

**ASX/MEDIA RELEASE - VRS**

30 August 2019

**PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2019**

- **\$125.9m Group Revenue, up 18%**
- **Strong growth in cash generated from operations of \$7.6m, (FY2018 \$1.0m)**
- **Cash at bank \$3.7m**
- **\$2.4m reduction in net debt to \$18.0m**
- **First full year of Elton Consulting earnings producing an EBITDA of \$2.3m**
- **Operational Review to deliver savings of \$3.0m on an annualised basis in FY2020, ensuring business is well positioned for margin growth**
- **Aqura EBITDA of \$1.9m, up 107%**

Veris Limited (ASX code: VRS) has today reported its financial results for the financial year ending 30 June 2019 (FY2019).

Veris achieved revenue growth in the year to \$125.9m (FY2018 \$106.8m). This was achieved in Veris Australia and Aqura Technologies businesses, with the Company also benefitting from its first full year of Elton Consulting business, a Tier 1 provider of professional and advisory services for all levels of government, private and community sectors acquired by Veris in March 2018.

In its first full year operating as one business, Veris Australia achieved multi state project awards. Elton had significant project awards in health, education, social housing, transport and social infrastructure as well as property development for state, federal and local governments and Tier 1 companies. Meanwhile, Aqura continued to provide services to key Tier 1 clients including awards of new works packages totalling in excess of \$13m across its key service lines, Industrial Wireless, Content Access Networks and Unified Communications. These awards are as a result of the BHP three-year Services Contract entered into with BHP in 2019 and in addition, in 2019 Aqura successfully entered into an umbrella supply agreement with Rio Tinto demonstrating Aqura's ability to sustain strong revenue growth year-on-year. These awards signify the demand for Aqura's diverse range of service capabilities across Australia and New Zealand.

Underlying EBITDA<sup>1</sup> was \$6.5m (FY2018 \$11.2m). Group earnings were impacted by challenges in fully integrating the nine acquired surveying businesses within Veris Australia. In response, the Company commenced an Operational Review of Veris Australia and the Group to identify initiatives that will also have a direct and ongoing benefit to the Company's earnings going forward. The Operational Review focused on harnessing the strength of Veris Australia aimed improving efficiencies, margins and delivering greater value for shareholders and clients. Phase 1 of the Operational Review was completed in December 2018 with Phase 2 completed in June 2019, with benefits including a circa \$3 million in cost reductions on an annualised basis. The initiatives

<sup>1</sup> Underlying EBITDA is earnings before depreciation, amortisation, interest, tax, and removes impairment, restructuring, share-based payments and acquisition costs.

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achieved under this review combine to ensure Veris is a stronger business that is well positioned for margin growth in FY2020.

In addition to improving the Veris Australia operations and successfully diversifying into professional and advisory services, the Company also developed a five-year Strategic Plan 2019-2024. This strategy was endorsed by the Veris Board in June 2019. The Veris Australia strategy includes targeting opportunities in higher value, higher margin projects with greater technical content including 3D spatial and geospatial work. Investments made in geospatial in FY19 set a strong platform to grow this work in FY20.

Veris ended the year with a cash position of \$3.7m and a reduced net debt position of \$18m (30 June 2018 \$20.4m). The Company also delivered strong growth in cash generated from operation of \$7.6m, up from a \$1.0m in FY2018.

**Veris Managing Director Adam Lamond said:**

*“FY2019 was a challenging year for Veris, with earnings impacted in the first year of fully integrating the nine acquired surveying businesses within Veris Australia. Positively, we grew revenue in the year and saw Aqura Technologies delivered strong earnings growth, while Elton Consulting delivered solid results in its first full year owned by the Company despite the impact of three elections.*

*Significant progress has been made in strengthening the Company’s position in response to the challenges that presented during FY2019. This includes finalisation of the national integration of the nine Veris Australia business, undertaking an Operational Review that has seen a range of corrective measures implemented in the year, including senior management changes and cost savings, and developing a clear, five-year strategic plan for 2019-2024 that has been endorsed by the Board and is supported by the Company’s bankers.*

*We have already seen improved earnings from Veris Australia business in the second half of FY2019 compared to the first half of FY2019 and I’m looking forward to FY2020 with renewed optimism to strengthening the business and delivering superior results for our shareholders.”*

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**About Veris**

Veris is a professional service business delivering surveying, professional and advisory, and geospatial services to the infrastructure, property, energy, mining and resource, defence, agribusiness, tourism, leisure and government sectors throughout Australia.

