

24 January 2023

Project Update

- **The third and final legacy project¹ is now closed.**
- **Client has issued a termination notice (for convenience) to end the SCADA Upgrade Solution Delivery Agreement.**
- **Verbrec continues to pursue outstanding fees from the Client.**

Verbrec Limited (ASX : VBC) (**Verbrec** or the **Company**) a leading mid-tier engineering, training and infrastructure services provider provides an update to its 5 December 2022 ASX announcement titled 'Project Update' (**Prior Announcement**).

Verbrec is pleased to announce that the third and final legacy project is now closed.

This development puts Verbrec in a stronger position moving forward and allows executive and management teams to focus their efforts on delivering the Company's record work-in-hand.

Verbrec intends to vigorously pursue recovery of all outstanding fees related to the project.

Mr Linton Burns, Verbrec's Managing Director commented: *"Whilst the reasons for Service Stream terminating for convenience have not been given, the challenges we faced in order to complete the project were significant, as spelt out in our notice of intent to terminate this contract (refer to ASX announcement dated 18 November 2022).*

With this third and final legacy project now closed, it is expected for the second half of FY23 and beyond, that statutory margins (after adding back the impact of poor performing legacy projects) will now more closely align with underlying margins."

Termination for Convenience

Verbrec Australia Pty Ltd (a wholly owned subsidiary of Verbrec Limited) and Service Stream Utilities Pty Ltd are parties to the C1282 – SCADA Upgrade Solution Delivery Agreement (the **Agreement**).

Service Stream Utilities Pty Ltd have issued a notice to terminate the Agreement for convenience, effective on 24 January 2023. As such the Agreement is now terminated.

With the final legacy project now closed, the Company can immediately re-assign the resources that had been dedicated to delivering the Agreement, with any ongoing expenditure on delivering this final legacy project now eliminated.

Adjudication and Outstanding Fees

In the Prior Announcement, the Company confirmed that it had applied for adjudication of a payment claim in accordance with the Building Industry Fairness (Security of Payment) Act 2017 (QLD). This adjudication application has been accepted and is progressing. No ruling has been made at this time. Further updates will be provided on this in the future.

1 Previous ASX announcements which contain information related to legacy projects include:

- 'Project Update' published on 5 December 2022
- 'Project Update' published on 18 November 2022
- 'FY2022 Annual Report' published on 30 August 2022
- 'FY2022 Results Announcement' published on 30 August 2022
- 'Two of three legacy projects completed by 30 June 2022' published on 23 June 2022
- 'Verbrec H1 FY22 Interim Results Announcement' published on 28 February 2022
- 'Significant progress made with poor performing projects' published on 29 December 2021
- 'Chairman & MD AGM Address to Shareholders' published on 26 November 2021
- 'FY21 Annual Report' published on 27 August 2021
- 'FY21 Results Announcement' published on 27 August 2021
- 'Market Update' published on 28 June 2021
- 'Verbrec Investor Presentation' published on 23 April 2021

- ends -

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

Company Enquiries

Linton Burns

CEO & Managing Director
Linton.Burns@verbrec.com

Investor Relations

Rod Hinchcliffe

Media & Capital Partners
Rod.Hinchcliffe@mcpartners.com.au

Media Enquiries

Melissa Hamilton

Media & Capital Partners
Melissa.Hamilton@mcpartners.com.au

About Verbrec Limited

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).

Verbrec Limited

ASX : VBC
ACN: 127 897 689

Verbrec.com

Share Registry

Computershare Investor Services Pty Ltd
Ph: +61 3 9415 4000

computershare.com