enhanced train loading efficiency and increased yard capacity have led to significant annual savings and operational gains.

StacksOn's innovative modelling and detailed analysis have not only reduced train fill times but also delivered more consistent stockyard grades, showcasing its impact on optimizing BHP's iron ore handling processes.





CASE STUDY | **RESOURCES** | **DIGITAL TWIN TECHNOLOGY** | **ENERGY TRANSITION MATERIALS**

VERBREC'S STUDY ON MAGNETITE EXPORT INFRASTRUCTURE

We conducted a pre-feasibility study for the Mid-West Shared Infrastructure Project (MWSIP). This study focuses on developing a comprehensive costing model for the infrastructure required to export Magnetite from the Yilgarn region in Western Australia's Mid West.

The study details the capital expenditure (capex) and operational expenditure (opex) for a base case of 30 million tonnes per annum (MTPA) of magnetite. It will also provide cost estimates for 60 and 90 MTPA scenarios to validate a robust business case for scaling up infrastructure to efficiently bring high-quality magnetite to market.

The study encompasses various critical areas, including energy and power, concentrate transportation, return and top-up water, end-of-line facilities, port, and marine infrastructure. The energy supply for the project is planned to integrate a blend of gas and renewables, supported by a 60 MW Battery Energy Storage System (BESS).

Verbrec's team is leveraging its advanced Software Solutions capability to challenge the system using a digital twin. This approach models the entire process, from the mine gate to the final delivery of the magnetite product into the hold of an ocean-going vessel via transshipping barges.



Directors' Report

Your Directors present their report on the consolidated entity consisting of Verbrec Limited (“Company” or “Verbrec” or “VBC”) and its controlled entities (“Group”) for the financial year ended 30 June 2024.

1 DIRECTORS AND OFFICERS

The following persons were directors and officers of the Company during the financial year and up to the date of this report:

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
Mr Mark Read	Chief Executive Officer
Mr Michael Casey	Chief Financial Officer (resigned effective 1 September 2023)
Mr Richard Aden	Chief Financial Officer (appointed 1 August 2023)
Mr Brad Love	Executive General Manager
Mr Joel Voss	Company Secretary

Information on the Directors and Officers, including former Directors and Officers, is in section 4.



2 PRINCIPAL ACTIVITIES & REVIEW OF OPERATIONS

2.1 PRINCIPAL ACTIVITIES

Verbrec is a leading engineering, asset management, infrastructure services, 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, defense, infrastructure and includes sustainable initiatives within each of these core sectors. The Group consists of approximately 400 professionals operating across Australia, New Zealand, PNG and the Pacific Islands from offices throughout Australia and New Zealand and from our project delivery site offices.

2.2 REVIEW OF OPERATIONS

The financial year 2024 has been a year of recovery for the Verbrec Group and has seen the Executive Leadership Team ("ELT") undertake several pivotal activities establishing a new foundation for profitability and growth, impacting at both the corporate and operational levels.

Chief Executive Officer, Mark Read entered his first full financial year and offers strong capability, industry experience and has repositioned Verbrec's strategy with a stronger focus on Electrification & Energy Storage, Gas Market Transition, Sustainable Mining and Water Security. The pivotal actions undertaken by the management team included an operational review of the business and from this review the following key initiatives were undertaken:

1. Improved operational efficiencies.
2. Divestment of underperforming training assets and contracts.
3. Completion of a \$4m capital raise.
4. Finalisation of all poor performing legacy projects.

The positive impact of these initiatives has resulted in the Group returning to profitability in the financial year ended 2024 and the return to compliance with the Group's banking covenants with our finance provider Westpac.

Improved Operational Efficiencies

After undertaking a thorough review of the business structure and overheads, a concerted effort by the ELT has resulted in overhead reduction of approximately \$2.2m (reference note 4(d) Other operating expenses of the Consolidated Financial Statements year ended 30 June

2024), including an adjustment to overall headcount and reduction in non-essential overheads. These changes have been gradual since July 2023, and while the clear targets for reduction have been addressed, management will continue to pursue additional overhead efficiencies.

The ELT have undertaken a thorough review of the types of work that are economically attractive for the Company to pursue, and limited portions of construction activities that the Company may have traditionally pursued. This enabled further savings to be realised in the year.

Divestment of Training Assets

The Company announced in November that it had entered into a binding agreement to sell assets and contracts of the unprofitable parts of its training business, including training locations at Gladstone, QLD and Belmont, WA. m. The completion of the transaction occurred in November 2023 and included the transfer of personnel, assignment of property leases and release of security over the divested assets from our bankers.

Although the divestment leaves Verbrec in a stronger position moving forward, it has resulted in a one off NPBT impact of approximately \$2.8m in financial year ended June 2024 (reference note 4(i) Discontinued Operations of the Consolidated Financial Statements year ended 30 June 2024).

Verbrec has retained the Competency Training business and will continue to deliver its core offerings focusing on high voltage, hazardous area, electrical and renewable training courses, which, have traditionally been higher margin and profitable for Verbrec. We are pleased to note that Competency Training is performing well following the divestment and is primed as one of the growth areas of our business.

Completion of \$4.0m Capital Raise

In November 2023, Verbrec announced to the market that it had successfully placed 33,150,000 ordinary fully paid shares in Verbrec (Shares) at a price of \$0.06 (Placement) raising approximately \$2.0m. Verbrec, at the same time, announced the launch of a non-renounceable entitlement offer to existing eligible shareholders in Australia and New Zealand of 1 new Share for every 6.5 Shares held on the record date, also at a price of \$0.06 (Entitlement Offer), noting that existing and new institutional investors and senior management of the Company had pre-committed to taking up their entitlements in the Entitlement Offer and / or a first right over any shortfall up to a total precommitment of approximately \$1.2m (Shortfall Placement).



2.2 REVIEW OF OPERATIONS (CONTINUED)

The Entitlement Offer closed on 7 December 2023 and raised approximately \$1.2m from eligible Verbrec shareholders who subscribed for their entitlements and additional shares under the provided top-up facility. The Shortfall Placement, being approximately \$0.8m, had firm pre-commitments and was placed with sophisticated, institutional and professional investors for the same price as the Entitlement Offer.

The capital raising process reinforced the optimism held by the core management team of Verbrec's prospects, with approximately \$0.4m of the proceeds generated in the capital raise attributable to Director's, the CEO and ELT.

Closure of Legacy Projects

Since FY2021, Verbrec provided periodic updates on several 'poor performing legacy projects' which negatively impacted the group's financial performance in the periods since.

The impacts of the poor performing legacy projects were dramatically reduced in H1 FY2024 and no impacts of the poor performing legacy projects were incurred in H2 FY2024.

The poor performing legacy projects are finalised and closed and are no longer expected to affect the financial performance of the Company moving forward.

Further information can be found in the section titled Operational Overview in the covering section of this Annual Report.

2.3 MARKET OVERVIEW AND OUTLOOK

MARKET OVERVIEW

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, mining and infrastructure is very encouraging. New projects driven by investment in alternative energy are providing exciting new opportunities.

To address the evolving energy landscape, 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 other professionals, by selectively recruiting where necessary to improve the group's consolidated skillset, Verbrec is in a position to partner with our relationship clients 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 advanced battery technologies, 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 projects and prospects related to carbon capture utilisation and storage and biofuel / hydrogen augmentation or replacement.
- Sustainable Mining 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, as an example by using the power of StacksOn to give clients greater grade control at iron ore mines / ports and developing innovative product transport solutions.
- Water Security by providing our expertise and years of experience servicing water authorities and operators across Australia to 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 the operations of heavy industries and mining operations.

Further information can be found in the section titled Sector Outlook in the covering section of this Annual Report.



2.4 SIGNIFICANT RISKS

MARKET RISKS

Operating Market

Operating in our markets brings specific risks, including commodity price fluctuations, geopolitical tensions, regulatory changes and environmental concerns. We closely monitor global energy trends, diversify our revenue streams across different sources and invest in our people and assets to enhance operational efficiency and minimise impact. Our training business would be impacted should movement restrictions or lockdowns caused by a pandemic to occur in the future.

Renewables

Renewable energy is a fast-growing market that presents both opportunities and risks. The renewable sector is influenced by factors such as policy support, technological advancements, and market competition. Changes in government incentives, regulatory frameworks, or public perception can impact the viability of renewable projects. We actively monitor market developments, foster collaborations with technology providers, and stay informed about emerging trends to capitalise on renewable energy opportunities while managing associated risks effectively.

Inflation

Verbrec's business is exposed to inflationary pressures including materials, labour and operating costs. The Company has mechanisms in place, including contractually, to escalate costs in line with generally accepted indexes, however, this may not always be sufficient to account for inflationary pressures incurred by the Company or the industries which it serves, nor be recognised at the time that the additional costs attributable to inflation are incurred. Inflationary pressure, particularly connected to wages and procurement activities is also prevalent in our markets. The Group includes index rise and fall clauses in contracts where appropriate to mitigate the risk.

Relationship Clients

Verbrec's relies on a base-load of revenues and earnings being generated from a small group of Key Relationship Clients in the industries in which we operate. The Board and Management recognise this risk, and consistently report-on and review the flow of works from our Key Relationship Clients, and consistently encourage exceptional customer service to limit the risk of loss of relationship clients due to reputational or delivery concerns. An unexpected acquisition or merger of a Key Relationship Client may cause a risk of reducing or eliminating a portion of Verbrec's revenues that otherwise, Verbrec would have relied upon.

Client and Market Demand

Verbrec primarily derives its revenues from multi-year panel arrangements which do not include a contractual obligation on clients to source any minimum amount of goods or services from Verbrec. Accordingly, client demand can change for a variety of reasons (including micro & macro-economic) and without warning. Verbrec relies on a certain volume of work to offset its overheads and any material lack of client demand (due to market conditions or otherwise) may result in financial loss for the Company. The Board and Management focus and report closely on the demands of clients, constantly monitoring work-in-hand and weighted prospects to identify reductions in client demand.

Regulatory Risks

The Group is subject to local laws and regulations in each of the jurisdictions in which it operates. Furthermore, the Group operates in both the Engineering and Training segments predominately within Australia and New Zealand. Future laws or regulations may be introduced affecting engineering and training companies and if this occurred, it could restrict or complicate the Group's activities. Any such impacts may adversely impact the Group's future operating and financial performance.

Litigation and Industry Risks

In the course of its business, the Group is exposed to potential legal and other claims or disputes, including litigation from employees, regulators or third parties. Further, the engineering industry in which the Group operates involves risks associated with safety, structural defects, environmental investigations and general litigation. With litigation comes risks and should an adverse decision transpire from a potential litigation claim, this could have a materially adverse impact on the financial performance of the Group. Appropriate insurances are held by the Group.

Geographic Risks

The Group has a diversified geographic footprint with operations across Australia and New Zealand, and the Group also executes projects in Papua New Guinea and the Pacific Islands. The work outside of Australia and New Zealand presents some risks in terms of safety during visits but these are managed and mitigated.

Industry Risks

The Group's business is predominantly based on serving the mining and mineral processing, hydrocarbons (oil & gas and chemicals) and infrastructure (particularly water) industries. As such the Group's business would be impacted if there was a deterioration in demand for engineering services, asset management, infrastructure services and/or training services in one or more of these industries.



2.4 SIGNIFICANT RISKS (CONTINUED)

The business may also be affected by changes in the nature of the engineering industry, such as changes to demand for different commercial models for project delivery or asset services.

Weather Conditions

Certain aspects of Verbrec's operations may be negatively impacted by unexpected or prolonged inclement weather conditions, including storm, rainfall, flood, fire, earthquake, extreme heat or other associated effects of weather conditions generally. Weather conditions may impact physical assets in the form of loss or damage. Weather conditions may prevent Verbrec from safely undertaking its operations at certain locations or cause temporary or permanent damage to operating locations in extreme circumstances.

PEOPLE RISKS

Labour Shortages

The shortage of skilled labour in both Australia and New Zealand continues to be a risk for the Group. The Group has various strategies in place to mitigate the risk and ensure the Group continues to attract and retain quality staff. The skills shortage continues to be an opportunity for the training business as labour has the potential to retrain in new qualifications.

Loss of Key Personnel

Verbrec relies on the continuity and availability of a core group of key personnel, including ELT. Despite prudent succession planning, the sudden and unexpected loss of key personnel may adversely impact Verbrec's ability to effectively operate certain segments of the business.

The Board and Management recognize that the market for skilled labour is competitive and have implemented competitive base-pay, pay review cycles (planned and unplanned) and incentive schemes to address risks of skilled labour shortages and attrition of key personnel.

TECHNOLOGY RISKS

Digital Disruption and Artificial Intelligence

Technology is ever evolving at a rapid pace, and it is possible that technological innovation may cause disruptions to Verbrec's business. The emergence of generative artificial intelligence applications may have unexpected implications on the way that professional services and the generation of deliverables typical to Verbrec's industry are produced. Verbrec's Board and Management consider technological advancements in its strategic planning processes.

Cyber Security

Information, communication and technology (ICT) systems are inherently vulnerable to attack, disruption, ransom or data-loss. Verbrec relies on its ICT systems to continue normal operations and an unexpected cyber event may cause significant disruption to operations. Management and Board are aware of the risk and implement investments in technologies, data management and backup systems and cyber security measures and education and maintain a policy of cyber liability insurance to partially mitigate the potential negative effects of a major cyber security breach or event.

Financial Risks

The Group's ongoing financial strength depends on the Group's ability to generate earnings and to make interest and principal repayments on its debt. Contract performance failure may lead to services not being delivered on time or according to budget resulting in financial loss, reputational damage and the inability or reduced ability to secure future work.

Continued and uninterrupted availability of adequate financing facilities is critical for providing liquidity to the Group with our banking partner Westpac Banking Corporation. Our financing facilities are subject to certain terms, conditions and covenants. A breach of those terms and conditions or a failure to meet the covenants may adversely affect the ability of the Group to finance core operations.

Verbrec may at some point in the future have a requirement to raise additional capital (whether debt, equity or hybrid) in order to continue growing, meet financial obligations and increase its profitability. As a listed entity, the Group has many options open to it should future capital be required.

The Group's revenue and profitability is highly correlated to spending levels by resource, energy, infrastructure and other businesses which use engineering services, which in turn could be affected by changes in macroeconomic conditions in Australia, New Zealand and internationally. Changes in the macroeconomic environment are beyond the control of the Group and include, but are not limited to:

- Global commodity prices (including exchange rate risk) – particularly in oil and gas, iron ore and coal;
- Changes in government investment and legislation – particularly in both the water, renewables and commodity sectors;
- Changes in aggregate investment and economic output; and
- Changes in employment levels and labour costs, wage inflation and changes in industrial relations laws, which will affect the cost structure of the Group.



2.5 ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group has determined that no particular or significant environmental regulations apply to its operations.

The Directors have considered climate-related risks and do not currently deem there to be an associated material risk to the Group's operations and the amounts recognised in the financial statements. The Group continues to monitor climate-related and other emerging risks and the potential impact on the financial statements. Potential impacts of legislation or other factors on our clients with regard to greenhouse gas emissions are regarded as presenting more opportunities than risks for the Group.

2.6 AFTER BALANCE DATE EVENTS

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

3 REVIEW OF FINANCIAL PERFORMANCE

3.1 FINANCIAL PERFORMANCE OVERVIEW

A summary of the Group's operating results for the year ended 30 June 2024 is below:

	2024 \$'000	2023 \$'000
Continuing operations		
Revenue	93,351	109,918
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	8,768	(2,920)
Profit/ (loss) before tax	4,378	(6,835)
Income tax benefit/(expense)*	376	430
Profit/ (loss) after tax from continuing operations	4,754	(6,405)
Profit/ (loss) from discontinued operation	(2,806)	(3,119)
Profit/ (loss) attributable to owners of the Company	1,948	(9,524)

Below is the reconciliation between Profit / (Loss) for the year and EBITDA:

	2024 \$'000	2023 \$'000
Continuing operations		
Profit/(loss) after tax	4,754	(6,405)
Income tax expense/(benefit)	(376)	(430)
Finance expense	1,015	648
Depreciation and amortisation	3,375	3,267
EBITDA	8,768	(2,920)

The Group's financial results for 2024 from continuing operations compared to the financial results for 2023 are as follows:

- Revenue of \$93.4m, down from revenue of the Group of \$109.9m for 2023.
- Gross Margin has increased to 35.8%, up from 24.5% of the prior year.
- EBITDA of \$8.8m, up from an EBITDA of the Group of (\$2.9m) for 2023.
- EBITDA as a percentage of revenue at 9.4%, up from (2.7%) of the Group in the prior year.
- Profit after tax of \$1.9m (\$4.8m from continuing operations).

EBITDA is a non-IFRS earnings measure which does not have any standardised meaning prescribed by IFRS and therefore may not be compatible to EBITDA presented by other companies. This measure, which is unaudited, is important to management as an additional way to evaluate the Company's performance.



3.2 WORKING CAPITAL MANAGEMENT

The Group increased its operating cash flows with a net operating inflow of \$2.0m (2023: net cash outflow of \$3.9m).

3.3 STATEMENT OF FINANCIAL POSITION

The Group's total assets reduced to \$47.7m in 2024 (2023: \$54.1m). The end of year cash balance of \$4.6m was a marginal increase from \$4.5m in 2023.

The net assets of the Group increased to \$19.2m as at 30 June 2024 (2023: \$13.0m).

The Group's total liabilities decreased to \$28.5m as at 30 June 2024 (2023: \$41.0m), due to reductions in trade and other payables, contract liabilities and employee benefits.

The Group's financing facilities are held with Westpac Banking Corporation and as at 30 June 2024, the Group had utilised a total of \$4.1m of the \$9.0m limit of its Flexible-Option Facility with Westpac and \$0.4m of the \$1.5m limit of its equipment finance facility.

3.4 DIVIDENDS

Verbrec Limited did not declare any dividend in the 2024 financial year, or after the end of the financial year (FY2023: \$Nil).

