

Verbrec Limited

ABN 90 127 897 689

**Interim Financial Report
31 December 2025**

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This consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Verbrec Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These consolidated interim financial statements are the consolidated interim financial statements of the consolidated entity consisting of Verbrec Limited and its subsidiaries. The consolidated interim financial statements are presented in Australian currency.

Verbrec Limited is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:

Verbrec Limited
Level 14
200 Mary Street
Brisbane QLD 4000

The consolidated interim financial statements were authorised for issue by the Directors on 27 February 2026. The Directors have the power to amend and reissue the consolidated interim financial statements.

Verbrec Limited
ABN 90 127 897 689
Directors' Report

Your Directors present their interim financial statements on Verbrec Limited (“the Company or Verbrec or VBC”) and its controlled entities (“the Group”) for the half-year ended 31 December 2025.

1. DIRECTORS and COMPANY SECRETARY

The Directors and the Company Secretary of the Company in office during or since the end of the half-year ended 31 December 2025 are set out below:

Name	Position
Mr Phillip Campbell	Independent Non-Executive Chairperson
Mr Matthew Morgan	Independent Non-Executive Director
Mr Brian O’Sullivan AM	Non-Executive Director
Mr Joel Voss	Company Secretary

2. PRINCIPAL ACTIVITIES

Verbrec Limited (ASX : VBC) is a leading engineering services provider, operating across the entire lifecycle of an asset. Verbrec operates in Australia, New Zealand and the Pacific and services the energy, mining, infrastructure, manufacturing, water and defence sectors. The Company is comprised of approximately 700 personnel across 14 regional locations.

In December 2025, Verbrec completed agreements to:

- Acquire Alliance Automation Pty Ltd and DLM Automation Pty Ltd
- Divest Competency Training Pty Ltd

The acquisition of Alliance Automation enhances Verbrec’s offering in digital transformation, industrial automation, cyber security and machine learning. Verbrec is well positioned to advise and provide solutions to clients on the rapid convergence of operational technology and information technology.

The continuing operations of the group as at the reporting date are **Engineering Services**, including:

- **Automation & Control:** Industrial automation solutions, program and project management, cyber security for operational technology, electrical engineering, data and digital solutions with a developing capability in machine learning and artificial intelligence.
- **Asset Management:** Specialist asset management services including maintenance and reliability engineering, asset integrity, operational readiness, material and inventory management systems that increases efficiency, reduces costs and improves productivity.
- **Electrical, Instrumentation and Control Engineering:** Specialist engineering and project delivery in low voltage and high voltage electrical systems. This includes electrical distribution and reticulation, grid connections, switchboards and motor control centres, protection systems, as well as specialist expertise and electrical equipment in hazardous areas.
- **Operations and Maintenance:** Specialist pipeline, process plant and compressor station operation and maintenance services to the gas and mining industries. Verbrec’s operations and maintenance business revenues are primarily generated through multi-year maintenance agreements.

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Directors' Report (continued)

- **Pipeline and Process Plant Engineering:** Specialist multi-disciplinary engineering and project delivery services including conceptual studies, engineering design, procurement and construction delivery, commercial services and condition assessments. We specialise in gas, oil, water and hydro-transport (slurry) pipelines including all associated facilities including compressor stations, pumping stations, terminal facilities, pigging systems, metering systems, SCADA systems and tie-ins.
- **StacksOn:** StacksOn is the digital twin of choice for smarter and more efficient stockyards, enabling on-spec product in challenging conditions, whilst increasing throughput and reducing downtime. StacksOn visually tracks material being added to and reclaimed from stockpiles in order to maintain a 3D model of materials and grades in the stockyard. Verbrec offer customers an annual licence fee structure as well implementation services and ongoing support.

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Directors' Report (continued)

3. REVIEW OF FINANCIAL PERFORMANCE & MARKET OUTLOOK

In compiling these financial statements, the discontinued operations (under AASB 5) have been shown separately from the continuing operations and comparable numbers from previous corresponding period ("PCP") have been presented excluding those discontinued operations.

3.1 Financial Performance Overview

The consolidated interim financial results for the half-year ended 31 December 2025 compared to the previous corresponding period ("PCP") is follows:		31 December 2025	31 December 2024	Change to PCP
Continuing Operations				
Revenue (\$'000)	Note 5	46,137	38,905	7,232
Gross Margin Statutory (\$'000)		15,343	13,359	1,984
Gross Margin Statutory as % of revenue (%)		33.3%	34.3%	(1.0%)
Statutory EBITDA (\$'000)	Note 5	4,034	1,674	2,360
Statutory EBITDA as a % of revenue (%)		8.7%	4.3%	4.4%
Discontinued Operations				
EBITDA from discontinued operations	Note 8	7,309	1,393	5,916
Group Statutory EBITDA				
		11,343	3,067	8,276
Total comprehensive profit attributable owners of the Company				
		8,763	793	7,970
Basic earnings per share (cents)		3.1	0.3	2.8
Operating Cash Inflow / (Outflow) (\$'000)		3,984	985	2,999
Net Cash ² (\$'000)		11,555	(1,512)	13,067

¹ EBITDA (earnings before interest, taxes, depreciation and amortisation)

² Cash on hand less borrowings, excluding lease liabilities.