For further information please contact

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**PRELIMINARY FINAL REPORT  
YEAR ENDED 30 JUNE 2019**

**Results for announcement to the market**

A summary of the overall results for the year ended 30 June 2019.

<b>Veris Limited</b>			<b>\$000</b>
Veris Australia segment revenue	↑	4% to	92,947
Aqura Technologies segment revenue	↑	19% to	14,611
Elton Consulting segment revenue	↑	256% to	18,326
Revenue from ordinary activities	↑	18% to	125,884
<hr/>			
Underlying EBITDA from continuing operations <sup>1</sup>	↓	42% to	6,498
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Loss from continuing operations after tax	↓	3,696% to	(40,089)
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Statutory Loss for the period attributable to members	↓	2,974% to	(40,089)
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Loss per share (basic)	↓	2,794% to	(11.13) cents

NTA Backing	<b>30 June 2019</b>	<b>30 June 2018</b>
Net tangible asset backing per ordinary security	\$0.02	\$0.03

<sup>1</sup> Underlying EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure. The % increase from the prior period is the increase in EBITDA from continuing operations.

<sup>2</sup> Net Profit After Tax Before Amortisation (NPATBA) is an unaudited non-IFRS measure.

A reconciliation between statutory results and underlying results is provided below:

	<b>30 June 2019</b>	<b>30 June 2018</b>
	<b>\$000</b>	<b>\$000</b>
Profit (Loss) from continuing operations	(40,089)	(1,056)
<u>Add back:</u>		
Amortisation	3,898	4,096
Tax benefit on amortisation (30%)	(1,169)	(1,229)
<b>Net Profit after Tax Before Amortisation (NPATBA)</b>	<b>(37,360)</b>	<b>1,811</b>
Tax expense (benefit) excluding amortisation	(974)	358
Net finance expense	1,339	1,006
Share-based payment	586	1,031
Restructuring costs	3,294	1,770
Acquisition costs	95	1,628
Depreciation	5,087	3,585
Impairment of Intangibles	34,431	-
<b>Underlying EBITDA</b>	<b>6,498</b>	<b>11,189</b>

#### Dividends declared

On 30 August 2018 the Company declared a fully franked dividend for 2018 of 0.5 cents per share.

#### Preliminary financial report

This report is based on accounts that have been audited.

#### Net Assets and Cash Position

Veris has \$3.7m cash at 30 June 2019. FY2019 net cashflow from operating activities was \$6.2m. Veris repaid \$6.2m in borrowings and lease liability payments during the year.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Revenue	125,884	106,834
Operating Expenses	(119,386)	(95,645)
	<b>6,498</b>	<b>11,189</b>
Depreciation	(5,087)	(3,585)
Amortisation	(3,898)	(4,096)
Acquisition Costs	(95)	(1,628)
Restructuring Costs	(3,294)	(1,770)
Share-based payment	(586)	(1,031)
Impairment of Intangibles	(34,431)	-
<b>Results from operating activities</b>	<b>(40,893)</b>	<b>(921)</b>
Finance income	3	18
Finance costs	(1,342)	(1,024)
<b>Net finance costs</b>	<b>(1,339)</b>	<b>(1,006)</b>
<b>Profit (loss) before income tax</b>	<b>(42,232)</b>	<b>(1,927)</b>
Income tax benefit	2,143	871
<b>Profit (loss) from continuing operations</b>	<b>(40,089)</b>	<b>(1,056)</b>
Profit (loss) from discontinued operations, net of tax	-	(248)
<b>Profit (loss) for the year</b>	<b>(40,089)</b>	<b>(1,304)</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(40,089)</b>	<b>(1,304)</b>
<b>Earnings per share</b>		
Basic earnings/(loss) per share - cents per share	(11.13)	(0.39)
Diluted earnings/(loss) per share - cents per share	(11.13)	(0.39)
<b>Earnings per share – continuing operations</b>		
Basic earnings/(loss) per share - cents per share	(11.13)	(0.32)
Diluted earnings/(loss) per share - cents per share	(11.13)	(0.32)