4 INFORMATION ON DIRECTORS AND OFFICERS

4.1 INFORMATION ON CURRENT DIRECTORS

The information on the current Directors of Verbrec Limited is as follows:

Mr Phillip Campbell

TITLE	INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRPERSON
Details	Appointed Director on 22 October 2019 and Chairperson on 26 February 2020
Qualifications	B. Electrical and Electronics Engineering – University of Queensland, GAICD
Experience	Phillip is an experienced independent non-executive director on publicly listed and private company boards. He has executive experience (MD/CEO roles) in a range of national manufacturing and engineering businesses and has significant experience in expanding and developing businesses.
Special responsibilities	Chairperson of the Board Chairperson of the Nomination & Remuneration Committee Member of the Board Proposal Approval (Projects) Committee (Chair until 25 March 2022) Member of the Audit & Risk Committee
Directorships of other listed companies (current or held within the last 3 years)	N/A
Interests in the Company	1,503,309 ordinary shares

Mr Matthew Morgan

TITLE	INDEPENDENT NON-EXECUTIVE DIRECTOR
Details	Appointed 22 October 2019
Qualifications	B. Commerce, B. Applied Science, MBA – Queensland University of Technology, Kauffman Fellow
Experience	Matthew is an experienced independent non-executive director on publicly listed and private company boards. He began his career as an institutional venture capital fund manager with QIC Limited and has significant commercial experience including mergers and acquisitions and capital raising.
Special responsibilities	Chairperson of the Audit & Risk Committee Member of the Nomination & Remuneration Committee
Directorships of other listed companies (current or held within the last 3 years)	Total Brain Limited (ASX:TTB) – delisted 28 February 2023
Interests in the Company	866,296 ordinary shares



4.1 INFORMATION ON CURRENT DIRECTORS (CONTINUED)

Ms Sarah Zeljko

TITLE	INDEPENDENT NON-EXECUTIVE DIRECTOR
Details	Appointed 1 September 2020, Retired 29 November 2023
Qualifications	B. Laws – Bond University, GAICD, GAIST
Experience	<p>Sarah joined the Verbrec Board in September 2020, bringing her extensive executive, operational, governance and advisory experience gained across multiple large ASX listed, government and private corporations. She is recognised for her commercial acumen in negotiating commercial agreements, and experience in capital raising, M&A, construction, infrastructure and project management. Sarah is a Graduate of the Australian Institute of Company Directors (GAICD), a Graduate of the Australian Superannuation Trustees (GAIST) and an admitted Legal Practitioner. She has previously held roles as General Counsel and Company Secretary for G8 Education (ASX:GEM), the Wiggins Island Coal Export Terminal (WICET), Powerlink Queensland, LGALSUPER and Cement Australia. Sarah is currently the Chair of Energy Queensland, Advisory Board Chair of Stockyard and Non-Executive Director of Unitywater and Intellidesign.</p> <p>Sarah retired from the Board of Director's on 29 November 2023.</p>
Special responsibilities	<p>Chairperson of the Board Proposal Approval (Projects) Committee (appointed 25 March 2022, Member until that date)</p> <p>Member of the Audit & Risk Committee</p> <p>Member of the Nomination & Remuneration Committee</p>
Directorships of other listed companies (current or held within the last 3 years)	N/A
Interests in the Company	250,000 ordinary shares



4.1 INFORMATION ON CURRENT DIRECTORS (CONTINUED)

Mr Brian O'Sullivan AM

TITLE	NON-EXECUTIVE DIRECTOR
Details	Appointed 28 June 2019
Qualifications	B. Engineering (Mechanical) – University of Queensland, Post Grad Diploma Management, Fellow IEAust, MAICD
Experience	As the former founder and Chairman of OSD Pty Ltd, Brian has experience in energy related developments, with a strong emphasis on oil and gas pipeline and facilities projects. He has over 30 years' experience in business management, project management and engineering, primarily direct design and construction experience with major pipelines and petrochemical facilities in Australia, PNG and South-East Asia. Brian's key strengths include a strong technical knowledge and an in-depth understanding of commercial business activities. Brian has been a company director holding board positions for a range of entities, including Chairman of the Australian Muscular Dystrophy Foundation.
Special responsibilities	Member of the Audit & Risk Committee Member of the Nomination & Remuneration Committee Member of the Board Proposal Approval (Projects) Committee
Directorships of other listed companies (current or held within the last 3 years)	N/A
Interests in the Company	72,420,779 ordinary shares Consulting agreement under iBOS Developments Pty Ltd (Development Advisor to the Verbrec Group)



4.2 INFORMATION ON CURRENT OFFICERS

The information on the current Officers of Verbrec Limited is as follows:

Mr Mark Read

TITLE	CHIEF EXECUTIVE OFFICER
Details	Appointed 13 March 2023
Qualifications	Bachelor of Engineering (Electrical) (Hons.1), University of Queensland, 1981 Advanced Management Program, Harvard Business School, 2000 Directors Course Diploma, Australian Institute of Company Directors, 2009
Experience	A results focused senior executive business leader, CEO and Board director with a proven record of successfully establishing, transforming, acquiring and growing businesses to improve profitability, enable international expansion and achieve sustained growth. Over 30 years' experience across publicly listed and privately held global engineering service companies with roles ranging from global enterprise management, engineering, project management and in turnkey construction through to operations and maintenance in a wide range of industries including Mining, Power, Environment, Water, and Infrastructure.
Special responsibilities	Member of the Board Proposal Approval (Projects) Committee
Interests in the Company	927,483 Ordinary Shares 7,769,278 Performance Rights (LTVR) (subject to vesting tests)

Mr Michael Casey

TITLE	CHIEF FINANCIAL OFFICER
Details	Appointed 12 February 2020, Resigned effective 1 September 2023
Qualifications	B. Business (Accy) – Queensland University of Technology, Chartered Accountant ANZ, GAICD
Experience	Michael is an Australian Chartered Accountant with over 25 years' senior finance experience. Prior to joining Verbrec, Michael held senior finance and commercial positions in companies including FLSmidth, Ausenco Ltd and Cardno Ltd and he has significant listed entity experience. Michael is was responsible for all of Verbrec's finance functions and other Corporate Services including Legal, Contracts & Procurement and ICT.
Special responsibilities	N/A
Interests in the Company	Nil

Mr Richard Aden

TITLE	CHIEF FINANCIAL OFFICER
Details	Appointed 1 August 2023
Qualifications	CPA (Certified Practising Accountant – Australia); ACMA (Chartered Management Accountant)
Experience	Richard is an Australian Certified Practising Accountant (CPA) and UK Chartered Management Accountant (ACMA). Richard has over 25 years' experience in senior financial and commercial positions within International and ASX listed entities. Richard is responsible for all of Verbrec's Finance functions and other Corporate Services.
Special responsibilities	N/A
Interests in the Company	166,667 ordinary shares 3,198,054 performance rights (LTVR) (subject to vesting tests)

4.2 INFORMATION ON CURRENT OFFICERS (CONTINUED)

Mr Brad Love

TITLE	EXECUTIVE GENERAL MANAGER
Details	Appointed 5 December 2022
Qualifications	B. Engineering Mechanical (Hons 1st Class) Queensland University of Technology
Experience	<p>Brad has 21 years experience across a variety of industry sectors including, manufacturing, infrastructure, petrochemical and Oil & Gas, primarily in complex brownfield sustaining capital, both client side and consultant side for Santos, Oil Search PNG, Origin, Incitec Pivot, Dyno Nobel, Amcor, Orrcon and others.</p> <p>Brad joined LogiCamms in 2012 and has since successfully managed multiple portfolios for Santos, Oil Search and Incitec Pivot.</p> <p>With a passion for continuous improvement and the elimination of waste, over the past 3 years Brad was accountable for the implementation of Verbrec's new ERP system and more recently has been redeveloping Project Delivery Systems and Processes.</p>
Special responsibilities	N/A
Interests in the Company	1,250,000 performance rights (LTVR) (subject to vesting tests)

Mr Joel Voss

TITLE	COMPANY SECRETARY
Details	Company Secretary (appointed 6 June 2024)
Qualifications	Master of Business Administration (Central Queensland University), Affiliate Member of Governance Institute of Australia GIA
Experience	<p>Joel has over 15 years of contracts, procurement and commercial management experience and in addition to his Company Secretarial duties is the Contracts and Procurement Manager for Verbrec Limited and its associated subsidiary companies.</p> <p>Joel joined OSD Pty Ltd in 2016 and has been a senior member of Verbrec's management team for several years. Joel has contributed to the award and success of many major projects, was actively involved in the acquisition of EIM and the asset acquisition of Site Group International, provides commercial guidance to key company stakeholders and acts as the main conduit between the company and its various legal advisers, insurers and regulators.</p>
Special responsibilities	N/A
Interests in the Company	793,040 ordinary shares 1,480,000 performance rights (LTVR) (subject to vesting tests)



4.3 MEETINGS OF DIRECTORS

The number of meetings of Directors (including meetings of committees of Directors) of Verbrec Limited, and number of meetings attended by each of the Directors, during the financial year are:

DIRECTOR	BOARD MEETINGS		AUDIT & RISK COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS		BOARD PROPOSAL APPROVAL COMMITTEE MEETINGS	
	A	H	A	H	A	H	A	H
Phillip Campbell	13	13	2	2	2	2	2	2
Matthew Morgan	13	13	2	2	2	2	0	0
Sarah Zeljko	6	6	1	1	2	2	1	1
Brian O'Sullivan	13	13	2	2	2	2	2	2

A - Number of meetings attended.

H - Number of meetings held during the time the Director was a member of the Board or Committee.

The following former directors resigned throughout the FY2024 year:

- Sarah Zeljko resigned as Non-Executive Director and retired on 29 November 2023.

5 INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS, AND AUDITORS

Under the Company's Constitution, the Company indemnifies each current and former Director and Officer of the Group against certain liabilities and costs incurred by them in their engagement by the Group, except where the liability arises out of conduct involving a lack of good faith. The Company also indemnifies each current and former Director and Officer of the Group against certain liabilities and costs incurred when the Director or Officer acts as a Director or as an Officer of another body corporate at the Company's request and the liability or cost is incurred in that capacity.

Neither indemnity extends to liabilities or costs from which the Company is prohibited from indemnifying current or former Directors and Officers under the Corporations Act 2001 (Cth).

In addition, the Company has entered into Deeds of Access, Indemnity and Insurance with its Directors and Officers of the Group. Under those Deeds, the Company agrees to matters including the following:

- Indemnify the Director or Officer to the extent permitted by law and under the Company's Constitution; and
- Maintain a directors' and officers' insurance policy.

Since the end of the previous financial year the Group has paid insurance premiums of \$205,639 (2023: \$277,936) in respect of directors' and officers' liability insurance policies.

Verbrec has agreed to reimburse Grant Thornton Audit Pty Ltd for any liability (including reasonable legal costs) that Grant Thornton Audit Pty Ltd incur in connection with any claim by a third party arising from a breach by Verbrec Limited of its agreement with Grant Thornton Audit Pty Ltd.



6 CORPORATE GOVERNANCE STATEMENT

Verbrec Limited and the Board are committed to achieving and demonstrating the highest standard of corporate governance. Verbrec Limited reviews its corporate governance practices annually against the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council and in line with the ASX Listing Rules. The 2024 Corporate Governance Statement is dated as at 30 June 2024 and reflects the corporate governance practices in place throughout the FY2024 financial year. The 2024 Corporate Governance Statement was approved by the Board in August 2024 prior to the publication of this Annual Report.

A description of Verbrec Limited's current corporate governance practices is set out in the Corporate Governance Statement which can be viewed at https://verbrec.com/investor_centre_category/corporate-governance/

7 REMUNERATION REPORT – AUDITED

The Directors present the Verbrec Limited remuneration report, which has been audited, for the financial year ended 30 June 2024, outlining key aspects of the consolidated entity's remuneration policy and framework and remuneration awarded this year.

This Remuneration Report outlines the Key Management Personnel ("KMP") remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth) and its Regulations. For the purposes of this report the KMP of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise).

The report is structured as follows:

7.1	Overview of the Company's approach to executive reward;
7.2	Remuneration governance;
7.3	Elements of remuneration;
7.4	KMP remuneration;
7.5	Notice period and other non-monetary benefits under the Company's service contracts with executives;
7.6	Non-executive director arrangements;
7.7	Movement in shares;
7.8	Options and performance rights; and
7.9	Other statutory information.

7.1 OVERVIEW OF THE COMPANY'S APPROACH TO EXECUTIVE REWARD

The Board has adopted a remuneration policy for the consolidated entity that considers the current size and nature of the Company's operations.

Remuneration of KMPs is set at levels to reflect market conditions and encourage the continued services of KMP, including by benchmarking KMP remuneration to determine where roles are currently positioned, reviewing base salary, any short-term incentive ("STI") and any long-term incentive ("LTI").

The Company's remuneration strategy recognises and rewards performance in a way that is consistent with general practices in the markets in which the Company operates. The Company's remuneration philosophy is focused on the following key principles and approaches:

- align rewards to business outcomes that deliver value to shareholders;
- to drive a high-performance culture by setting challenging objectives and rewarding high performing individuals;
- assist in the attraction and retention of highly skilled individuals; and
- be competitive within the employment markets in which the Company operates.

This report specifically sets out remuneration information for the key people who can directly influence the long-term strategic direction of the Company and had the authority for planning, directing and controlling the affairs of the Company during the financial year ended 30 June 2024, and continue to have going into FY2025. They include the Chief Executive Officer and other key executives and non-executive directors of the Company as set out below:

Non-executive and executive Directors

The non-executive and executive Directors for Verbrec Limited for FY2024, and continuing (unless noted as resigned or retired), are:

NAME	POSITION
Phillip Campbell	Chairperson & Independent Non-Executive Director
Matthew Morgan	Independent Non-Executive Director
Sarah Zeljko	Independent Non-Executive Director (retired 29 November 2023)
Brian O'Sullivan	Non-Executive Director



7.1 OVERVIEW OF THE COMPANY'S APPROACH TO EXECUTIVE REWARD (CONTINUED)

Other key management personnel

The key management personnel who are not directors for Verbrec Limited for FY2024, and continuing (unless noted as resigned or retired), are:

NAME	POSITION
Mark Read	Chief Executive Officer
Michael Casey	Chief Financial Officer (resigned effective 1 September 2023)
Richard Aden	Chief Financial Officer (appointed 1 August 2023)
Brad Love	Executive General Manager
Joel Voss	Company Secretary and Contracts & Procurement Manager

7.2 REMUNERATION GOVERNANCE

To determine the remuneration of its KMP the consolidated entity has a Nomination and Remuneration Committee ("Committee"). The Committee makes recommendations to the Board in relation to the remuneration of KMP, including the fixed and at-risk components of remuneration. Based on the information and recommendations provided by the Committee, the Board applies its discretion to determine the remuneration, including any changes to fixed components of KMP as well as any awards under the STI and LTI Plans. The Committee assists the Board in reviewing the Company's remuneration policies and practices, and in selecting and appointing directors of the Company. The proceedings of each Committee meeting are reported directly to the Board. The chairperson of the Committee is an independent Non-Executive Director. The Chief Executive Officer, Chief Financial Officer, Executive General Manager and / or Company Secretary are invited to attend the Committee meetings for those parts that are appropriate.

The primary objective of Verbrec's executive remuneration strategy is creating a framework that supports sustainable growth over the long term, recognising that this is in the interests of all stakeholders. This framework seeks to reward, retain, and motivate senior executives in a manner aligned with shareholders' interests.

The Committee engaged the services of an independent remuneration consultant (Godfrey Remuneration Group Pty Limited) during the financial year to review the long-term incentive plan, which was approved by shareholders at the Annual General Meeting held on 29 November 2023.

7.3 ELEMENTS OF REMUNERATION

The remuneration and other terms of employment for the Group's executive KMP are formalised in Executive Service Agreements (ESA) and incentive plans. The total remuneration packages for these executive KMP contain:

- A Total Fixed Remuneration component (TFR) – Comprises salary plus superannuation capped at the concessional contribution limit. Fixed remuneration is set with reference to role, market, relevant experience, and performance. It is reviewed annually; and
- An at-risk remuneration component – The Board considers that the financial and operational performance and prospects of the Company are strongly linked to creating shareholder wealth. Accordingly, the Board has put in place at-risk components to remuneration based on success in delivering on pre-defined targets. The at-risk components are in the form of:
 - Short Term Incentive (STI) – payable in cash. Entitlement to any STI is based on Verbrec's financial and operational performance over FY2024, in addition to individual performance measures; and
 - Long Term Incentive (LTI) – the performance rights plan was developed during FY2024 and approved by the Company's Shareholders at the Annual General Meeting held on 29 November 2023. This plan replaced the previous LTI scheme.



7.3.1 SHORT-TERM INCENTIVES

The performance measures are set annually after consultation with the Directors and the executives and are specifically tailored to the areas where each Executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

Base Performance

The base performance measures for the STI comprise a combination of individual and Group specific performance targets that are consistent with the relevant Business Unit plans and the Board approved budget for the financial year. Key Performance Indicators (KPIs) include measures such as health and safety targets, achievement of budgeted EBITDA and revenue, achievement of bid gross margin for major projects and working together as a team. For any payment of the base component of the STI, achievement of the KPIs and the Group's EBITDA target must be achieved, meaning that bonus payments must be funded from performance.

Stretch Performance

The stretch performance measures for the STI comprise a combination of individual and Group specific stretch performance targets that are consistent with Board's reasonable determination of KPI's linked with over-performance compared with the relevant Business Unit plans and the Board approved budget for the financial year. For any payment of the stretch component of the STI, achievement of the KPIs and the Group's EBITDA targets must be achieved, meaning that bonus payments must be funded from performance.

The Board has the final discretion on individual performance of an executive KMP and applies such determination as a modifier to increase or decrease the STI payable.

A strict interpretation of the STI rules for FY2024 resulted in the Committee determining that no STI was payable in FY2024 under those rules. However, in consideration of performance, the Board has determined to make discretionary STI payments as disclosed in section 7.4.

The measurement of the STI for the performance of the KMP's and other executive participants of the scheme throughout FY2024 is expected to occur by 30 September 2024, thus any award of cash incentives for the FY2024 measurement period will take place in FY2025 subsequent to the release of this report.

7.3.2 LONG-TERM INCENTIVES

On 29 November 2023, shareholders approved up to 33m Performance Rights to be issued under the Verbrec Limited Rights Plan in the subsequent three years without affecting the Company's placement capacity under ASX Listing Rule 7.1, consistent with ASX Listing Rule 7.2 (Exception 13).

