

ASX Announcement

14 September 2021

Verbrec's order book increases further after securing new multi-year contracts

- Verbrec continues to increase work-in-hand from the balance as at 24 August 2021 of \$76.6M that was recently announced¹ following the execution of two multi-year agreements including a software licence agreement with BHP Iron Ore for *StacksOn™* and renegotiation of a legacy contract.

Verbrec Limited (ASX:VBC) a leading mid-tier engineering, training and infrastructure services provider continues to build momentum by securing an additional \$8.8 million of new multi-year contracts and renegotiation of an existing contract.

Whilst the agreements are not individually material (in terms of revenue) they are a strong reflection of the Company's momentum and the licence agreement provides an important validation of the *StacksOn™* software technology from a commercialisation standpoint.

The new contracts include:

- A 3-year Operations and Maintenance contract for gas pipelines and associated infrastructure for an existing client (the current contract expires in November 2021). Under this new contract Verbrec will continue to operate and maintain this critical infrastructure through to November 2024;
- A multi-year software licence agreement for *StacksOn™* (refer below); and
- A renegotiation and increase in contract value of an existing engineering design contract (which is one of the previously announced poor performing legacy projects²). This project is expected to complete in November 2021.

In addition, Verbrec confirms that another of the three previously announced poor performing projects is now complete. As such, by the end of 2021, two of the three poor performing legacy projects will be complete. This will allow our Team members to move on to recently awarded and much higher margin generating projects represented by the increase in work-in-hand.

About *StacksOn™*

StacksOn™ is a stockpile inventory monitoring system developed by Verbrec that tracks material properties such as grade, orebody origin, and "time since stacked" in a virtual 3D stockpile.

The execution of the software licence agreement with BHP Iron Ore validates the software and represents full commercialisation of *StacksOn™*.

Verbrec is responsible for the implementation of *StacksOn™* across specific BHP Western Australia iron ore stock-yards via a fee-for-service arrangement. *StacksOn™* is currently

¹ Refer to slide 16 of the FY21 Results Investor Presentation released on 27 August 2021.

² Refer to slide 10 of the FY21 Results Investor Presentation released on 27 August 2021 and page 9 of the 2021 Annual Report.

operational at one of BHP's iron ore stockyards and is currently being rolled out to another three.

Verbrec developed the software to enable full simulation and testing of a client's stockyard Programmable Logic Controller (PLC) logic as part of Verbrec's implementation of control and automation solutions. This software became a differentiator and unique selling point for Verbrec through early elimination of issues prior to commissioning and its ability to model new stockpile configurations without compromising grade control. Through further enhancements the software now analyses data near real-time, supports concurrent user investigations in a 3D environment, publishes data to other software tools and predicts future reclaim batches.

StacksOn™'s value lies in its unique ability to improve stockpile capacity and grade control by:

- Raising the visibility and awareness of product grade within the stockyard allowing a miner to accurately reclaim ore for shipping to a very tight specification by blending product from the stockpile
- Providing access to instantaneous and accurate grade statistics on the product being reclaimed
- Predicting and addressing off-spec shipments before they are filled
- Rolling out more efficient stockpiling patterns such as continuous cone ply arc where appropriate
- Providing stakeholders with a more intuitive view of the operations within a stockyard
- The ability to playback significant events, investigate what occurred and, where appropriate, create Target Action Response Plans (TARP) to reduce the likelihood of adverse events occurring

The signing of this licensing agreement for *StacksOn™* represents a significant milestone for Verbrec's internally developed software and exposes Verbrec to a considerable number of new opportunities for commercial growth which the Company is actively pursuing. *StacksOn™* has applicability for all commodities wherever a stockpile needs to be managed at the mine site and also at ports.

The execution of the three year Operations and Maintenance contract and the *StacksOn™* licence agreement represents further delivery of Verbrec's growth strategy of increasing long term recurring revenues. The margins generated from *StacksOn™* license agreements are generally in line with other software service providers and are expected to be materially higher than Verbrec's historical margins within the other business units.

Linton Burns, Verbrec's Managing Director commented: "*StacksOn™* has been developed and refined over 10 years and provides the unique ability to monitor inventory, stockpiling and cashflow in real-time. We initially developed the software to use in-house but found that it was of such high commercial value to our clients that we could package and commercialise it as a standalone product."

"The Company started the financial year with a very strong order book and this provides confidence that once the previously announced poor performing legacy projects are successfully resolved we will see a significant improvement in our financial results and financial position."

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

Further Information

Company enquiries

Linton Burns
Verbrec Ltd
Managing Director
+61 7 3058 7000

Investor Relations

Rod Hinchcliffe
Media & Capital Partners
Rod.Hinchcliffe@mcpartners.com.au
+61 412 277 377

Media enquiries

Melissa Hamilton
Media & Capital Partners
Melissa.hamilton@mcpartners.com.au
+61 417 750 274

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).