*The accompanying notes form an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Cash and cash equivalents	3,685	5,588
Trade and other receivables	25,864	30,932
Work in progress	8,280	10,538
Other current assets	3,039	1,705
<b>Total current assets</b>	<b>40,868</b>	<b>48,763</b>
<b>Non-current assets</b>		
Plant and equipment	13,551	15,242
Intangible assets	19,190	58,598
Deferred tax asset	8,913	6,275
<b>Total non-current assets</b>	<b>41,654</b>	<b>80,115</b>
<b>Total assets</b>	<b>82,522</b>	<b>128,878</b>
<b>Current liabilities</b>		
Trade and other payables	18,765	17,532
Deferred vendor payments	3,554	2,386
Loans and borrowings	3,356	6,381
Employee benefits	9,176	9,505
Current tax liability	534	533
<b>Total current liabilities</b>	<b>35,385</b>	<b>36,337</b>
<b>Non-current liabilities</b>		
Loans and borrowings	18,403	19,647
Deferred vendor payments	-	3,625
Employee benefits	1,640	1,066
<b>Total non-current liabilities</b>	<b>20,043</b>	<b>24,338</b>
<b>Total liabilities</b>	<b>55,428</b>	<b>60,675</b>
<b>Net assets</b>	<b>27,094</b>	<b>68,203</b>
<b>Equity</b>		
Share capital	43,051	40,887
Share based payment reserve	2,949	2,349
Retained earnings	(18,906)	24,967
<b>Total equity</b>	<b>27,094</b>	<b>68,203</b>

*The accompanying notes form an integral part of these consolidated financial statements.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019**

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2018</b>	40,887	2,349	24,967	68,203
Adjustment on initial application of AASB 9	-	-	(721)	(721)
Adjustment on initial application of AASB 15	-	-	(1,293)	(1,293)
<b>Adjusted balance at 1 July 2018</b>	40,887	2,349	22,953	66,189
<b>Total comprehensive profit for the year</b>				
Profit for the year	-	-	(40,089)	(40,089)
Total comprehensive profit for the year	-	-	(40,089)	(40,089)
<b>Transactions with owners, recorded directly in equity</b>				
Issue of ordinary shares (net of costs)	2,164	-	-	2,164
Dividends paid	-	-	(1,770)	(1,770)
Share based payment transactions	-	600	-	600
<b>Balance at 30 June 2019</b>	43,051	2,949	(18,906)	27,094

	Share Capital	Share-based Payment Reserve	Retained Earnings	Total Equity
	\$000	\$000	\$000	\$000
<b>Balance at 1 July 2017</b>	37,283	1,747	27,907	66,937
<b>Total comprehensive income for the year</b>				
Profit for the year	-	-	(1,304)	(1,304)
Total comprehensive income for the year	-	-	(1,304)	(1,304)
<b>Transactions with owners, recorded directly in equity</b>				
Issue of ordinary shares (net of costs)	3,604	-	-	3,604
Dividends paid	-	-	(1,636)	(1,636)
Share based payment transactions	-	602	-	602
<b>Balance at 30 June 2018</b>	40,887	2,349	24,967	68,203

*The accompanying notes form an integral part of these consolidated financial statements.*

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash flow from operating activities</b>		
Receipts from customers	143,784	101,980
Payments to suppliers and employees	(136,212)	(101,021)
Cash generated from operations	7,572	959
Tax received	-	14
Interest paid	(1,330)	(1,133)
Interest received	3	22
<b>Net cash from operating activities</b>	<b>6,245</b>	<b>(138)</b>
<b>Cash Flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	1,769	3,828
Purchase of property, plant and equipment	(1,858)	(1,844)
Deferred Vendor Payment	(2,140)	(1,928)
Acquisition of subsidiaries net of cash acquired	266	(14,071)
<b>Net cash (used in) investing activities</b>	<b>(1,963)</b>	<b>(14,015)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	-	(1,258)
Repayment of borrowings and lease liabilities	(6,185)	(4,575)
Proceeds from loans	-	11,000
Proceeds from share issues (net of costs)	-	-
<b>Net cash from (used in) financing activities</b>	<b>(6,185)</b>	<b>5,167</b>
<b>Net increase in cash held</b>	<b>(1,903)</b>	<b>(8,986)</b>
Cash and cash equivalents at 1 July	5,588	14,574
Cash and cash equivalents at 30 June	3,685	5,588