During FY2024, a total of 22,812,332 Performance Rights were issued to the executive leadership team, subject to vesting criteria due to be tested initially at the end of September 2024, and annually thereafter for four subsequent years.

Of the above Performance Rights so issued, a total of 13,697,332 were issued to Key Management Personnel:



7.3.2 LONG-TERM INCENTIVES (CONTINUED)

	MARK READ CHIEF EXECUTIVE OFFICER	MICHAEL CASEY CHIEF FINANCIAL OFFICER (resigned effective 1 September 2023)	RICHARD ADEN CHIEF FINANCIAL OFFICER (appointed 1 August 2023)	BRAD LOVE EXECUTIVE GENERAL MANAGER	JOEL VOSS COMPANY SECRETARY
Held at the start of the reporting period	-	2,440,000	-	-	232,250
Granted during the reporting period as compensation (subject to vesting tests)	7,769,278	-	3,198,054	1,250,000	1,480,000
Exercised during the reporting period	-	-	-	-	-
Resulting from any other change during the reporting period (see section 7.3.3)	-	(2,440,000)	-	-	(232,250)
Held at the end of the reporting period	7,769,278	-	3,198,054	1,250,000	1,480,000
Vested at the end of the reporting period	-	-	-	-	-
Vested and exercisable at the end of the reporting period	-	-	-	-	-
Vested and unexercisable at the end of the reporting period	-	-	-	-	-

The key terms of the performance rights granted are as follows:

MEASUREMENT PERIOD	COMMENCEMENT: 1 JULY 2023 ENDING: 30 JUNE 2028	
Dates for Vesting Criteria Testing	<p>The Performance Rights will typically be tested for vesting annually within 30 Business Days after the publication of Verbrec's full year financial reports:</p> <ul style="list-style-type: none"> - 30 September 2024 - 30 September 2025 - 30 September 2026 - 30 September 2027 - 30 September 2028 	
Vesting Criteria	Criteria	Weighting
	Restore Dividend to Shareholders	20%
	Earnings per Share Growth Target – Base	10%
	Earnings per Share Growth Target – Stretch	15%
	Total Shareholder Return Growth Target – Base	10%
	Total Shareholder Return Growth Target – Stretch	15%
	Balance Sheet Repair	10%
	Revenue Growth Target	10%
	Renewable Sector Target	10%
The particulars associated with each target have been selected by Board as achievable targets within the Measurement Period.		
The column titled 'Weighting' means the proportion of the Performance Rights that will vest upon successful achievement of the Vesting Criteria, tested at each Date for Vesting Criteria Testing.		

7.3.2 LONG-TERM INCENTIVES (CONTINUED)

MEASUREMENT PERIOD	COMMENCEMENT: 1 JULY 2023 ENDING: 30 JUNE 2028
Instrument	<p>The Plan uses Rights which may be constructed as part of the terms of an Invitation as an entitlement to the value of a Share (less any Exercise Price) which may be satisfied either in cash and/or in Shares (at the Board's discretion). Generally, it is expected that exercised Rights will be satisfied in Shares.</p> <p>The Plan allows for three classes of Rights which may be appropriate forms of remuneration under various circumstances, being;</p> <ul style="list-style-type: none"> • Performance Rights which vest when performance conditions have been satisfied and will generally be used for the purpose of granting LTVR to executives, • Service Rights which vest after completion of a period of service and which will generally be used as a retention incentive below the executive level, if and when appropriate, and • Restricted Rights which are vested at grant but may not be exercised within 90 days of grant and will generally be used to defer earned remuneration from time to time e.g. to defer STVR or as part of fixed remuneration. <p>When an Exercise Price greater than nil is specified in an Invitation the Rights are Share Appreciation Rights that only produce value when the Share Price exceeds the Exercise Price at the time of Exercise i.e. equivalent to an option. They may be Performance Share Appreciation Rights, Service Share Appreciation Rights or Restricted Share Appreciation rights under the foregoing classes of Rights.</p>
Terms and Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Plan. Such terms and conditions will be included in Invitations. When vesting conditions are included it is intended that they will be challenging and linked to indicators of sustainable value creation for shareholders.</p> <p>The terms and conditions of the Plan include those aspects legally required as well as terms addressing exceptional circumstances, such as a de-listing, a major return of capital to shareholders, including the treatment of Rights and Restricted Shares on termination of employment.</p> <p>The Plan contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Plan.</p>
Variation of Terms and Conditions	<p>To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the Plan.</p>
Eligibility	<p>Eligible Persons selected by the Board will be invited to participate in the Plan provided that an Eligible Person shall not be a non-executive Director of the Company.</p>
Term	<p>Each Invitation will specify the Term of Rights, as determined by the Board, and if not exercised within the Term the Rights will lapse. The maximum term allowable is 15 years under the Rules, which is based on the maximum tax deferral period in Australia.</p>
Number of Rights	<p>The number of Rights specified in an Invitation will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined subsequent to the AGM with regard to the relevant goals of the Company, relevant market practices and the relevant policies of the Company regarding remuneration, such that total remuneration is appropriate in both quantum and structure.</p>
Cost of Rights	<p>No amount is payable by Participants for Rights unless otherwise determined by the Board.</p>
Exercise Price	<p>No Exercise Price is payable by a Participant to exercise Rights under the Rules. However, as part of the terms of an Invitation the Board may determine that a notional Exercise Price applies, which will be deducted from the value of a Share in determining the Exercised Rights Value i.e. creating a cashless exercise option or Share Appreciation Right which functions identically to an option, but is less dilutive than traditional options from a shareholder perspective.</p>



7.3.2 LONG-TERM INCENTIVES (CONTINUED)

MEASUREMENT PERIOD	COMMENCEMENT: 1 JULY 2023 ENDING: 30 JUNE 2028	
	Tranche/ Vesting criteria	Fair value at Grant Date
Grant Date fair value	Restore Dividend to Shareholders	\$0.0856
	Earnings per Share Growth Target – Base	\$0.0856
	Earnings per Share Growth Target – Stretch	\$0.0856
	Total Shareholder Return Growth Target – Base	\$0.0854
	Total Shareholder Return Growth Target – Stretch	\$0.0764
	Balance Sheet Repair	\$0.0856
	Revenue Growth Target	\$0.0856
	Renewable Sector Target	\$0.0856
Measurement Period	The Measurement Period is the period over which vesting conditions are assessed and may be determined by the Board as part of each Invitation but will generally be tested for vesting against Vesting Criteria annually over a five-year period for Performance Rights, starting from the beginning of the first financial year in the Measurement Period (including for Performance Share Appreciation Rights).	
Vesting Conditions	Vesting Conditions may be determined by the Board as part of each Invitation.	
	Performance Rights will vest based on selected measures of Company performance and service with the Company. They are intended to create alignment with indicators of shareholder value creation over the Measurement Period.	
	Service Rights will vest solely based on periods of service with the Company and will generally relate to annual remuneration cycles when granted as part of fixed remuneration.	
	Restricted Rights do not have Vesting Conditions and are fully vested at grant.	
Gates	The Board may attach Gates to tranches of Performance Rights. A Gate is a condition that, if not fulfilled, will result in nil vesting of a tranche irrespective of performance in relation to the Vesting Conditions.	
Exercise Restrictions	An Invitation may specify a period of Exercise Restrictions during which Rights may not be exercised, even if vested.	
	For Restricted Rights which are fully vested at grant, Exercise Restrictions apply for at least 90 days following grant.	
Disposal Restrictions	Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.	
	Shares acquired from the exercise of vested Rights will be subject to disposal restrictions due to:	
	(a) The Company's securities trading policy, and	
	(b) The insider trading provisions of the Corporations Act.	
	Shares resulting from the exercising of Rights that may not be traded due to the foregoing or because of Specified Disposal Restrictions included in an Invitation will be Restricted Shares while they are so restricted. Verbrec will ensure that such restrictions are enforced due to the presence of CHESS holding locks or alternatively by any trustee that may appointed in connection with the Plan.	

7.3.2 LONG-TERM INCENTIVES (CONTINUED)

MEASUREMENT PERIOD	COMMENCEMENT: 1 JULY 2023 ENDING: 30 JUNE 2028
Exercise of Vested Rights	<p>Vested Rights may be exercised at any time between the Vesting Date (or the latter elapsing of Exercise Restrictions, if applicable) and the end of their Term, by the Participant submitting an Exercise Notice, otherwise they will lapse. The Exercised Rights Value will be determined as follows and will be either be paid in cash, converted into Shares based on the then Share price, or a combination of cash and Shares, as determined by the Board (depending on the terms of the Invitation):</p> <p>Exercised Rights Value = Number of Rights Exercised x (Share Price at Exercise - Exercise Price)</p> <p>Generally, it is expected that vested Rights will be settled in Shares. Such Shares may be Restricted Shares as they will be subject to disposal restrictions if the exercise occurs during a period in which trading in Shares is prohibited under the Company's securities trading policy.</p>
Disposal and Exercise Restriction Release at Taxing Point	<p>In the event that a taxing point arises in relation to Restricted Rights or Restricted Shares and the Exercise Restrictions or Specified Disposal Restrictions have not elapsed then they will cease to apply to 50% of the taxable Rights and Shares. This ensures that unreasonable tax outcomes are avoided.</p>
Termination of Employment	<p>Generally, employment is a pre-requisite for a Participant's Performance Rights to vest.</p> <p>Performance Rights (including Performance Share Appreciation Rights) will be forfeited by the Participant in full if not employed at the time of testing the Vesting Criteria.</p> <p>Service Rights (including Service Share Appreciation Rights) will be dealt with as specified in the relevant Invitation as appropriate to the circumstances of the granting of Service Rights and applicable Measurement Periods. Generally pro-rata vesting for the period of service completed will apply.</p> <p>Vested Rights held after a Participant's termination of office or employment with the Group will be automatically exercised 90 days after the date on which the Participant ceases to hold any unvested Rights and all Exercise Restrictions have elapsed.</p> <p>If Rights are exercised after the termination of employment and the Share price is lower at the date of exercise than on the date of termination, then the Exercised Rights Value will be settled in cash unless otherwise determined by the Board, in order to ensure an appropriate taxation outcome for the Participant.</p> <p>It should be noted that the Plan contains clauses that address fraud, misconduct, inappropriate benefits and clawback which will result in the forfeiture of unvested and unexercised rights equivalent to traditional "Bad Leaver" approaches, but which may apply at any time including during employment.</p> <p>Board may, at its discretion determine differing or contrary conditions within the Invitation if it deems it appropriate in the circumstances having considered relevant factors.</p>



7.3.2 LONG-TERM INCENTIVES (CONTINUED)

MEASUREMENT PERIOD	COMMENCEMENT: 1 JULY 2023 ENDING: 30 JUNE 2028
Delisting	<p>In the event the Board determines that the Company will be subject to a de-listing, the Vesting Conditions specified in an Invitation for Performance Rights will cease to apply and:</p> <p>(a) Rights with an Exercise Price greater than nil (Share Appreciation Rights) will vest 100% unless otherwise determined by the Board,</p> <p>(b) Unvested Performance Rights in each tranche will vest in accordance with the following formula:</p> $\text{Number of Performance Rights to Vest} = \text{Unvested Performance Rights} \times \frac{\% \text{ of First Year of Measurement Period Elapsed}}{\text{(Share Price at the Effective Date - Share price at the Measurement Period Commencement)}} \times \text{Share price at Measurement Period Commencement}$ <p>(c) Remaining Performance Rights may vest or lapse as determined by the Board,</p> <p>(d) Service Rights will vest to the extent determined to be appropriate by the Board under the circumstances applicable to each grant of Service Rights, and</p> <p>Exercise Restrictions and Specified Disposal Restrictions will cease to apply on the date determined by the Board.</p>
Major Return of Capital or Demerger	<p>In the event that the Board forms the view that a major part of the Company's assets or operations will imminently cease to be owned by the Group due to an intention to sell or separately list those assets or operations, or in the event of a major return of capital to Shareholders, the Board has discretion to vest, lapse or adjust the terms of Rights such that Participants are neither advantaged nor disadvantaged by the corporate action.</p> <p>Restricted Rights will cease to be subject to Exercise Restrictions and Specified Disposal Restrictions prior to the return of capital or demerger, on the date determined by the Board.</p>
Board Discretion and Preventing Inappropriate Benefits	<p>The Board has discretion to adjust the number of Rights that ultimately vest if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the Measurement Period and/or to the contribution of a Participant to outcomes over the Measurement Period.</p> <p>The Board has sole discretion to determine that some or all unexercised Rights held by a Participant lapse on a specified date, if allowing the Rights to be retained would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include joining a competitor or actions that harm the Company's stakeholders.</p> <p>In the case of fraud or misconduct, Participant will forfeit all unvested Rights.</p>
Bonus Issues, Rights Issues, Voting and Dividend Entitlements	<p>The number of Rights held by Participants will be proportionately adjusted to reflect bonus issues and/or the Exercise Price adjusted so that no advantage or disadvantage arises for the Participant. Right holders will not participate in Shareholder rights issues but may, subject to the ASX Listing Rules, be offered options on similar terms to the rights issue.</p> <p>Rights do not carry voting or dividend entitlements. Shares (including Restricted Shares) issued when Rights are exercised carry all entitlements of Shares, including voting and dividend entitlements.</p>
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the ASX Listing Rules.
Issue or Acquisition of Shares	Shares allocated to a Participant when Rights are exercised under the Plan may be issued by the Company or acquired on or off market by a trustee whose purpose is to facilitate the operation of the plan.

7.3.2 LONG-TERM INCENTIVES (CONTINUED)

MEASUREMENT PERIOD	COMMENCEMENT: 1 JULY 2023 ENDING: 30 JUNE 2028
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Plan.
Hedging	The Company prohibits the hedging of Rights or Shares subject to disposal restrictions by specified Participants.

For further information regarding share based payments, including Performance Rights under the Verbrec Limited Rights Plan, see note 10 to the Consolidated Financial Statements.

7.3.3 CANCELLATION OF PREVIOUSLY ISSUED AND UNVESTED PERFORMANCE RIGHTS

On 5 October 2023, Verbrec published an announcement titled 'Cancellation of Performance Rights' concerning Performance Rights issued under the Verbrec Limited Rights Plan which shareholders approved in 27 November 2020.

The Board after duly considering the perspective of Shareholders, determined that Company performance throughout the measurement period, and particularly the poor financial results of FY2023, do not warrant the award of Performance Rights to participants. In accordance with the plan rules, Board decreased the vesting potential of outstanding Performance Rights to nil.

Accordingly, 10,354,848 Performance Rights previously issued to KMP's and management personnel during FY2021, FY2022 and FY2023 were effectively cancelled. The expense associated with the cancellation of these Performance Rights have been fully recorded in previous financial periods and does not impact FY2024.

7.3.4 PROPORTIONS OF FIXED AND AT-RISK REMUNERATION

The table below sets out Verbrec's target mix of fixed and at-risk components for each of the executive KMP of the Group for FY2024 as a percentage of total potential remuneration:

NAME	TITLE	FIXED REMUNERATION (TFR)	STI BASE PERFORMANCE (MAXIMUM)	STI STRETCH PERFORMANCE (MAXIMUM)	LTI (MAXIMUM) % of TFR
Mark Read	Chief Executive Officer	450,000	50%	25%	70%
Richard Aden	Chief Financial Officer (appointed 1 August 2023)	327,399	25%	15%	40%
Brad Love	Executive General manager	271,625	25%	15%	25%
Joel Voss	Company Secretary	224,018	25%	15%	25%

- The following additional benefits are included in Mr. Mark Read's employment contract which are not included as part of the executive's TFR for the purposes of assessing STI or LTI entitlements: contribution to leased accommodation in Brisbane to a maximum lease value of \$650 per week, an allowance of up to \$3,600 per annum for reimbursement of utility costs at the Brisbane accommodation and a motor vehicle allowance of \$15,000 per annum.
- The LTI (Maximum) is the maximum stated annual entitlements in the KMP's contracts of employment. The Verbrec Limited Rights Plan, described in section 7.3.2 require that multiple years of performance rights are issued (subject to testing) at the commencement of the Measurement Period, and are tested against Vesting Criteria annually. Accordingly, the actual LTI value awarded to the KMP's listed in the above table may exceed the LTI (Maximum) in any one year of the Verbrec Limited Rights Plan depending on the proportion of Vesting Criteria achieved at the Measurement Date.
- On 1 July 2024, for each of Mr. Richard Aden, Mr. Brad Love and Mr. Joel Voss, the superannuation component of the fixed remuneration has been increased in line with the legislated superannuation guarantee increase (11.5%) up to the maximum contribution base.
- Michael Casey, Chief Financial Officer, resigned effective 1 September 2023 and was a KMP until the last day of his employment with Verbrec. Mr. Casey's STI (Maximum) was 25% and LTI (Maximum) was 40%.



