

ASX Announcement

28 June 2021

Market update

- Verbrec has recently secured a number of strategically significant contracts increasing project work-in-hand to \$70 million, up 56% from January 2021
- This figure excludes the forecasted ~\$18 million in FY22 revenue from the training business
- Highly experienced executive with operations and projects experience Matthew Cooper appointed in the newly created position of Chief Operating Officer
- Update on settlement of claims which total in excess of \$2m in relation to control system project

Verbrec Limited (ASX:VBC) (Verbrec or the Company), a leading mid-tier engineering service provider, is pleased to provide an update on its ongoing business operations which includes several significant project wins, the appointment of a Chief Operating Officer and an update on settlement of claims relating to a control system upgrade project.

Significant project wins building strong backlog for FY22

Verbrec has significantly increased its work-in-hand to \$70 million, up 56% from the \$45 million as at 31 January 2021¹. This comes as a result of several strategically significant contracts being awarded including a multi-year asset management services agreement, an extension to an existing pipelines operations and maintenance agreement and a letter of intent to be awarded for an engineering design and planning contract to decommission an oil & gas plant. These contracts are all with tier-1 energy companies that are expected to generate up to \$25 million in revenues over the coming years.

This work-in-hand figure is in addition to the Company's training business from which full year FY22 revenues of ~\$18 million can be expected. The Company's sales pipeline is strong and Verbrec expects its work-in-hand to continue growing over the near-term, well positioning it for a strong FY22.

Highly experienced operational project leader appointed as Chief Operating Officer

Matthew Cooper has been appointed as Chief Operating Officer, effective immediately. Matthew has previously held executive positions with several high-profile contracting and

¹ As per the HY FY21 results announcement made on 25 February 2021

consulting companies, along with senior operational and project positions with Arrow Energy and BHP. Most recently, Matthew was the General Manager of Energy Infrastructure Management (EIM), which was acquired by Verbrec in December 2020.

Matthew holds a mechanical engineering degree and an MBA from the Queensland University of Technology.

At Verbrec, Matthew will drive operational improvements and efficiencies across the Group with a specific focus on program delivery, strategic planning, tactical implementation and HSEQ performance.

Verbrec Managing Director Linton Burns said, "As the business continues to expand, I look forward to working closely with Matt in this newly created role, to execute our strategy of growing our capabilities across our key industries (energy, mining and infrastructure) and our key markets (AU, NZ and PNG)."

Update on Control System Project Claims

As advised in the Company's investor presentation dated 23 April 2021, Verbrec had outstanding claims totalling up to \$2 million in relation to a control system upgrade project. The finalised claims value is now approximately \$2.3 million relating to the late delivery of interface systems from the end customer, causing delays in Verbrec delivering its work scope. This project is operating under a lump sum contract which was signed in 2019.

The Company continues to progress its claims and will vigorously pursue the matter to ensure a positive outcome. The eventual proceeds of the finalised claim will be reflected and accounted for in the period in which entitlement and settlement occurs. A material impact on the Company's FY21 earnings (although not yet quantifiable) can therefore be expected as Verbrec absorbs the costs in FY21; there now being little prospect that these matters will be resolved before 30 June 2021. Any claim proceeds will therefore be recorded in a subsequent financial year.

Verbrec Managing Director Linton Burns said, "It is extremely unfortunate that we are experiencing contractual difficulties of this nature, which date from before the merger of OSD and Logicamms to form Verbrec. I am proud of the Verbrec team that continues to work diligently to successfully complete this project and to resolve the outstanding claims. "

The Company will continue to update the market with developments in relation to the finalisation of this claim in line with the Company's continuous disclosure obligations.

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

Further Information

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About Verbrec Ltd

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