*The accompanying notes form an integral part of these consolidated financial statements.*



**Notes to the Financial Statements**  
**For the year ended 30 June 2019**

**Note 1: Statement of significant accounting policies**

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing rules as they relate to Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. As such, this preliminary financial report does not include all the notes of the type included in the annual financial report and accordingly, should be read in conjunction with the Annual Report for the year ended 30 June 2019, and with any public announcements made by Veris Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

The accounting policies have been consistently applied to all years presented.

**Note 2: Earnings per share**

	<b>2019</b>	<b>2018</b>
Earnings used to calculate basic EPS - \$000	(40,089)	(1,304)
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	360,068,213	331,684,479
Basic earnings/(loss) per share - cents per share	(11.13)	(0.39)
Weighted average number of ordinary shares outstanding during the period used in calculating Diluted EPS	360,068,213	331,684,479
Diluted earnings/(loss) per share - cents per share	(11.13)	(0.39)

### Note 3: Segment Note

The Group has three reportable segments that are managed separately by the service provided. Internal management reports on the performance of these reportable segments are reviewed at least monthly by the Managing Director who is the Chief Operating Decision maker (CODM) of the Group. The operations in each of the Group's reportable segments are:

- Veris Australia – examine and record the features of a piece of land or infrastructure in order to create maps, plans, detailed descriptions and to facilitate construction
- Aqura Technologies – provides specialised ICT and Communications services
- Elton Consulting – provide expert advice to businesses, governments and not-for-profit organisations to support them to make considered and informed decisions on policy, strategy, city-making and service delivery.

Information regarding the results of each reportable segment is detailed below. Comparative segment information has been presented in conformity with the requirement of AASB 8 Operating Segments.

	Veris Australia*		Aqura Technologies		Elton Consulting**		Total	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
Revenues	93,058	94,214	14,710	12,430	18,396	5,143	126,164	111,786
Inter-segment revenues	(111)	(4,812)	(99)	(140)	(70)	-	(280)	(4,952)
External revenues	92,947	89,402	14,611	12,290	18,326	5,143	125,884	106,834
Costs	(87,279)	(82,191)	(12,846)	(11,530)	(16,093)	(4,110)	(116,218)	(97,831)
Inter-segment costs	111	4,812	99	140	70	-	280	4,952
External costs	(87,168)	(77,379)	(12,747)	(11,390)	(16,023)	(4,110)	(115,938)	(92,878)
<b>EBITDA***</b>	<b>5,779</b>	<b>12,023</b>	<b>1,864</b>	<b>900</b>	<b>2,303</b>	<b>1,033</b>	<b>9,946</b>	<b>13,956</b>
Depreciation	(4,811)	(3,440)	(171)	(38)	(90)	(26)	(5,072)	(3,503)
Amortisation	(2,908)	(3,848)	-	-	(990)	(248)	(3,898)	(4,096)
EBIT****	(1,940)	4,735	1,693	862	1,223	759	976	6,357
	<b>2019 \$000</b>	<b>2018 \$000</b>	<b>2019 \$000</b>	<b>2018 \$000</b>	<b>2019 \$000</b>	<b>2018 \$000</b>	<b>2019 \$000</b>	<b>2018 \$000</b>
Segment assets	45,648	92,012	6,605	6,378	21,196	22,891	73,449	121,281
Segment liabilities	(29,093)	(29,558)	(7,380)	(5,149)	(2,335)	(3,010)	(38,808)	(37,716)

\*Relates to Veris Australia and legacy surveying businesses

\*\*2018 comparative relates to 3 months from acquisition date to 30 June 2018

\*\*\*EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

\*\*\*\*EBIT is defined as earnings before interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

– Ends –