7.4 KMP REMUNERATION

Fixed remuneration															Variable remuneration					Proportion of remuneration performance related		Value of options and Rights as proportion of remuneration	
Name	Year	Salary ¹ & Fees	Non-monetary benefits	Annual and long service leave ²	Post-employment benefits	Termination benefits	STI Cash Bonus ³	Performance Rights ⁴	Total														
										\$	\$	\$	\$	\$	\$	\$	%	%					
Non-Executive Directors																							
Phillip Campbell	FY24	120,000	-	-	-	-	-	-	120,000					-	-								
	FY23	120,000	-	-	-	-	-	-	120,000					-	-								
Sarah Zeiljko ⁵ (retired on 29 November 2023)	FY24	31,250	-	-	-	-	-	-	31,250					-	-								
	FY23	75,000	-	-	-	-	-	-	75,000					-	-								
Brian O’Sullivan ⁶	FY24	195,000	-	-	-	-	-	-	195,000					-	-								
	FY23	195,000	-	-	-	-	-	-	195,000					-	-								
Matthew Morgan	FY24	75,000	-	-	-	-	-	-	75,000					-	-								
	FY23	75,000	-	-	-	-	-	-	75,000					-	-								
Total Non-Executive Director Remuneration		421,250	-	-	-	-	-	-	421,250					-	-								
	FY23	465,000	-	-	-	-	-	-	465,000					-	-								
Executives																							
Mark Read	FY24	460,210	2,369	19,885	27,926	-	-	98,934	609,323	16.24	16.24			-	-								
	FY23	135,247	108	11,380	7,782	-	25,000	-	179,517	13.93	13.93			-	-								
Michael Casey ⁷ (resigned effective 1 September 2023)	FY24	59,752	159	-	5,269	45,914	-	-	111,094					-	-								
	FY23	333,054	2,076	10,150	25,083	-	15,000	19,740	405,103	8.58	8.58			-	-								
Richard Aden (appointed 1 August 2023)	FY24	270,001	-	16,530	24,865	-	-	40,724	352,119	11.57	11.57			-	-								
	FY24	244,707	2,961	(18,813)	26,123	-	-	15,917	270,896	5.88	5.88			-	-								
Brad Love ⁸	FY23	136,471	-	6,927	13,735	-	-	-	157,133					-	-								
	FY24	192,761	2,961	15,709	23,428	-	-	18,846	253,706	7.43	7.43			-	-								
Total Executives		1,227,430	8,451	33,310	107,611	45,914	-	174,421	1,597,138	10.92	10.92			-	-								
	FY23	604,772	2,184	28,457	46,600	-	40,000	19,740	741,753	8.05	8.05			-	-								

¹Includes paid leave entitlements

²Represents the annual leave and long service leave provision made for the year

³Bonus received for FY2023 were paid in FY2024. Mark Read and Michael Casey received a discretionary bonus

⁴Payment of \$25,000 and \$15,000 respectively, inclusive of superannuation contributions

⁵Joel Voss was not identified as a KMP in FY2023

⁶Total fees paid to Sarah Zeiljko includes amount paid until the retirement

⁷Brian O'Sullivan receives a Non-Executive Director fee of \$75,000 per annum and a Development Advisor fee of \$120,000 per annum

⁸Payments include amounts paid until the date of resignation

⁹Brad Love was considered as a KMP with effect from 5 December 2022 and amounts in the table represent

payments made from 5 December 2022

¹⁰Performance Rights allocation for KMPs in FY2024 was recognized based on the share-based payment expense accrued for the year. No Rights were awarded as at 30 June 2024. More details available at 7.3.2.

7.5 NOTICE PERIOD AND OTHER NON-MONETARY BENEFITS UNDER THE COMPANY'S SERVICE CONTRACTS WITH EXECUTIVES

NAME	POSITION	NOTICE PERIOD	NON-MONETARY BENEFITS
Mark Read	Chief Executive Officer	6 months	Car park
Richard Aden	Chief Financial Officer	3 months	-
Brad Love	Executive General Manager	3 months	Car park
Joel Voss	Company Secretary	3 months	Car park

7.6 NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Remuneration Policy

The Board seeks to set aggregate remuneration of non-executive directors at a level that provides the Group with the ability to attract and retain directors of appropriate calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to non-executive directors ("NEDs") of comparable companies.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting of shareholders. The NED fee pool of \$600,000 was approved by shareholders at the Annual General Meeting in 2013. The Board of Directors may determine how to allocate the NED fee pool.

The remuneration of NEDs consists of directors' fees, with such fees being inclusive of superannuation and any membership or chairpersonship of any committee. NEDs do not receive retirement benefits. A breakdown of fees is as follows:

NAME	DIRECTOR FEE	DEVELOPMENT ADVISOR FEE	SUCCESS FEE(*)
Phillip Campbell	\$120,000	-	N/A
Brian O'Sullivan	\$75,000	\$120,000	-
Matthew Morgan	\$75,000	-	N/A

- Sarah Zeljko, non-executive director, retired on 29 November 2023. The director fee paid to Ms. Zeljko in FY2024 is detailed in section 7.4.
- Subsequent to the end of the period, the Board approved an increase of individual Director's fees (within the NED pool fee limit) to apply in FY2025, resulting in a \$15,000 increase for Mr. Phillip Campbell and \$10,000 increase for Mr. O'Sullivan and Mr. Morgan respectively.
- NED's do not participate in the Company's STI or LTI plans.

* Under Brian O'Sullivan's contract, he is entitled to success fees in relation to designated major projects and merger and acquisition transactions introduced to Verbrec in his role as Development Advisor. No fees were paid or accrued for FY2024 (FY2023: No fees were paid or accrued).



7.7 MOVEMENTS IN SHARES

The movement during the reporting year in the number of ordinary shares in the Company held directly, indirectly or beneficially, by KMPs of the consolidated entity, is as follows:

NAME	BALANCE AT 1 JULY 2023 ("SOFY")	PURCHASED	BALANCE AT 30 JUNE 2024 ("EOFY")
Brian O'Sullivan ¹	69,410,779	3,010,000	72,420,779
Mark Read	94,149	833,334	927,483
Phillip Campbell ¹	678,000	825,309	1,503,309
Matthew Morgan ¹	449,633	416,663	866,296
Sarah Zeljko	-	250,000	250,000
Richard Aden	-	166,667	166,667
Brad Love	-	-	-
Joel Voss	181,745	611,295	793,040

¹ Shares purchased/(sold) on and off market during the year.

Other than disclosed above, the number of ordinary shares in the Company held directly, indirectly or beneficially, by other KMPs is Nil at 30 June 2024, there is no movement during FY2024.

7.8 OPTIONS AND PERFORMANCE RIGHTS

In the reporting period there were no options issued or exercised by the KMP's (FY2023 options exercised: nil).

Details of the performance rights can be found in 7.3.2.

7.9 OTHER STATUTORY INFORMATION

Voting of shareholders at last year's annual general meeting

At its AGM on 29 November 2023, Verbrec Limited received approximately 99% of the votes cast in favour of the resolution adopting the remuneration report for the 2023 financial year. The Company did not receive any specific feedback at the AGM or through the reporting period on its remuneration practices.

This concludes the remuneration report, which has been audited.

8 NON-AUDIT SERVICES

During the year Grant Thornton, the Group's auditor, provided non-audit services. The non-audit services provided by Grant Thornton consisted of tax compliance services in the amount of \$94,975.

The Directors are satisfied that the provision of non-audit services by Grant Thornton Audit Pty Ltd during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth), based on advice from the Group's Audit & Risk Committee, for the following reasons:

The non-audit services did not impact the impartiality and objectivity of the auditor; and
None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Details of the amounts paid to the auditor of the Group, Grant Thornton Audit Pty Ltd, and its related practices for audit and non-audit services provided during the year are set out in note 4(j) of the Financial Report below. No amounts were paid to other auditors in respect of the statutory audit.



9 PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

10 AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 81.

11 ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016. Amounts in the Directors' report have been rounded off in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

12 RESOLUTION APPROVING DIRECTORS' REPORT

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

Phillip Campbell

Chairperson

Brisbane

23 August 2024



Grant Thornton Audit Pty LtdKing George Central
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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 audit of Verbrec Limited for the year ended 30 June 2024, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
Chartered AccountantsCDJ Smith
Partner – Audit & Assurance

Brisbane, 23 August 2024

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389.



Verbrec Limited
ABN 90 127 897 689

Current Reporting Period

Financial Year ended 30 June 2024

Previous Corresponding Period

Financial Year ended 30 June 2023

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VERBREC LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$'000	2023 \$'000
Continuing operations			
Revenue	4(a)	93,351	109,918
Cost of providing services	4(e)	(59,946)	(83,019)
Gross profit		33,405	26,899
Other income	4(b)	130	64
Provision for impairment of contract assets		-	(2,764)
Other operating expenses	4(d)	(28,142)	(30,386)
Profit/ (loss) from operating activities		5,393	(6,187)
Finance expense	4(c)	(1,015)	(648)
Profit/ (loss) before income tax		4,378	(6,835)
Income tax (expense)/ benefit	4(f)	376	430
Profit/ (loss) from continuing operations		4,754	(6,405)
Loss from discontinued operation	4(i)	(2,806)	(3,119)
Profit/ (loss) attributable to owners of the Company		1,948	(9,524)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		52	(8)
Other comprehensive income for year, net of tax		52	(8)
Total comprehensive profit/ (loss) for the year attributable to owners of the Company		2,000	(9,532)
Total comprehensive profit/ (loss) for the year attributable to owners of the Company arises from:			
Continuing operations		4,806	(6,413)
Discontinued operations		(2,806)	(3,119)
		2,000	(9,532)
Earnings per share from continuing operations			
Basic earnings per share (cents per share)	4(g)	1.8	(2.9)
Diluted earnings per share (cents per share)	4(g)	1.7	(2.9)
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)	4(i)	0.7	(4.3)
Diluted earnings per share (cents per share)	4(i)	0.7	(4.2)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

VERBREC LIMITED **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 30 JUNE 2024**

	Notes	2024 \$'000	2023 \$'000
Assets			
Cash and cash equivalents	5(a)	4,618	4,461
Trade and other receivables	5(b)	13,666	15,439
Prepayments		1,638	1,663
Contract assets	5(b)	3,041	5,804
Current tax assets	4(f)	18	263
Total current assets		22,981	27,630
Property, plant and equipment	6(a)	1,069	1,476
Right-of-use assets	6(b)	5,167	4,799
Deferred tax assets	4(f)	8,210	7,606
Intangible assets	6(c)	10,267	12,566
Total non-current assets		24,713	26,447
Total assets		47,694	54,077
Liabilities			
Trade and other payables	5(c)	7,683	14,667
Contract liabilities	5(d)	2,552	6,022
Borrowings	5(g)	2,334	6,780
Lease liabilities	6(b)	2,444	2,727
Other financial liabilities		-	916
Employee benefits	5(e)	3,990	4,831
Provisions	5(f)	977	870
Total current liabilities		19,980	36,813
Employee benefits	5(e)	483	643
Borrowings	5(g)	4,302	-
Lease liabilities	6(b)	3,558	3,359
Provisions	5(f)	206	221
Total non-current liabilities		8,549	4,223
Total liabilities		28,529	41,036
Net assets		19,165	13,041
Equity			
Share capital	7(a)	27,990	24,267
Reserves	7(b)	719	266
Retained earnings		(9,544)	(11,492)
Total equity attributable to owners of the Company		19,165	13,041

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.



VERBREC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

		Attributable to owners of Verbrec Limited			
		Share capital	Reserves	Retained earnings	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2022		24,267	226	(1,968)	22,525
Loss for the year		-	-	(9,524)	(9,524)
Other comprehensive income		-	(8)	-	(8)
Total comprehensive income for the year		-	(8)	(9,524)	(9,532)
Share based payment expense	10	-	48	-	48
Balance at 30 June 2023		24,267	266	(11,492)	13,041
Balance at 1 July 2023		24,267	266	(11,492)	13,041
Profit for the year		-	-	1,948	1,948
Other comprehensive income		-	52	-	52
Total comprehensive income for the year		-	52	1,948	2,000
Contribution of equity, net of transaction costs	7(a)	3,723	-	-	3,723
Share based payment expense	10	-	401	-	401
Balance at 30 June 2024		27,990	719	(9,544)	19,165

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

VERBREC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		106,912	128,809
Payments to suppliers and employees (including GST)		(104,317)	(131,977)
		2,595	(3,168)
Interest received		100	53
Interest paid		(690)	(795)
Income taxes refunded		2	-
Net cash inflow/(outflow) from operating activities	5(a)	2,007	(3,910)
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		14	97
Payments related to sale of SST business*	4(i)	(303)	-
Payment for acquisition of subsidiary, net of cash acquired		(939)	(558)
Acquisition of property, plant and equipment and intangibles		(244)	(808)
Net cash outflow from investing activities		(1,472)	(1,269)
Cash flow from financing activities			
Share issue cost		(199)	-
Proceeds from issue of shares	7(a)	4,033	-
Proceeds from borrowings		2,665	9,413
Repayment of borrowings		(3,995)	(3,370)
Principal elements of lease payments		(2,904)	(2,840)
Net cash (outflow)/inflow from financing activities		(400)	3,203
Net increase in cash and cash equivalents		135	(1,976)
Cash and cash equivalents at the beginning of the year		4,461	6,415
Effects of exchange rate changes on cash and cash equivalents		22	22
Cash and cash equivalents at the end of the year	5(a)	4,618	4,461

*The Group has elected to present a statement of cash flows that analyses all cash flows in total – i.e. including both continuing and discontinued operations; amounts related to discontinued operations by operating, investing and financing activities are disclosed in Note 4(i).

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



VERBREC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

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 financial statements of the Company as at and for the year ended 30 June 2024 comprise 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 is primarily involved with the resources, energy and infrastructure sectors providing Engineering and Training services, primarily in Australia, New Zealand, Papua New Guinea and the Pacific Islands.

2 BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board as applicable to a for-profit entity.

The consolidated financial statements were authorized to issue by the Board of Directors on 23 August 2024.

(b) BASIS OF MEASUREMENT AND PRESENTATION CURRENCY

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

The Company is of a kind referred to in legislative instrument 2016/191 and in accordance with that legislative instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(c) USE OF ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements and estimates about the future, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are included in the following notes:

Note 2(d) – going concern

Notes 4(a) and 5(b) – revenue recognition, trade receivables and contract assets

Note 4(f) – recoverability of deferred tax assets

Note 6(c) and 8(j) – measurement of the recoverable amounts of cash-generating units containing goodwill

Note 10 – Share Based Payments



2 BASIS OF PREPARATION (CONTINUED)

(d) GOING CONCERN

The consolidated financial statements have 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 financial year ended 30 June 2024, the Group made a profit before income tax of \$4.4m from continuing operations (2023: Loss before income tax of \$6.8m from continuing operations) ; recorded net cash inflows from operations of \$2.0m (2023: net cash outflows of \$3.9m), had a surplus of net current assets of \$3.0m (2023: deficiency of \$9.2m); and was in compliance with its lending facility covenants. In addition, the Group raised \$4.0m on the capital markets from new and existing shareholders during FY2024.

In the directors' opinion, the going concern basis of preparation remains appropriate because:

- As of July 2024, the Group had a healthy range of contracted work,
- The markets in which the Group operates continue to be strong,
- Actions have been taken to reduce overheads across the Group and limited portions of construction activities the Company may have traditionally pursued,
- Sold the unprofitable assets within its training portfolio,
- The Directors anticipate the ongoing support of the Group's shareholders.

The directors are of the view, given the circumstances as outlined above, there is no material uncertainty regarding going concern and as such, that the Group will be able to continue to satisfy its capital and operating commitments as and when they fall due. Accordingly, the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Refer note 8 for further commentary.

3 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

(a) FOREIGN CURRENCY

Foreign currency transactions

Transactions included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency using the year end exchange rates. Foreign currency gains or losses on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in the consolidated statement of profit or loss.



3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) FOREIGN CURRENCY (CONTINUED)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such items are considered to form part of the net investment in the foreign operation and are recognised in other comprehensive income and presented in the translation reserve in equity.

(b) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group adopted Disclosure of Accounting Policies (Amendments to AASB 2021-2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

(c) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024.

(e) OTHER ACCOUNTING POLICIES

Material accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to these financial statements.



4 OPERATIONS - RESULTS FOR THE YEAR

(a) REVENUE

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time in the following major service lines and geographical regions:

2024	Australia \$'000	New Zealand \$'000	Total \$'000
Services revenue			
- Engineering services	77,956	8,528	86,484
- Training services	6,725	142	6,867
Total revenue from external parties	84,681	8,670	93,351
Timing of revenue recognition			
At a point in time	1,215	-	1,215
Over time	83,466	8,670	92,136
	84,681	8,670	93,351

2023	Australia \$'000	New Zealand \$'000	Total \$'000
Services revenue			
- Engineering services	94,177	9,623	103,800
- Training services	6,059	59	6,118
Total revenue from external parties	100,236	9,682	109,918
Timing of revenue recognition			
At a point in time	468	-	468
Over time	98,743	10,707	109,450
	99,211	10,707	109,918

Revenue from contracts with customers

Where performance obligations are satisfied over time, revenue is recognised in the consolidated statement of profit or loss by reference to the progress towards complete satisfaction of each performance obligation. This does not include any significant financing component.

- Revenue Recognition – Engineering services**

Engineering, procurement and/or construction services

Contracts with customers to provide contract engineering, procurement and/or construction services can include either one performance obligation or multiple independent performance obligations within each contract. The Group assesses each of its contracts individually and where there are separate performance obligations identified, the transaction price is allocated based upon the relative stand-alone selling prices of the services provided.

Revenue is recognised over time, based on an input method using an estimate of costs incurred to date as a percentage of total estimated costs at contract completion. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the consolidated statement of profit or loss.



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(a) REVENUE (CONTINUED)

License revenue from StacksOn software solution

Verbrec generates revenue from granting licence of StacksOn™ Software to clients on a 3-year fixed licence fee model and such revenue is recognised on a 'point in time' basis, and as such, revenue is taken in line with the commencement or renewal of a licencing period.

• Revenue Recognition - Training Services

Revenue from training services is recognised over time (typically 1 to 5 days in duration) when the training services are delivered as the customer receives and consumes the benefits provided by the entity's performance.

(b) OTHER INCOME

	30 June 2024 \$'000	30 June 2023 \$'000
Gain on sale of fixed assets	108	41
Sundry income	22	23
	130	64

(c) FINANCE (EXPENSES) / INCOME

	30 June 2024 \$'000	30 June 2023 \$'000
Interest income	100	54
Interest and finance charges paid/payable	(804)	(450)
Interest on lease liability	(311)	(252)
	(1,015)	(648)

(d) OTHER OPERATING EXPENSES

The consolidated statement of profit or loss and other comprehensive income includes the following specific expenses:

	30 June 2024 \$'000	30 June 2023 \$'000
Salaries and wages	14,376	15,705
Share-based payments	290	48
Other employment related expenses	678	793
General outgoings	1,039	1,239
Subscriptions, licenses and memberships	2,197	2,239
Consulting	2,673	2,543
Depreciation and amortisation**	3,375	3,267
Travel and accommodation	381	335
Advertising, marketing and promotion	379	412
Office expenses	217	509
Insurance	1,684	1,852
Net foreign exchange losses	60	67
Other administrative expenses	793	1,377
	28,142	30,386

**Included in the above is depreciation on Property, Plant and Equipment \$0.5m (2023: \$0.6m) and amortization of Right-Of-Use Assets \$2.1m (2023: \$1.9m) and Intangible Assets \$0.8m (2023: \$0.8m).

The group incurred a total of \$4.6m superannuation expenses during the year (2023: \$5.3m) which comprises with \$4.2m on direct labour (2023: \$4.9m) and \$0.4m on indirect labour (2023: \$4.0m).

**4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)****(e) COST OF PROVIDING SERVICES**

	30 June 2024	30 June 2023
	\$'000	\$'000
Personnel expenses	39,950	46,051
Contractor expenses	6,979	11,537
Procurement expenses	13,017	25,431
	59,946	83,019

Personnel expenses and contributions to defined contribution superannuation funds

The Group's accounting policy for liabilities associated with employee benefits is set out in note 5(e). All employees in Australia are party to a superannuation guarantee and receive fixed contributions from the Group. A similar arrangement (Kiwisaver) is in place for employees in New Zealand but is voluntary and a small number of employees choose not to participate. The Group's legal or constructive obligation is limited to these contributions in Australia and New Zealand.

(f) TAXATION

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Income tax benefit / (expense)

	30 June 2024	30 June 2023
	\$'000	\$'000
Current tax expense		
Current year	-	-
Deferred tax benefit / (expense)		
(Decrease) / increase in DTA	(1,260)	(156)
Decrease / (increase) in DTL	1,863	278
Adjustments for current tax of prior periods	(227)	308
Total income tax benefit	376	430

Numerical reconciliation between tax expense and pre-tax accounting profit

Profit from continuing operations before income tax expense	4,378	(6,835)
Profit from discontinued operation before income tax expense	(2,806)	(3,119)
Profit/(loss) before income tax	1,572	(9,954)

Income tax using the Company's domestic tax rate of 30% (2023 - 30%)	(472)	2,986
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Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:

Deferred tax expenses on contingent consideration	-	139
Non-deductible expenses	(114)	(109)
Movement in relation to losses not recognised	-	(2,624)
Movement in relation to disposal of fixed assets	(380)	(339)
Movement in relation to the recognition of DTA on historical losses (previously unrecognised)	1,632	-
Sundry items	(290)	377
Total income tax (expense)/ benefit	376	430



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(f) TAXATION (CONTINUED)

Current tax assets and liabilities

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

The current tax asset relates to non-resident contractor withholding tax paid to New Zealand IRD.

	2024 \$'000	2023 \$'000
Current tax asset		
Current tax asset	18	263
Current tax liability		
Current tax liability	-	-

Tax assets and liabilities - recognised deferred tax assets and liabilities

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax assets related to losses have been recognised in line with significant contracted work and buoyant markets in which the group operates. Refer to note 2(d) for further details.

Deferred tax is based upon the expected manner of realisation or settlement of the carrying amount of assets and liabilities using the applicable tax rates. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets; and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets

	2024 \$'000	2023 \$'000
The balance comprises temporary differences attributable to:		
Lease liabilities	1,797	1,819
Tax losses	5,425	4,970
Employee benefits	1,862	2,147
Contract liabilities	759	1,774
Other deferred tax assets	1,285	1,677
	11,128	12,387
Set-off of deferred tax liabilities pursuant to set-off provisions	(2,918)	(4,781)
Net deferred tax assets	8,210	7,606



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(f) TAXATION (CONTINUED)

Deferred tax assets (continued)

	Lease liabilities	Tax losses	Employee benefits	Contract liabilities	Other deferred tax assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Movements						
As at 1 July 2022	2,322	4,709	2,434	2,071	1,008	12,544
(Charged)/credited to profit or loss	(503)	261	(288)	(297)	670	(157)
As at 30 June 2023	1,819	4,970	2,146	1,774	1,678	12,387
As at 1 July 2023	1,819	4,970	2,146	1,774	1,678	12,387
(Charged)/credited to profit or loss	(22)	455	(284)	(1,015)	(393)	(1,259)
As at 30 June 2024	1,797	5,425	1,862	759	1,285	11,128

Deferred tax liabilities

	2024 \$'000	2023 \$'000
The balance comprises temporary differences attributable to:		
Right-of-use asset	(1,522)	(1,434)
Work in progress	(866)	(2,450)
Customer relationships	(492)	(669)
Other deferred tax liabilities	(38)	(228)
	(2,918)	(4,781)
Set-off of deferred tax liabilities pursuant to set-off provisions	2,918	4,781
Net deferred tax liabilities	-	-



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(f) TAXATION (CONTINUED)

Deferred tax liabilities (continued)

	Right of use assets	Customer relation- ships	Work in progress	Other deferred tax liabilities	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Movements					
As At 1 July 2022	(1,925)	(879)	(1,895)	(360)	(5,059)
(Charged)/ credited to profit or loss	491	210	(555)	132	278
As at 30 June 2023	(1,434)	(669)	(2,450)	(228)	(4,781)
As at 1 July 2023	(1,434)	(669)	(2,450)	(228)	(4,781)
(Charged)/ credited to profit or loss	(88)	177	1,584	190	1,863
As at 30 June 2024	(1,522)	(492)	(866)	(38)	(2,918)

Deferred tax is not recognised for the following temporary differences:

- Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- Differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Initial recognition of goodwill.

At 30 June 2024, there was a tax benefit of \$9.9m (2023: \$11.5m) relating to unused tax losses of \$33.1m (2023: \$38.5m), of which the Group has recognized DTA on tax losses of \$5.4m (2023: \$4.9m) and accordingly, the amount of unrecognized tax losses is \$17.5m (2023: \$22.9m). Management has determined that the recoverability of recognized tax losses is likely given the business' current on ongoing performance.

Tax consolidation

The Company and its wholly owned Australian resident entities are part of a Tax Consolidated Group. Consequently, all members of the Tax Consolidated Group are taxed as a single entity. The head entity within the Tax Consolidated Group is Verbrec Limited.



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(g) EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share from:

Continuing operations	30 June 2024 \$'000	30 June 2023 \$'000
Profit/ (loss) for the year from continuing operations	4,754	(6,405)
WANOS ¹ used to calculate basic EPS (Shares)	261,229	221,476
WANOS ¹ used to calculate diluted EPS (Shares)	273,627	225,146
Basic EPS (cents per share)	1.8	(2.9)
Diluted EPS (cents per share)	1.7	(2.9)

Overall operations	30 June 2024 \$'000	30 June 2023 \$'000
Profit/ (loss) for the year from continuing operations	1,949	(9,524)
WANOS ¹ used to calculate basic EPS (Shares)	261,229	221,476
WANOS ¹ used to calculate diluted EPS (Shares)	273,627	225,146
Basic EPS (cents per share)	0.7	(4.3)
Diluted EPS (cents per share)	0.7	(4.2)

¹Weighted average number of ordinary shares

	30 June 2024	30 June 2023
Number of shares		
WANOS used to calculate basic EPS	261,229	221,476
Effect of performance rights and options on issue	12,398	3,670
WANOS used to calculate diluted EPS	273,627	225,146

CALCULATION OF EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated as net profit attributable to ordinary shareholders, adjusted to exclude any costs of servicing equity (other than dividends), divided by the WANOS, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share are calculated as net profit attributable to ordinary shareholders, adjusted for:

- Cost of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue or expenses during the year that would result from the dilution of potential ordinary shares divided by the WANOS and dilutive potential ordinary shares, adjusted for any bonus element.

Diluted earnings per share doesn't include potential ordinary shares because they are antidilutive for the year ended 30 June 2023 and they could potentially dilute basic earnings per share in the future.



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(h) SEGMENT INFORMATION

The Group has two reportable segments in which it operates, being Engineering services 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 subsidiary companies registered in New Zealand and with operations across Australia, New Zealand, Papua New Guinea and the Pacific Islands. Revenue and non-current assets are attributed to the reportable segments based on the operations of the segment and physical location of the assets and are as follows:

Revenue

Revenue	30 June 2024 \$'000	30 June 2023 \$'000
Engineering services	86,484	103,800
Training services	6,867	6,118
	93,351	109,918

Reconciliation of EBITDA to operating profit before income tax is as follows:

EBITDA	30 June 2024 \$'000	30 June 2023 \$'000
Engineering services	7,110	(3,281)
Training services	1,658	361
	8,768	(2,920)
EBITDA	8,768	(2,920)
Finance cost	(1,015)	(648)
Depreciation and amortisation	(3,375)	(3,267)
Profit/ (loss) before income tax from continuing operations	4,378	(6,835)

Details of the Group's most significant customer revenues for the year ended 30 June 2024 are shown in the following table. The most significant single customer for the year ended 30 June 2024 is a large, resources company.

	30 June 2024		30 June 2023	
	\$'000	% of revenue	\$'000	% of revenue
Most significant single customer	8,825	9%	9,268	8%
Top 10 most significant customers	47,966	51%	44,640	41%

	2024 \$'000	2023 \$'000
Non-current assets excluding deferred tax assets - continuing operations		
Australia	15,987	15,238
New Zealand	516	688
	16,503	15,926
Discontinued operation	-	2,915
Total assets excluding deferred tax assets	16,503	18,841



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(i) DISCONTINUED OPERATION

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 Site Skills Training ("SST") business unit to Harness Energy. Sites were sold with effect from 6 November 2023 and was reported in the financial statements for the half-year ending 31 December 2023 as a discontinued operation.

I. Results of discontinued operations

	30 June 2024 \$'000	30 June 2023 \$'000
Revenue	1,885	8,270
Expenses (including discounting on contingent consideration)	(2,563)	(11,908)
Loss on disposal of assets associated with discontinued operation	(2,128)	-
Other gains (including gain on fair value of financial liabilities)	-	519
Loss before income tax	(2,806)	(3,119)
Income tax expense	-	-
Loss after tax from discontinued operation	(2,806)	(3,119)
Net cash inflow/(outflow) from operating activities	216	(90)
Net cash outflow from investing activities*	(1,242)	(561)
Net cash outflow from financing activities	(229)	(1,331)
Net decrease in cash generated by discontinued operations	(1,255)	(1,982)
Earnings per share		
Basic earnings per share from discontinued operations (cents)	(1.1)	(1.4)
Diluted earnings per share from discontinued operations (cents)	(1.1)	(1.4)

*includes total consideration paid to Harness Group (\$0.3m (note 4(i)(II)) below) and the total payment made to SSST Group in relation to the contingent consideration in relation of the acquisition of SST business.

II. Details of sale of sites

	30 June 2024 \$'000
Consideration paid	(303)
Total disposal consideration	(303)
Net loss from write-off of fixed assets	(1,825)
Income tax expense on gain	-
Loss on sale after income tax	(2,128)



4 OPERATIONS - RESULTS FOR THE YEAR (CONTINUED)

(j) REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, its related practices and non-related audit firms:

	30 June 2024 \$	30 June 2023 \$
Assurance services		
Audit and review of the Group's financial reports	200,000	195,000
Other services		
Tax compliance services	79,975	89,550
Other tax services	15,000	15,109
	94,975	104,659
Total remuneration of Grant Thornton	294,975	299,659

5 OPERATIONS - OPERATING ASSETS AND LIABILITIES

(a) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank, cash in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, net of outstanding bank overdrafts. Cash balances reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

	2024 \$'000	2023 \$'000
Cash at bank	2,568	1,556
Restricted cash and cash equivalents [#]	2,050	2,905
	4,618	4,461

[#]Restricted cash of \$2.1m (2023: \$2.9m) is required to be held under the Westpac facility as part security for the issuance of bank guarantees.

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 8(f).

**5 OPERATIONS - OPERATING ASSETS AND LIABILITIES (CONTINUED)****(a) CASH AND CASH EQUIVALENTS (CONTINUED)****Reconciliation of cash flows from operating activities**

	2024	2023
	\$'000	\$'000
Cash flows from operating activities		
Profit/ (loss) for the year	1,948	(9,524)
Adjustments for:		
Depreciation & amortisation	3,565	4,224
Impairment on lease	-	50
Impairment charge on Goodwill and Intangible Assets	-	1,410
(Gain)/ loss on fixed assets disposal	2,020	(97)
Gain on fair value of financial liabilities	-	(463)
Share based payments	290	48
Interest expense on contingent consideration	22	124
Adjusted operating profit/(loss) before changes in working capital and provisions	7,845	(4,228)
Change in trade and other receivables	276	4,164
Change in contract assets	5,526	(1,688)
Change in trade and other payables	(6,963)	277
Change in deferred tax asset	(581)	(156)
Change in income taxes payable	-	(269)
Change in contract liabilities	(3,470)	(1,053)
Change in provisions and employee benefits	(626)	(957)
Net cash from operating activities	2,007	(3,910)

(b) TRADE AND OTHER RECEIVABLES

	2024	2023
	\$'000	\$'000
Current		
Trade receivables	13,707	15,549
Allowance for expected credit losses ¹	(130)	(130)
Other receivables	89	20
	13,666	15,439
Contract assets ²	3,041	8,568
Allowance for expected credit loss ¹	-	(2,764)
	3,041	5,804

¹ The Group has applied the expected credit loss model to trade receivables and contract assets. An amount of \$0.1m (FY2023: \$0.1m) has been recognised as an allowance for expected credit losses. As part of the assessment of recoverability of contract assets, the Group has allowed for an expected credit loss of \$0.0m on significant projects in FY2024 (FY2023: \$2.8m).

² Movements in contract assets during the financial year relate primarily to revenue recognised on engineering contracts with customers in excess of billings raised during the financial year.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss allowance for all trade receivables and contract assets.



5 OPERATIONS - OPERATING ASSETS AND LIABILITIES (CONTINUED)

(c) TRADE AND OTHER PAYABLES

	2024 \$'000	2023 \$'000
Current		
Trade payables	2,973	7,226
GST payable	614	735
Accrued expenses	2,995	4,851
Sundry creditors	1,101	1,855
	7,683	14,667

Trade and other payables are recognised initially at fair value less transaction costs and subsequently at amortised cost using the effective interest method.

The Group's exposure to currency and liquidity risk related to Trade and other payables is disclosed in note 8(f).

(d) CONTRACT LIABILITIES

	2024 \$'000	2023 \$'000
Contract liabilities	2,552	6,022

The contract liabilities primarily relate to consideration received from customers in advance of providing goods or services, or unearned revenue. These liabilities will be recognised as revenue when the services are performed. Movements in contract liabilities during the financial year relates primarily to the procurement and subsequent invoicing of long lead items on several engineering contracts.

(e) EMPLOYEE BENEFITS

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leave obligations	3,990	483	4,473	4,831	643	5,474

Annual leave, long service leave and time off in lieu

The liability for annual leave, long service leave and time off in lieu is measured as the present value of expected future payments (including on-costs) for the service provided by employees up to the reporting date. Expected future payments are discounted using the yield on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

**5 OPERATIONS - OPERATING ASSETS AND LIABILITIES (CONTINUED)****(f) PROVISIONS**

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bonus provision	507	-	507	200	-	200
Make good provision	293	206	499	544	221	765
Service warranties	177	-	177	126	-	126
Total	977	206	1,183	870	221	1,091

The movement in provisions for the period is shown below:

	Bonus provision	Make good provision	Service warranties	Total
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2023	200	765	126	1,091
Credited to profit and loss				
- additional provisions recognised	507	146	133	786
- unused amounts reversed	(10)	(203)	(44)	(257)
Amounts used during the year	(190)	(209)	(38)	(437)
Carrying amount at 30 June 2024	507	499	177	1,183

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Warranty

A provision for warranty is recognised at the commencement of a project based on risks identified during the planning stage. The warranty provision accumulates over the life of the project up to practical completion/commencement of defects liability period at which point it is fully recognized. During the defects liability period projects are periodically reviewed to ensure provisions remain sufficient taking into account historical warranty expenses and contract terms to ensure the provision is appropriate.

Bonus Provision

The Group recognised a liability and an expense for bonuses based on a formula that takes into consideration incentive (or other bonus) arrangements in place relative to the anticipated performance relative to the criteria in those arrangements. The Group recognised a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Make good provision

A make good obligation is recognised when the Group leases premises and the lease contract contains an obligation to return the premises to its pre-lease condition at the conclusion of the lease. The provisions are calculated on a \$/sqm basis, are reviewed for appropriateness periodically, and recorded at the present value of the estimated future cost to make good the premises.



5 OPERATIONS - OPERATING ASSETS AND LIABILITIES (CONTINUED)

(g) BORROWINGS

	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Secured						
Bank loans	401	4,033	4,434	5,879	-	5,879
Equipment loans	459	269	728	645	-	645
Invoice financing facility	1,186	-	1,186	-	-	-
	2,046	4,302	6,348	6,524	-	6,524
Unsecured						
Insurance premium financing	288	-	288	256	-	256
Total borrowings	2,334	4,302	6,636	6,780	-	6,780

Movements in borrowings

The movement in borrowings for the period is shown below:

	Bank loans	Equipment finance loan	Insurance premium funding	Invoice financing facility	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount as at 1 July 2023	5,879	645	256	-	6,780
Additional borrowings	-	1,079	1,586	1,186	3,851
Repayments during the year	(1,445)	(996)	(1,554)	-	(3,995)
Carrying amount as at 30 June 2024	4,434	728	288	1,186	6,636



5 OPERATIONS - OPERATING ASSETS AND LIABILITIES (CONTINUED)

(g) BORROWINGS (CONTINUED)

Secured liabilities and assets pledged as security

The Group's financing facilities are mainly from Westpac Banking Corporation. The facility and usage as at 30 June 2024 was as follows:

FACILITY TYPE/NAME	Limit \$'000	Amount used \$'000	Amount available \$'000
Bank guarantee facility	5,000	4,061	939
Business overdraft	4,000	-	4,000
Total flexible-option facility*	9,000	4,061	4,939
SME loan scheme	5,000	5,000	-
Invoice finance facility	5,000	1,186	3,814
Business credit card facility	300	227	73
Equipment finances revolving facility	1,500	378	1,122

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

Covenants imposed by Westpac include a Financial Debt to Adjusted EBITDA ratio to be less than 3.50 times (unchanged) and an Adjusted Equity Ratio greater than or equal to 40% (unchanged). 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 payment 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 has passed both covenants as of 30 June 2024 under its finance agreement.

COVENANT	Measurement	Results	
		2024	2023
Financial Debt to Adjusted EBITA	Less than 3.5 times	1.83 times	Minus 0.7 times
Adjusted Equity to Assets Ratio	Greater than or equal 40%	45.1%	27%



5 OPERATIONS - OPERATING ASSETS AND LIABILITIES (CONTINUED)

(g) BORROWINGS (CONTINUED)

Bank guarantees and contract performance bonds

The Group utilises bank guarantees as security for its obligations under premises leases and to guarantee its performance and warranty obligations under certain construction, procurement and engineering services contracts.

Other facilities

The Group uses short term finance to fund expenses such as its insurance premiums and software licenses so that the cash flow for these annual expenditures is spread over the year. These loans are not secured.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented:

	2024 \$'000	2023 \$'000
Net debt		
Cash and cash equivalents	4,618	4,461
Borrowings – repayable within one year	(2,334)	(6,780)
Borrowings – repayable after one year	(4,302)	-
	(2,018)	(2,319)
Cash and cash equivalents	4,618	4,461
Gross debt – fixed interest rates	(1,016)	(901)
Gross debt – variable interest rates	(5,620)	(5,879)
	(2,018)	(2,319)



6 NON-CURRENT ASSETS

(a) PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000
As at 1 July 2022			
Cost	15,836	1,558	17,394
Accumulated depreciation	(14,444)	(1,418)	(15,862)
Net book amount	1,392	140	1,532
Year Ended 30 June 2023			
Opening net book amount	1,392	140	1532
Additions	384	144	528
Depreciation charge	(513)	(71)	(584)
Closing net book amount	1,263	213	1,476
As at 30 June 2023			
Cost	16,220	1,702	17,922
Accumulated depreciation	(14,957)	(1,489)	(16,446)
Net book amount	1,263	213	1,476
Year Ended 30 June 2024			
Opening net book amount	1,263	213	1,476
Additions	166	40	206
Disposals	(145)	-	(145)
Depreciation charge	(370)	(98)	(468)
Closing net book amount	914	155	1,069
As at 30 June 2024			
Cost	16,241	1,742	17,983
Accumulated depreciation	(15,327)	(1,587)	(16,914)
Net book amount	914	155	1,069



6 NON-CURRENT ASSETS (CONTINUED)

(a) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss from derecognising the assets (the difference between the proceeds of disposal and the carrying amount of the asset) is included in "Other income" in the period the asset is recognised.

Depreciation and useful lives

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment 3 - 10 years

Motor vehicles 4 - 5 years

(b) LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2024 \$'000	2023 \$'000
Right-of-use assets		
Properties	4,528	4,211
Equipment	639	588
	5,167	4,799
Lease liabilities		
Current	2,444	2,727
Non-current	3,558	3,359
	6,002	6,086



6 NON-CURRENT ASSETS (CONTINUED)

(b) LEASES (CONTINUED)

(ii) Amounts recognised in the statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024 \$'000	2023 \$'000
Depreciation charge of right-of-use assets		
Properties	1,943	2,288
Equipment	345	469
	2,288	2,757
Interest expense (included in finance cost)	311	252
Expense relating to short-term leases (included in cost of providing services and other administrative expenses)	290	463

The total cash outflow for leases in 2024 was \$2.9m (2023: \$2.8m).



6 NON-CURRENT ASSETS (CONTINUED)

(b) LEASES (CONTINUED)

(iii) Right-of-use assets movement

	Properties \$'000	Equipment \$'000	Total \$'000
As at 01 July 2022			
Cost	12,345	827	13,172
Accumulated depreciation	(6,569)	(178)	(6,747)
Net book amount	5,776	649	6,425
Year Ended 30 June 2023			
Opening net book amount	5,776	649	6,425
Additions	774	408	1,182
Impairment*	(51)	-	(51)
Amortisation charge	(2,288)	(469)	(2,757)
Closing net book amount	4,211	588	4,799
As at 30 June 2023			
Cost	13,119	1,235	14,354
Accumulated depreciation	(8,857)	(647)	(9,504)
Impairment	(51)	-	(51)
Net book amount	4,211	588	4,799
Year Ended 30 June 2024			
Opening net book amount	4,211	588	4,799
Additions	2,835	466	3,301
Disposals	(575)	(70)	(645)
Amortisation charge	(1,943)	(345)	(2,288)
Closing net book amount	4,528	639	5,167
As at 30 June 2024			
Cost	15,328	1,631	16,959
Accumulated depreciation	(10,800)	(992)	(11,792)
Net book amount	4,528	639	5,167

*An impairment of \$0.05m was recognised during the FY2023 for a lease on a vacant property previously used by the training segment. Nil in FY2024. This asset was subsequently disposed in FY2024.



6 NON-CURRENT ASSETS (CONTINUED)

(b) LEASES (CONTINUED)

(iv) The Group's leasing activities and how these are accounted for

The Group leases various offices, equipment and vehicles. Rental contracts are typically made for fixed periods of 12 months to 5 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



6 NON-CURRENT ASSETS (CONTINUED)

(b) LEASES (CONTINUED)

(iv) The Group's leasing activities and how these are accounted for (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(v) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

**6 NON-CURRENT ASSETS (CONTINUED)****(c) INTANGIBLE ASSETS**

	Goodwill	Application Software	Development Costs	Brand Names	Customer Contracts	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2022						
Cost	10,634	1,015	344	343	5,454	17,790
Accumulated amortisation	-	(957)	(99)	(41)	(2,081)	(3,178)
Net book amount	10,634	58	245	302	3,373	14,612
Year ended 30 June 2023						
Opening net book amount	10,634	58	245	302	3,373	14,612
Additions	-	-	221	26	-	247
Impairment charge	(1,410)	-	-	-	-	(1,410)
Amortisation charge	-	(31)	(3)	(35)	(814)	(883)
Closing net book amount	9,224	27	463	293	2,559	12,566
As at 30 June 2023						
Cost	10,634	1,015	565	369	5,454	18,037
Accumulated amortisation	-	(988)	(102)	(76)	(2,895)	(4,061)
Impairment*	(1,410)	-	-	-	-	(1,410)
Net book amount	9,224	27	463	293	2,559	12,566
Year ended 30 June 2024						
Opening net book amount	9,224	27	463	293	2,559	12,566
Additions	-	-	305	-	-	305
Disposals*	(1,266)	-	(28)	(250)	(273)	(1,817)
Amortisation charge	-	(24)	(99)	(18)	(646)	(787)
Closing net book amount	7,958	3	641	25	1,640	10,267
As at 30 June 2024						
Cost	7,958	1,015	818	26	4,875	14,692
Accumulated amortisation	-	(1,012)	(177)	(1)	(3,235)	(4,425)
Net Book Amount	7,958	3	641	25	1,640	10,267

*Related to discontinued operations.



6 NON-CURRENT ASSETS (CONTINUED)

(c) INTANGIBLE ASSETS (CONTINUED)

Amortisation method and useful lives

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Application software: 4-6 years
- Development costs: 3 years
- Customer contracts: 3-10 years
- Brand names: 1-10 years

Goodwill

Goodwill that is acquired in a business combination is initially measured at cost. Goodwill is measured at the cost of the acquisition less the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. Refer to note 8(j) for goodwill impairment assessment and input judgements.

Application software

This include externally acquired application software and is initially recognised at cost. Following initial recognition, software and systems are carried at cost less amortisation and any impairment losses. Amortisation is recognised in the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

Software-as-a-Service (SaaS) arrangements are service contracts which provide the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing licence fees, are recognised as an expense in profit or loss. Some of these costs incurred are for the development of software code that enhances or creates additional capability to existing systems and are recognised as an intangible asset when the recognition criteria are met.

Development costs

This includes the cost of internally developed software. The expenditure capitalised includes the direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Costs associated with maintaining software programs are recognised as an expense as incurred. Cost of development is recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available
- the expenditure attributable to the software during its development can be reliably measured
- Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads

Currently, the Group recognizes the development costs related to StaksOn software solution as intangible assets and amortised from the point at which the asset is ready for use over their estimated useful lives. In determining the useful life of the software, the Group considers following factors with regard to the respective module of the software:

- Expected period that the software is able to generate economic benefits to the Group
- Period it takes to change the core characteristics of the software and the current version becomes obsolete



6 NON-CURRENT ASSETS (CONTINUED)

(c) INTANGIBLE ASSETS (CONTINUED)

Customer contracts

Customer contracts also includes customer relationships and non-compete agreement. The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line basis based on the timing of projected cash flows of the contracts over their estimated useful lives.

Brand names

Brand names acquired as part of a business combination are recognised separately from goodwill. Brand names are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where brand names' useful lives are assessed as indefinite, the brand names are not amortised but are tested for impairment annually, or more frequently whenever there is an indication that it might be impaired. Where brand names' useful lives are assessed as finite, the brand names are amortised over their estimated useful lives.

7 CAPITAL AND RESERVES

(a) SHARE CAPITAL - MOVEMENTS IN ORDINARY SHARE CAPITAL

	Shares '000	Issue price	\$'000
Balance 30 June 2023	221,476		24,267
Opening balance 1 July 2023	221,476		24,267
Issue of new ordinary shares	67,202	\$0.06	4,033
Less: Transaction costs arising on share issues	-		(310)
Balance 30 June 2024	288,678		27,990

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally regarding the Group's residual assets.

Where share capital recognised as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

The following total transactions cost was recognised within equity as a deduction from the share capital.

	2024 \$'000	2023 \$'000
Cash-settled payments	199	-
Equity-settled payments (Broker Options)	111	-
	310	-



7 CAPITAL AND RESERVES (CONTINUED)

(b) RESERVES - MOVEMENTS IN RESERVES

	Share based payments reserve \$'000	Foreign currency reserve \$'000	Total \$'000
Opening balance 1 July 2023	710	(444)	266
Amount expensed during the year	401	-	401
Foreign Currency Translation Reserve movement	-	52	52
Closing balance 30 June 2024	1,111	(392)	719

(c) DIVIDENDS

Dividends are recognised as a liability in the period in which they are declared.

Declared and paid during the year

In the current period there were no dividends declared or paid.

FRANKING CREDITS	2024 \$'000	2023 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2023 – 30%)	5,680	5,680

8 FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Group has exposure to following key financial risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

(a) FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sale of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and term deposits. Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) RISK MANAGEMENT FRAMEWORK

The Board of Directors has delegated to the Audit and Risk Committee the responsibility to exercise oversight of how management monitors and reviews the adequacy of the risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(c) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a contracting entity fails to meet its obligations under a financial instrument or customer contract that will result in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (principally from customer receivables and financial guarantees granted to customers) and financing activities including deposits with financial institutions.

Exposure to credit risk

The carrying amount of the Group's assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the end of the reporting period was:

	2024 \$'000	2023 \$'000
Trade receivables (net of allowance for impairment)	13,666	15,439
Contract assets (net of allowance for impairment)	3,041	5,804
	16,707	21,243
Cash and cash equivalents	4,618	4,461
	21,325	25,704

Credit risks related to trade receivables and contract assets

The Group trades with recognised, creditworthy third parties such as large resources and energy operations companies, government bodies, large contracting companies or other customers whom the Group has established trading history with. Customer credit risk is managed based on established policies, procedures and controls relating to customer credit risk management. This includes:

- *for new customers for significant work* - performing a credit worthiness assessment before credit terms are allowed and including the performance of credit checks if required;
- *prior to signing a contract that is large for that customer* - credit worthiness is assessed as part of the process of submitting the bid and negotiating terms and conditions.

In addition, the recoverability of trade receivable balances is regularly monitored as part of the monthly commercial and performance reviews of each major project by senior management to ensure that the trade receivables and the carrying value of each project's work in progress is recoverable. In extreme cases, the Group may consider ceasing work until any aged outstanding receivables or disputed amounts are paid or resolved.

The Group conducts an impairment analysis at each reporting date based on a detailed review of all trade receivables and un-invoiced work in progress to determine the likelihood of any credit losses. A provision is made based on days past due and history with the associated customers and the market conditions they face. The provision calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

A receivable is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence that a receivable is credit-impaired includes observable data about significant financial difficulty of the debtor or a breach of contract, such as a default or past due event.



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) CREDIT RISK (CONTINUED)

Set out below is the information on the credit risk exposure at 30 June 2024 on the Group's trade receivables and contract assets, for which lifetime expected credit losses are recognised, using a provision calculation as specified above.

The maximum exposure to credit risk for trade and other receivables, contract assets (excluding loss allowances) by geographic region is as follows.

	2024 \$'000	2023 \$'000
Australia	15,856	20,147
New Zealand	851	1,096
	16,707	21,243

Details of the Group's most significant customer receivable balances at 30 June 2024 are shown in the following table. The most significant single customer as at 30 June 2024 is a large, tier 1 resources company.

	Carrying amount 2024 \$'000	% of trade receivables 2024	Carrying amount 2023 \$'000	% of trade receivables 2023
Most significant single customer	1,429	10%	1,479	10%
Top ten most significant customers	8,113	59%	8,206	53%

Impairment losses

The movement in the loss allowance in respect of trade receivables and contract assets during the year was as follows.

Movement in allowance for impairment	2024 \$'000	2023 \$'000
Trade receivable	130	130
Contract assets	-	2,764
	130	2,894

Credit risks related to financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's corporate finance team.

Investments of surplus funds are made with the Group's bankers who have a credit rating by Standard & Poor's rating agency of AA- or higher.



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages this risk by ensuring that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Group ensures that it has enough cash available on demand to meet expected operational commitments in the short-term including the servicing of financial obligations. The Group regularly forecasts cash flows to assess future liquidity requirements with ample time to hold discussions with the Group's bankers, if such discussions should be required.

Followings are the contractual maturities of the Group's liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Less than 1 year \$'000	More than 1 year \$'000
Balance as at 30 June 2024				
Financial liabilities				
Trade payables	7,683	7,683	7,683	-
Borrowings	6,636	6,636	2,334	4,302
Lease liabilities	6,002	6,432	2,679	3,753
	20,321	20,751	12,696	8,055
Balance as at 30 June 2023				
Financial liabilities				
Trade payables	14,667	14,667	14,667	-
Borrowings	6,780	6,780	6,780	-
Lease liabilities	6,086	6,366	2,950	3,416
Other financial liabilities	916	939	939	-
	28,449	28,752	25,336	3,416



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) LIQUIDITY RISK (CONTINUED)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	2024 \$'000	2023 \$'000
Bank overdraft	4,000	3,400
Bank guarantee	939	1,100
Invoice financing facility	3,814	8,091
	8,753	12,591

As at 30 June 2024, the Group had utilised a total of \$4.1m of the \$9.0m limit of its Flexible-Option Facility with Westpac and \$0.4m of the \$1.5m limit of its equipment finance facility.

(e) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risk is not significant for the Group.

(f) INTEREST RATE RISK

Interest rate risk is managed by ensuring that total interest rate cover is well in excess of minimum bank covenant requirements, to ensure the Group retains a high level of flexibility to absorb any adverse movements in interest rates.

Profile

As at the reporting date, interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2024 \$'000	2023 \$'000
Variable rate instruments		
Financial assets	4,618	4,461
Financial liabilities	(5,620)	(5,879)
	(1,002)	(1,418)
Fixed rate instruments		
Financial liabilities	(1,016)	(901)



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) INTEREST RATE RISK (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 200 basis points in interest rates would have increased/(decreased) equity and profit by the amounts shown below. A sensitivity of 2% (2023: 2%) has been selected as this is considered reasonably possible. The Directors cannot nor do they seek to predict movements in interest rates. These sensitivities are shown for illustrative purposes only.

	2024 \$'000	2023 \$'000
Effect on profit before tax - increase/(decrease)		
If interest rates were 2% higher (2023: 2%)	89	32
If interest rates were 2% lower (2023: 2%)	(89)	(32)
Effect on profit after tax - increase/(decrease)		
If interest rates were 2% higher (2023: 2%)	62	22
If interest rates were 2% lower (2023: 2%)	(62)	(22)
Effect on shareholders' equity - increase/(decrease)		
If interest rates were 2% higher (2023: 2%)	62	22
If interest rates were 2% lower (2023: 2%)	(62)	(22)

(g) FOREIGN EXCHANGE RISK

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities that are denominated in or related to a currency that is not the Group's functional currency. The Group's most significant foreign exchange exposure relates to the New Zealand Dollar. However, this risk is considered to be low given the low level of the Company's cross border transactions between Australia and New Zealand and the structuring of intercompany loans. Contracts for work outside of Australia and New Zealand is usually denominated in Australian Dollars or New Zealand Dollars.

(h) FAIR VALUE VERSUS CARRYING AMOUNTS

The fair values and carrying amounts of financial assets and liabilities shown in the balance sheet were not materially different as of 30 June 2024 due to the short-term nature of these financial assets and liabilities.

(i) CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors determines whether dividends will be declared and paid to ordinary shareholders.

The Group aims to provide a balance between share price / capital growth and income in the form of dividends. The ultimate dividend paid is determined by the board after stringent consideration of general business and financial conditions, working capital requirements, taxation position, and future capital expenditure requirements.



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) CAPITAL MANAGEMENT (CONTINUED)

As at 30 June 2024 the Group had a Flexible-Option working capital and bank guarantee facility of \$9.0m (refer to note 5(g) for details of this facility). The Group monitors its working capital position on a monthly basis and forecasts its cash flows on a weekly basis to ensure that adequate levels of liquidity are always maintained.

The Group also has in place an equipment lease facility with Westpac of \$1.5m (currently utilised \$0.4m) used to fund equipment related capital expenditure.

The financial statements have been prepared on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business.

Banking Facilities

The Group operates its business activities through careful management of its cash reserves, operating cash flows and a "Flexible-Option" finance facility provided by Westpac. At 30 June 2024, this facility had a limit of \$9.0m split between bank guarantee facility (\$5.0m) and overdraft facility (\$4.0m) to assist with short-term working capital requirements. The Group also had an SME loan of \$5m and a revolving equipment finance facility with a limit of \$1.5m.

Available headroom in the overdraft facility at 30 June 2024 was \$4.0m. Further details on the bank facilities, including applicable financial covenants can be found in note 5(g).

The nature of the Group's work also requires that bank guarantees or bonds are issued in relation to tenant leases and certain projects, for example during the construction phase or in respect of warranty periods or defect liability periods for equipment or facilities. At 30 June 2024, the Group had used \$4.1m in bank guarantees facility limit.

The Group has prepared a detailed cash flow forecast for the next twelve months and this shows an improvement in operating cash flows. The Group continues to have a strong billing and cash collection process for contract assets and debtors, with minimal debts being written off during the year and the aging profile of contract assets and debtors better than prior periods.

Refer to note 2 for more detailed discussion of basis of preparation.

(j) 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 indefinite life intangible assets 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.



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(j) IMPAIRMENT (CONTINUED)

Non-financial assets (continued)

Impairment tests for Goodwill

Cash Generating Units (CGUs) and goodwill allocation

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill. Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. The identified Cash Generating Unit's ("CGU") for the Group are the Training Services and Engineering Services CGU's with goodwill allocated as follows:

Goodwill allocated to CGUs - Pre impairment	2024 '000	2023 '000
Engineering Services	4,130	4,130
Training Services	3,828	5,094
	7,958	9,224

Calculation of recoverable amount – value in use

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk. For the 2024 and 2023 reporting periods, the recoverable amount of each segment was determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows using a terminal growth rate determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate (provided by an independent third-party advisory firm) reflecting current market assessments of the time value of money and risks specific to the segment. The recoverable amounts calculated together with the growth and discount rates used in the estimation are set out below:

Recoverable amount of each operating segment	2024 '000	2023 '000
Engineering Services	32,941	33,440
Training Services	8,698	6,664
	41,639	40,104

Value in use key assumptions	Terminal growth rates		Discount rates (pre-tax)	
	2024	2023	2024	2023
Engineering Services	2.0	2.0	18.4	17.9
Training Services	2.0	2.0	17.4	18.7



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(j) IMPAIRMENT (CONTINUED)

Growth rates

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Discount rates

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 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:

- Pre-tax discount rates of 18.4% (2023: 17.9%) for Engineering CGU and 17.4% (2023: 18.7%) for Training CGU applied to the cash flows
- Expected future profits for the first year based on the Board approved budget for FY2025
- Revenue over the five-year forecast based on expected sector revenue growth rates of 3.0% within the Engineering CGU and 5.0% within the Training CGU
- EBITDA margins for the five-year forecast of between 8.2%-8.4% within the Engineering CGU and 18.1%-21.6% within the Training CGU
- Terminal growth rate of 2.0% applied beyond FY29

Engineering Services CGU

The estimated recoverable amount of the Engineering CGU exceeded its carrying amount by approximately \$16.7m (2023: \$24.8m). The decrease in the recoverable amount can be attributed to lower earnings achieved in the Engineering segment following the close-out of several problem projects and a reduction of procurement revenue. Management has identified that a significant change would have to occur in all key assumptions in order to result in the carrying amount to exceed the recoverable amount.



8 FINANCIAL RISK MANAGEMENT (CONTINUED)

(j) IMPAIRMENT (CONTINUED)

Training CGU

For the remaining Goodwill of the Training CGU, the estimated recoverable amount, \$4.8m, of the Training CGU over the 5-year term and beyond, exceeds the carrying amount after disposal of discontinued operations, as such no impairment was recognised for FY2024 (2023: impairment loss of \$1.4m).

The recoverable amount of net assets in the training CGU is considered high due to initial increases to FY25 figures (approx 20% growth in budget). Management has run sensitivity against these numbers with run rate growth figures of 5% and are comfortable that there are no indicators for impairment should our initial growth targets not be met.

A summary of the Goodwill allocated to each of Engineering services and Training services is presented below:

	Engineering Services '000	Training Services '000	Total '000
Opening balance 1 July 2023	4,130	5,094	9,224
Disposal due to discontinued operations	-	(1,266)	(1,266)
Closing balance 30 June 2024	4,130	3,828	7,958

9 CORPORATE AND GROUP

(a) GROUP ENTITIES

Parent and ultimate controlling entity

The Group's principal subsidiaries as at 30 June 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.



9 CORPORATE AND GROUP (CONTINUED)

(a) GROUP ENTITIES (CONTINUED)

	Australian Company Business Number	Country of incorporation	Ownership interest	
			2024 %	2023 %
Verbrec Infrastructure Services Pty Ltd	ACN 058 047 046	Australia	100	100
OSD Asset Services Pty Ltd	ACN 117 904 024	Australia	100	100
PIPEd Pty Ltd	ACN 117 496 741	Australia	100	100
OSD Projects Pty Ltd	ACN 153 827 279	Australia	100	100
LogiCamms Holdings Pty Ltd	ACN 163 483 636	Australia	100	100
LogiCamms (WA) Pty Ltd	ACN 127 715 762	Australia	100	100
LogiCamms West Pty Ltd	ACN 059 540 831	Australia	100	100
LogiCamms Consultants Trust	ABN 69 868 703 406	Australia	100	100
Verbrec International Holdings Pty Ltd	ACN 078 567 049	Australia	100	100
Competency Training Pty Ltd	ACN 113 051 139	Australia	100	100
Verbrec Australia Pty Ltd	ACN 113 919 565	Australia	100	100
LogiCamms (CGH) Pty Ltd	ACN 103 283 638	Australia	100	100
LogiCamms (Central) Pty Ltd	ACN 008 190 207	Australia	100	100
LogiCamms Shared Services Pty Ltd	ACN 101 159 184	Australia	100	100
Petromod Pty Ltd	ACN 149 788 929	Australia	100	100
Energy Infrastructure Management Pty Ltd	ACN 100 946 389	Australia	100	100
StacksOn IP Pty Ltd	ACN 646 392 430	Australia	100	100
StacksOn Operations Pty Ltd	ACN 663 444 406	Australia	100	100
Verbrec New Zealand Limited		New Zealand	100	100
Independent Technology Holdings Limited		New Zealand	100	100
ITL Engineering New Zealand Limited		New Zealand	100	100
ITL Limited		New Zealand	100	100
ITL Engineering Australia Pty Ltd		New Zealand	100	100
OSD Chile S.A. (dormant)		Chile	100	100

**9 CORPORATE AND GROUP (CONTINUED)****(a) GROUP ENTITIES (CONTINUED)****Parent entity disclosures**

The individual financial statements for the parent entity, Verbrec Limited, show the following aggregate amounts:

	2024	2023
	\$'000	\$'000
Results of the parent entity		
Profit/ (loss) and comprehensive income for the year	2,549	(9,533)
Statement of financial position		
Current assets	6,688	4,026
Total assets	22,872	21,091
Current liabilities	(361)	(8,039)
Total liabilities	(3,705)	(8,050)
Net assets	19,167	13,041
Total equity of the parent entity comprising of:		
Share capital	97,286	93,564
Reserves	1,111	710
Retained earnings	(79,230)	(81,233)
	19,167	13,041

Tax consolidation

Verbrec Limited and its wholly owned Australian controlled entities elected to form a tax consolidation group with effect from 30 June 2019 and are therefore taxed as a single entity. Verbrec Limited is the head entity of the tax consolidated group.

The head entity, Verbrec, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer.

In addition to its own current and deferred tax amounts, Verbrec also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into tax sharing and tax funding agreements, under which the wholly owned entities fully compensate Verbrec for any current tax payable assumed and are compensated by Verbrec for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Verbrec under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.



9 CORPORATE AND GROUP (CONTINUED)

(b) RELATED PARTIES

Key Management Personnel compensation

The Key Management Personnel compensation included in 'Other Operating Expenses' (see note 4(d)) is as follows:

	2024 \$	2023 \$
Short-term employee benefits	1,700,095	1,884,369
Other long-term employment benefits	(18,104)	10,450
Post-employment benefits	107,611	97,719
Termination benefits	45,914	-
Non-monetary benefits	8,451	2,761
STI Cash Bonus	-	40,000
Share-based payments	174,421	19,740
	2,018,388	2,055,039

Individual Director's and Executive's compensation disclosures

Information regarding individual Directors' and Executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key Management Personnel and their related parties

No loans were made to Key Management Personnel and their related parties during the year. The Group has not advanced loans to key management persons or their related parties.

A total of 13.7m performance rights (refer to note 10) were granted to Key Management Personnel during the reporting period.

The movement during the reporting year in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by Key Management Personnel is detailed in the Remuneration Report.

The terms and conditions of these transactions with Key Management Personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Non-Key Management Personnel disclosures

A total of 9.1m performance rights were granted to other members of the executive leadership team who are not classified as Key Management Personnel during the reporting period.

There were no other transactions with non-Key Management Personnel during the year that require disclosure.

Acquisition of shares from related parties

On 14 December 2023, the Director's of the Company acquired shares as part of a pro-rata entitlement offer at a price of \$0.06 per share:

- Mr Phillip Campbell acquired 96,288 ordinary shares
- Mr Brian O'Sullivan acquired 3,010,000 ordinary shares
- Mr Matthew Morgan acquired 69,175 ordinary shares



9 CORPORATE AND GROUP (CONTINUED)

(b) RELATED PARTIES (CONTINUED)

Acquisition of shares from related parties (continued)

At the general meeting on 31 January 2024, shareholders approved the Director's of the Company to acquire shares at a price of \$0.06 per share:

- Mr. Phillip Campbell acquired 729,021 ordinary shares
- Mr. Matthew Morgan acquired 347,488 ordinary shares
- Ms. Sarah Zeljko acquired 250,000 ordinary shares

There were no other acquisitions of shares from related parties in the 2024 financial year (2023: nil).

Subsidiaries

There is a related party relationship between the parent, Verbrec Limited, and each of its subsidiaries listed in note 9(a).

10 SHARE-BASED PAYMENTS

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Verbrec Limited Rights Plan

A long-term incentive plan ("Verbrec Limited Rights Plan" or "VLRP") was approved by the Company's Shareholders at the Annual General Meeting held on 27 November 2023. The 2024 financial year was the first year the incentive was available to be offered to Key Management Personnel and Executive Leadership Team. Under the plan, participants are granted options which only vest if certain performance standards are met. Participants in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

Set out below is an overview of the VLRP.

Term

Each Right has a term of 15 years after vesting and if not exercised within that term, the Rights will be lapse.

Financial year	Tranche	Grant date	End of measurement period	Grant date value
FY24	1	26 March 2024	30 September 2028	\$0.0856
FY24	2	26 March 2024	30 September 2028	\$0.0856
FY24	3	26 March 2024	30 September 2028	\$0.0856
FY24	4	26 March 2024	30 September 2028	\$0.0854
FY24	5	26 March 2024	30 September 2028	\$0.0764
FY24	6	26 March 2024	30 September 2028	\$0.0856
FY24	7	26 March 2024	30 September 2028	\$0.0856
FY24	8	26 March 2024	30 September 2028	\$0.0856



10 SHARE-BASED PAYMENTS (CONTINUED)

Measurement period and testing

The measurement period for the Rights is the period 1 July 2023 to 30 September 2028. The testing of the vesting conditions will occur annually to determine what proportion of the total number of Rights has met the vesting criteria ("Vesting Test"), after the full-year audited results have been announced, being at 30 September after each year of the Measurement Period ("Testing Dates" or "Vesting Test Dates").

Service condition

Rights are subject to service condition, whereby the holder of the Right must remain employed by the company until vesting. If a Participant ceases to be an employee of the Group, then Performance Rights which are not vested will be forfeited, unless and to the extent otherwise determined by the Board in its discretion. Performance Rights that have vested at the termination of employment will continue to be exercisable by the employee for the remainder of the Term.

Gate

The Board may attach Gates to tranches of Performance Rights. A Gate is a condition that, if not fulfilled, will result in nil vesting of a tranche irrespective of performance in relation to the Vesting Conditions.

Vesting conditions and Performance Rights

The Rights are subject to the following vesting conditions:

Tranche	Criteria name and vesting condition	Proportion of total number of Performance Rights	Market or non-market related
1	Restore Dividend to Shareholders: Distribute dividend to Shareholders	20%	Non-market related
2	Earnings per Share Growth ('EPS') Target – Base: EPS > = \$0.0112*	10%	Non-market related
3	Earnings per Share Growth ('EPS') Target – Stretch: EPS > = \$0.0135*	15%	Non-market related
4	Total Shareholder Return Growth Target - Base: Verbrec Share Price at 10-Day VWAP after publication of Annual Report > = \$0.15	20%	Market related
5	Total Shareholder Return Growth Target - Stretch: Verbrec Share Price at 10-Day VWAP after publication of Annual Report > = \$0.19	15%	Market related
6	Balance Sheet Repair: Debt to Equity Ratio < 1.15	10%	Non-market related
7	Revenue Growth Target: Revenue > \$130 million	10%	Non-market related
8	Renewable Sector Target: Renewables Projects > 15% Revenue	10%	Non-market related

* Earnings per Share/ EPS will be calculated in accordance with Australian Accounting Standards, save for:

- EPS shall be adjusted to remove acquisition costs and proceeds attributable to divestment of assets from profit or loss attributable to ordinary shareholders.
- The total shares outstanding utilised in the calculation being set at the base total Shares outstanding at the commencement of the Measurement Period, being 221,476,501 plus any shares issued under an employee incentive scheme.



10 SHARE-BASED PAYMENTS (CONTINUED)

Vesting of Rights

The vesting conditions must be satisfied on or before the final Testing Date otherwise the Rights lapse, unless otherwise determined by the Board in writing to the Participant and in accordance with the rules specified in the VLRP.

Exercise Price

The Exercise Price for Rights is nil.

Pricing model and volatility

The Monte Carlo Simulation Methodology (MCSM), which utilises the Binomial Option Pricing Model, is used to estimate the fair value of the rights, the key inputs used to determine the hypothetical price path and present value of any vested ordinary shares in the MCSM is as follows:

Tranche	Underlying share price	Exercise price	Term	Risk-free rate	Dividend yield	Volatility (rounded)	VWAP hurdle
Tranche 1	\$0.110	\$nil	4.51 years	3.672%	Discrete annual \$/ share was used (refer "Dividend yield" below)	65%	n/a
Tranche 2	\$0.110	\$nil	4.51 years	3.672%		65%	n/a
Tranche 3	\$0.110	\$nil	4.51 years	3.672%		65%	n/a
Tranche 4	\$0.110	\$nil	4.51 years	3.672%		65%	10-day VWAP >= \$0.15
Tranche 5	\$0.110	\$nil	4.51 years	3.672%		65%	10-day VWAP >= \$0.19
Tranche 6	\$0.110	\$nil	4.51 years	3.672%		65%	n/a
Tranche 7	\$0.110	\$nil	4.51 years	3.672%		74%	n/a
Tranche 8	\$0.110	\$nil	4.51 years	3.672%		74%	n/a

In accordance with AASB 2 paragraph B22, Volatility was determined to be the annualised standard deviation of the continuously compounded change in price of the Company's shares. For each Tranche, the volatility was calculated using the daily, weekly, and monthly share prices for a period prior to the Valuation Date and of equal duration to the term of each tranche (or as long as the shares have been publicly traded). We also considered the volatility over difference calculation periods (from 6-months to 60-months) to determine an appropriate go-forward volatility.

Dividend yield

It is noted that there is no specific dividend yield or target \$/ share forecasted by the management of the company. Hence, an estimate of future potential dividends was made by considering:

- examining the Company's historic financial information when they did pay dividends
- comparing the new and old dividend policy of the Company
- integrating management's estimated probability of when the Company will return to paying dividends



10 SHARE-BASED PAYMENTS (CONTINUED)

Dividend yield (continued)

Set out below are the assumptions made in forecasting dividends:

Financial year	Years from Grant Date (from company)	Probability of return to dividends	Cumulative probability	Net income (\$m)* (if paying dividends)	Payout ratio#	Forecast dividends (\$m) (probability adjusted)	Shares Outstanding (at Grant Date)	Forecast dividend (\$/ share) (probability adjusted)
FY24	0.26 years	0%	0%	7.25	55%	0.000	288.68	0.000
FY25	1.26 years	15%	15%	7.25	55%	0.598	288.68	0.002
FY26	2.26 years	25%	40%	7.25	55%	1.595	288.68	0.006
FY27	3.26 years	35%	75%	7.25	55%	2.991	288.68	0.010
FY28	4.26 years	25%	100%	7.25	55%	3.988	288.68	0.014

*Net income based on the actual performance of the Company from FY2010 to FY2015 when last dividend was paid.

#Payout ratio based on the actual ratio from FY2010 to FY2015 when last dividend was paid.

The forecasted dividends were applied to the valuation of the Rights during each Monte Carlo Simulation by subtracting each forecast dividend paid at their respective financial year end to capture the theoretical reduction in the share price.

Verbrec Limited Rights Plan

Performance Rights held by Key Management Personnel ("KMP") as at 30 June 2024 are as follows:

KMP	Grant date	Number granted	Vested	Outstanding number of Rights
Mark Read	26 March 2024	7,769,278	-	7,769,278
Richard Aden	26 March 2024	3,198,054	-	3,198,054
Joel Voss	26 March 2024	1,250,000	-	1,250,000
Brad Love	26 March 2024	1,480,000	-	1,480,000

Broker Share Options

The Group have granted 6,860,000 stock options ("the Broker Options") to Veritas Securities Limited ("Veritas") as part of the management fees payable on the services Veritas provided in connection with the Group's recent capital raise, in addition to the cash-based payments made to Veritas.

Details of the Broker Options

Term: 2.18 years from the grant date

Grant date: 15 December 2023 (also the options Valuation Date)

Expiry date: 19 February 2026

Vesting conditions: No vesting conditions and therefore, exercisable immediately.

Exercise price: \$0.090



10 SHARE-BASED PAYMENTS (CONTINUED)

Recognition of Broker Options

In accordance with AASB 2 para 2(a), Broker Options were identified as equity-settled share-based payments, in which the Group received services from Veritas. As the value of the services received from Veritas could not be reliably measured along with the corresponding increase in equity, Broker Options were valued by reference to the fair value of the equity instruments granted, using Black-Scholes Option Pricing (BSOP) methodology which utilises the Black-Scholes-Merton model. Accordingly, the Options were valued at \$0.0161 per option using the following assumptions and factors:

Input	Value
Underlying share price	\$0.065
Exercise price	\$0.090
Term	2.18 years
Risk-free rate	3.794%
Dividends	Discrete annual \$/ share Present value of \$0.002/ share
Volatility	60.0%

Volatility

In accordance with AASB 2 paragraph B22, Volatility was determined to be the annualised standard deviation of the continuously compounded change in price of the Company's shares. For each Tranche, the volatility was calculated using the daily, weekly, and monthly share prices for a period prior to the Valuation Date and of equal duration to the term of each tranche (or as long as the shares have been publicly traded). We also considered the volatility over difference calculation periods (from 6-months to 60-months) to determine an appropriate go-forward volatility.

Accordingly, the following total transactions cost was recognised within equity as a deduction from the share capital.

Total share-based payments expense recognized

	2024 \$'000	2023 \$'000
On Performance Rights	290	48
On Broker Options issued in relation to the capital raise	111	-
	401	48

11 UNRECOGNISED ITEMS

(a) SUBSEQUENT EVENTS

There are no material events subsequent to balance date that management is aware of that require disclosure.

(b) CONTINGENT LIABILITIES

	2024 \$'000	2023 \$'000
Bank guarantees on issue	4,061	4,500

The Group did not have any other contingent liabilities as of 30 June 2024 (2023: \$Nil).



12 DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785, relief has been granted to all the controlled entities of Verbrec Limited from the Corporations Act 2001 (Cth) requirements for preparation, audit and publication of accounts.

As a condition of the Class Order, Verbrec and the controlled entities subject to the Class Order, entered into a deed of indemnity on 28 June 2019. The effect of the deed is that Verbrec has guaranteed to pay any deficiency in the event of winding up of these controlled entities. The controlled entities have also given a similar guarantee in the event that Verbrec is wound up.

(a) HOLDING ENTITY

Name of the entity	Australian Company Number
Verbrec Limited	ACN 127 897 689



12 DEED OF CROSS GUARANTEE (CONTINUED)

(b) GROUP ENTITIES

The companies in note 9(a) represent a 'closed group' except for New Zealand, Canadian and Chilean entities for the purposes of the Class Order and, as there are no other parties to the deed of cross guarantee that are controlled by Verbrec Limited, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2024 of the closed group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	2024 \$'000	2023 \$'000
Continuing operations		
Revenue	85,256	100,561
Cost of providing services	(53,561)	(76,262)
Other income	163	54
Other operating expenses	(24,651)	(30,832)
Finance income/ (expense)	666	(411)
Profit/ (loss) before income tax	7,873	(6,890)
Income tax (expense)/ benefit	(770)	371
Profit/ (loss) for the year	7,103	(6,519)
Loss from Discontinued Operation	(2,806)	(3,119)
Profit/ (loss) attributable to owners of the Company	4,297	(9,638)
Other comprehensive income for year, net of tax	52	(8)
Total comprehensive profit/ (loss) for the year	4,349	(9,646)

SUMMARY OF MOVEMENTS IN RETAINED EARNINGS	2024 \$'000	2023 \$'000
Retained earnings at the beginning of the financial year	(11,084)	(1,446)
Net profit/ (loss) for the year	4,297	(9,638)
Retained earnings at the end of the financial year	(6,787)	(11,084)



12 DEED OF CROSS GUARANTEE (CONTINUED)

(b) GROUP ENTITIES (CONTINUED)

Set out below is a consolidated statement of financial position as at 30 June 2024 of the closed group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2024 \$'000	2023 \$'000
Current assets		
Cash and cash equivalents	4,201	3,883
Trade and other receivables	12,880	14,861
Prepayments	1,521	1,420
Contract assets	2,887	5,542
Current tax assets	18	263
Total current assets	21,507	25,969
Non-current assets		
Property, plant and equipment	1,011	1,383
Right-of-Use assets	4,990	4,489
Deferred tax assets	6,832	7,437
Intangible assets	10,267	12,566
Total non-current assets	23,100	25,875
Total assets	44,607	51,844
Current liabilities		
Trade and other payables	2,807	13,222
Contract liabilities	2,530	5,920
Borrowings	2,334	6,780
Lease liabilities	2,334	2,470
Other financial liabilities	-	916
Current tax liability	-	-
Employee benefits	3,751	4,575
Provisions	977	870
Total current liabilities	14,733	34,753
Non-current liabilities		
Employee benefits	483	643
Borrowings	4,302	-
Lease liabilities	3,506	3,285
Other financial liabilities	-	-
Provisions	206	221
Total non-current liabilities	8,497	4,149
Total liabilities	23,230	38,902
Net assets	21,377	12,942
Equity		
Share capital	27,856	24,133
Reserves	308	(107)
Retained earnings	(6,787)	(11,084)
Total equity	21,377	12,942



VERBREC LIMITED CONSOLIDATED ENTITY DISCLOSURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

1. Basis of Preparation

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes required information for each entity that was part of the consolidated entity as at the end of the financial year.

2. Consolidated entity

This CEDS includes only those entities consolidated as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements (AASB 10).

3. Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5 Income tax: central management and control test of residency.

Foreign tax residency

Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.



CONSOLIDATED ENTITY DISCLOSURE STATEMENT (CONTINUED)

Name of entity	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of in- corporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction(s) of foreign residents
Verbrec Limited	Body corporate	n/a	n/a	Australia	Australian	n/a
Verbrec Infrastructure Services Pty Ltd ¹	Body corporate	n/a	100	Australia	Australian	n/a
OSD Asset Services Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
PIPEd Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
OSD Projects Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms Holdings Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms (WA) Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms West Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms Consultants Trust	Trust	n/a	100	Australia	Australian	n/a
Verbrec International Holdings Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Competency Training Pty Ltd ¹	Body corporate	n/a	100	Australia	Australian	n/a
Verbrec Australia Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms (CGH) Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms (Central) Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
LogiCamms Shared Services Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Petromod Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Energy Infrastructure Management Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
StacksOn IP Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
StacksOn operations Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Verbrec New Zealand Limited	Body corporate	n/a	100	New Zealand	Foreign	New Zealand
Independent Technology Holdings Limited	Body corporate	n/a	100	New Zealand	Foreign	New Zealand
ITL Engineering New Zealand Limited	Body corporate	n/a	100	New Zealand	Foreign	New Zealand
ITL Limited	Body corporate	n/a	100	New Zealand	Foreign	New Zealand
ITL Engineering Australia Pty Ltd	Body corporate	n/a	100	New Zealand	Foreign	New Zealand
OSD Chile S.A. (dormant)	Body corporate	n/a	100	Chile	Foreign	Chile

¹Verbrec Infrastructure Services Pty Ltd and Competency Training Pty Ltd are incorporated and operates in Australia and have registered branches in New Zealand. The branch operations have tax obligations in New Zealand under the New Zealand Income Tax Act 2007.



Directors' Declaration

In the directors' opinion:

- a. the consolidated financial statements and notes set out on pages 83 to 137 are in accordance with the *Corporations Act 2001 (Cth)*, including:
 - (i) complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date, and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable,
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 12 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee as described in note 12, and
- d. the Consolidated Entity Disclosure Statement is true and correct

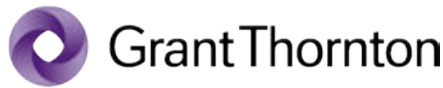
Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as disclosed by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001(Cth) for the year ended 30 June 2024. This declaration is made in accordance with a resolution of the directors.

A handwritten signature in black ink, reading 'Phillip Campbell'.

Phillip Campbell
Chairperson

Brisbane
23 August 2024



Grant Thornton Audit Pty Ltd

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Independent Auditor's Report

To the Members of Verbrec Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Verbrec Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition of customer contracts – Engineering Services (Note 4a)</p> <p>Revenue on customer contracts is earned over time, typically using costs incurred as a proportion of total forecast costs as the measure of progress.</p> <p>Estimating total forecast costs to complete during project life is complex and requires judgement. Typical cost estimates include labour, subcontractors, equipment, materials, and project overheads. Changes to these cost estimates could give rise to variances in the amount of revenue recognised.</p> <p>The revenue on contracts may also include variations and claims, which fall under either the variable consideration or contract modification requirements of AASB 15 <i>Revenue from Contracts with Customers</i>. These are recognised on a contract-by-contract basis when evidence supports that it is highly probable that a significant reversal in the amount of revenue recognised will not occur.</p> <p>We consider this area to be a key audit matter due to the importance of revenue in the measurement of the Group's performance and the significant judgements surrounding the timing and amount of revenue recognition.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> obtaining an understanding of the Group's processes and key controls over contract establishment and project management procedures related to revenue recognition, trade receivables, contract assets and contract liabilities. reviewing the revenue recognition policies to ensure compliance with accounting standards; testing key controls over the process to initiate, process and record revenue from contracts, including the allocation of costs to the appropriate contract and relevant IT systems; selecting a sample of contracts for testing based on quantitative and qualitative risk factors related to the size and risk of projects; for the sample selected: <ul style="list-style-type: none"> enquiring with key project personnel to assess the project schedule, forecast costs, risks and opportunities; reviewing relevant contract terms and conditions to evaluate the inclusion of individual characteristics and project risks into the Group's estimates; testing the variations and claims recognised within revenue against the criteria for recognition in the accounting standards via inspection and assessment of supporting documentation; and recalculating the progress towards satisfaction of the performance obligation. for revenue recognised based on the stage of completion, assessing the cost assumptions used by the Group in determining the stage of completion estimate as follows: <ul style="list-style-type: none"> costs incurred: assessing a sample of costs incurred to date to relevant underlying sources, such as invoices and time keeping records; estimated total costs: assessing a sample of total forecast costs for delivery activities for accuracy and reasonableness, observing and evaluating the process management undertakes to review project costing and considering the historical accuracy of management's forecasts; and evaluating the adequacy of the disclosures made in the financial report in light of the requirements of Australian Accounting Standards.



Key audit matter

How our audit addressed the key audit matter

Going concern and discontinued operations (Notes 2(d) and 4(i))

During the year, the Group undertook a strategic review of its business structure and overheads to address, the loss, negative cash flows from operations and breach of banking covenants that were reflected in the financial report for 30 June 2023.

This review resulted in various cost savings, as well as the sale of non-profitable training sites and assets related to underperforming parts of the training business, including training locations at Gladstone, QLD and Belmont, WA. The sale transaction included the majority of staff at these facilities as well as equipment, training materials and manuals.

Discontinued operations is a key audit matter due to the significance of the transaction to the Group's performance during the year and the related impact on the group's future cash flow forecast.

Our procedures included, amongst others:

- evaluating the terms and conditions with respect to the business sale;
- testing a sample of transactions for the operating period and verifying to supporting documentation;
- evaluating the disposal date balances and assessing the loss on disposal;
- assessing the adequacy of the disclosures in note 4(i) to the financial statements in accordance with the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- evaluating the impact of the outcomes of the strategic review on the forecast profit, cash flows from operating activities and banking covenant positions for the FY25 forecast; and
- evaluating the adequacy of the disclosures that have been made regarding Going concern in the financial report.

Recoverability of goodwill and other intangible assets (Note 6c & 8c)

The Group's consolidated statement of financial position includes significant intangible asset balances including goodwill and customer contracts assets.

Pursuant to the requirements of AASB 136 *Impairment of Assets*, Management must assess indefinite life intangibles, such as goodwill, for impairment annually.

Assets are allocated to each of the Group's two cash-generating units (CGUs) - Engineering Services and Training Services.

The recoverable amounts of the CGUs have been estimated using the value-in-use (VIU) approach utilising a discounted cash flow model.

This is a key audit matter as impairment testing inherently involves critical accounting estimates and Management judgement.

Our procedures included, amongst others:

- assessing whether management's determination of CGUs is appropriate and consistent with our knowledge of the Group's operations;
- assessing whether the carrying value of the CGUs included all assets and liabilities directly attributable to the CGU and that the model included all cash flow directly attributable to the CGU and a reasonable allocation of corporate overheads;
- evaluating the Group's historical ability to forecast future cash flows by comparing budgets with reported actual results;
- assessing and challenging significant judgements within the model, including the discount rate and growth rates;
- verifying the mathematical accuracy of the model;
- evaluating the Group's sensitivity analysis to assess whether a reasonably possible change in underlying assumptions would give rise to an impairment of the Group's goodwill balance; and
- evaluating the adequacy of the disclosures made in the financial report in light of the requirements of Australian Accounting Standards

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Directors for the financial report

The directors of the Company are responsible for the preparation of:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 (other than the consolidated entity disclosure statement); and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 68 to 79 of the Directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Verbrec Limited, for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton Audit Pty Ltd
Chartered Accountants

CDJ Smith
Partner – Audit & Assurance

Brisbane, 23 August 2024



ASX Information

Information is correct as at 12 August 2024.

SHAREHOLDINGS

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders, and the number of ordinary shares they each hold, is set out below:

SHAREHOLDER	UNITS	% OF UNITS
MR BRIAN PATRICK O'SULLIVAN	35,094,041	12.16
UBS NOMINEES PTY LTD	27,224,009	9.43
BOS INVESTMENTS AUSTRALIA PTY LTD	23,751,738	8.23
CANDYBLOSSOM PTY LTD <MIRIMIN INVESTMENTS A/C>	18,101,775	6.27
GFNA BARTLEY FAMILY PTY LTD <GFNA BARTLEY FAMILY A/C>	17,379,543	6.02
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,773,725	5.46
THORNEY HOLDINGS PTY LTD	14,889,707	5.16
BLOEMHOF PTY LTD	13,663,905	4.73
BOS AUSTRALIA SUPER PTY LTD <BOS SUPER FUND A/C>	13,575,000	4.70
DMX CAPITAL PARTNERS LIMITED	5,666,667	1.96
HSF SMSF PTY LTD <HORSTMANN SUPER A/C>	5,410,000	1.87
BLOEMHOF PTY LTD	4,437,870	1.54
GIFFARD SERVICES PTY LTD	4,249,093	1.47
MR LINTON WAYNE PAUL BURNS + MRS SUZANNE MARY BYRNE <BURNS FAMILY A/C>	4,057,884	1.41
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,425,736	1.19
NATIONAL NOMINEES LIMITED	2,750,212	0.95
WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	2,600,000	0.90
MR ANDREW KEITH HORSTMANN + MRS JENNY ANN HORSTMANN <JOCKEY FAMILY A/C>	2,000,000	0.69
MR SEAN PATRICK MARTIN <THE AVEBURY FAMILY A/C>	1,960,254	0.68
NORAMARY CONSULTANCY SERVICES PTY LTD <THE NORAMARY SUPERANNUATION FUND A/C>	1,950,406	0.68
Total	217,961,565	75.50
Balance of Register	70,716,176	24.50
Grand Total	288,677,741	100.00

SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders and their associates, and the number of ordinary shares they each hold,

SHAREHOLDER	UNITS	% OF UNITS
Brian Patrick O'Sullivan	72,420,779	25.09
Thorney Holdings Pty Ltd & TIGA Trading Pty Ltd	42,113,716	14.59
Candyblossom Pty Ltd & Bloemhof Pty Ltd	36,203,550	12.54
GNFA Bartley Family Pty Ltd	17,379,543	6.02
Forager Funds Management Pty Ltd	15,773,725	5.46
Total	183,891,313	63.70
Balance of Register	104,786,428	36.30
Grand Total	288,677,741	100.0

DISTRIBUTION RANGES

ORDINARY SHARES

RANGE	TOTAL HOLDERS	UNITS	% OF UNITS
100,001 and over	151	276,511,902	95.79
10,001 – 100,000	291	10,323,554	3.58
5,001 – 10,000	153	1,229,579	0.43
1,001 – 5,000	163	592,895	0.21
1 – 1,000	69	19,811	0.01
Rounding			-0.02
TOTAL	827	288,677,741	100.00

There were 134 holders of unmarketable parcels of less than \$500.

UNLISTED PERFORMANCE RIGHTS (SUBJECT TO VESTING TESTS):

RANGE	TOTAL HOLDERS	UNITS	% OF UNITS
100,001 and over	11	22,812,332	100.00
10,001 – 100,000	-	-	-
5,001 – 10,000	-	-	-
1,001 – 5,000	-	-	-
1 – 1,000	-	-	-
Total	11	22,812,332	100.00

UNLISTED PERFORMANCE RIGHTS (VESTED BUT NOT EXERCISED):

RANGE	TOTAL HOLDERS	UNITS	% OF UNITS
100,001 and over	-	-	-
10,001 – 100,000	-	-	-
5,001 – 10,000	-	-	-
1,001 – 5,000	-	-	-
1 – 1,000	-	-	-
Total	0	0	100.00



DISTRIBUTION RANGES (CONTINUED)

UNLISTED OPTIONS:

RANGE	TOTAL HOLDERS	UNITS	% OF UNITS
100,001 and over	1	6,860,000	100.00
10,001 – 100,000	-	-	-
5,001 – 10,000	-	-	-
1,001 – 5,000	-	-	-
1 – 1,000	-	-	-
Total	1	6,860,000	100.00

VOLUNTARY ESCROW:

Nil.

BUY BACK:

The Company did not undertake any buy back activities during the financial year.

VOTING RIGHTS:

Ordinary Shares: The voting rights attached to ordinary shares are governed by the Constitution. On a show of hands at a meeting of members, each member has one vote. On a poll at a meeting of members, each member has one vote for each fully paid ordinary share held, and a fraction of one vote for each partly paid ordinary share held equal to the proportion which the member has paid on the partly paid ordinary share (if the total number of votes to which a member is entitled to vote does not constitute a whole number, then a fractional part will be disregarded by the Company).

Performance Rights: There are no voting rights attached to any of the Company's performance rights.

Options: There are no voting rights attached to any of the Company's options.

ON-MARKET PURCHASES:

There were no on-market purchases of securities by the Company during the reporting period.

Corporate Directory

DIRECTORS

Phillip Campbell – Chairman
Matthew Morgan
Brian O’Sullivan

COMPANY SECRETARY

Joel Voss

REGISTERED OFFICE

Level 14
200 Mary Street
Brisbane QLD 4000
+61 7 3058 7000

SHARE REGISTER

Computershare Limited
Level 1
200 Mary Street
Brisbane QLD 4000

AUDITOR

Grant Thornton Audit Pty Ltd
King George Central
Level 18
145 Anne Street
Brisbane QLD 4000

SOLICITOR

Jones Day
Level 31
123 Eagle Street
Brisbane QLD 4000

BANKERS

Westpac Banking Corporation Limited
Level 2
90 Kittyhawk Drive
Chermside QLD 4032

SECURITIES EXCHANGE LISTING

Verbrec Limited shares are listed on
the Australian Securities
Exchange (ASX Code: VBC)

WEBSITE

www.verbrec.com

CORPORATE GOVERNANCE STATEMENT

The Company’s Corporate Governance Statement is
available on the Company’s website at: <https://verbrec.com/investor-centre/corporate-governance/>





VERBREC LIMITED ABN 90 127 897 689