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Directors' Report (Continued)

DISCONTINUED OPERATIONS – Competency Training

In September 2025 the Company announced that it had entered an agreement with RelyOn Australia Pty Ltd to sell 100% shares of Competency Training. This transaction completed on 28 November 2025. The impact of the discontinued operations is shown on note 8 in the financial statements.

Financial Performance

For the half-year ended 31 December 2025, the Group reported revenues of \$46.1M, an increase from \$38.9M reported in the previous corresponding period. This represents approximately 18.5% growth in the continuing operations of the business.

Verbrec intends to grow the business through:

- Geographic expansion
- Expansion of key business units
- Management and cross selling to key relationship clients
- Strategic acquisitions

Verbrec budgeted for and expects the H2 FY2026 to be stronger in both revenue and EBITDA than H1 FY2026.

The composition of Verbrec's revenue is broadening towards water security and sustainable mining with the acquisition of Alliance Automation, although traditional energy and gas market transitions is still a majority of the portfolio. Alliance Automation further broadens the portfolio of revenues in Defence, Infrastructure and Manufacturing.

Gross margins have remained flat at 33.3% (H1 FY2025: 34.3%) including one month of Alliance Automation. StacksOn annual licensing has been re-baselined and is expected to be recognised in the second half, rather than partially split between the first and second half as it has in prior years.

Group EBITDA for the half is \$11.3M (H1 FY2025: \$3.1M) and total comprehensive profit is \$8.8M (H1 FY2025: \$0.8M) (each including the contribution from the sale of Competency Training).

On a continuing operations basis EBITDA is \$4.0M (H1 FY2025: \$1.7M). EBITDA margin is improved at 8.7% of revenue (H1 FY2025: 4.3%).

Net assets of the business has increased to \$32.8M at 31 December 2025 (30 June 2025: \$23.8M), the increase primarily attributable to the acquisition of Alliance Automation and proceeds from the sale of Competency Training.

Closing cash and cash equivalents for the half-year have increased by 197% to \$21.1M (30 June 2025: \$7.1M) predominantly due to sale of CT business for \$11.2M. The \$21.1M balance includes \$3.6M in restricted cash that is required to be held under the Westpac facility as part of security for the issuance of bank guarantees. The Groups net cash position also increased to \$11.6M at 31 December 2025 (30 June 25: \$2.3M).

Verbrec has carried forward income tax losses of \$21.9M, we expect operating cashflows to continue to improve resulting in the generation of free cashflow to fund dividends.

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Directors' Report (Continued)

The Group's finance facilities are provided by Westpac Banking Corporation. Verbrec remains compliant with all banking covenants to 31 December 2025. Verbrec increased its facilities to accommodate the Alliance Automation acquisition and added an Acquisition Facility of \$6M (redraw facility) and increased its Flexible Facility to \$12M (from \$8M) to accommodate additional Bank Guarantees for the Group.

3.2 Market Outlook

Verbrec's clients are adapting to the evolving energy landscape and adapting to a progressively digital world where operational technology and information technology converge.

Client investment from Verbrec's core sectors of energy, mining, infrastructure, manufacturing, water and defence is expected to continue to drive the performance of the group into the future.

Verbrec's revenues are primarily generated from the:

- **Energy sector:** by addressing our clients needs to continue to design fit for purpose solutions for their existing traditional energy assets which may be required to deliver long into the future than previously anticipated and operate with more efficiency and at a lower cost.
- **Mining sector:** by 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 by using the power of StacksOn to give clients greater grade control at iron ore mines / ports and developing innovative product transport solutions.
- **Water sector:** by providing our expertise and years of experience servicing the 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.
- **Infrastructure & Defence sectors:** by providing expertise in automation, control, electrical engineering and construction and cyber security we address our clients needs to deliver efficient and resilient defence and public infrastructure across Australia and New Zealand sites.

Verbrec targets four growth markets:

- **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 prospects to participate in projects related to carbon capture utilisation and storage and biofuel / hydrogen augmentation / replacement.
- **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 batteries (BESS projects) and Pumped Hydro.
- **Operational Technology & Cyber Security:** addressing the need for enhanced cyber security for operational technology while Australian critical infrastructure continues to experience elevated cyber activity, with Operational Technology environments increasingly targeted due to their potential for physical and service disruption.
- **Industrial Automation & Machine Learning:** by increasing asset efficiency through digital transformation, and by minimising downtime, improving yield, and optimising energy and material usage, AI and machine learning help manufacturers lower operating costs and improve returns.

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Directors' Report (Continued)

This trading environment will support ongoing demand for Verbrec's services.

DIVIDENDS

On 27 February 2026 the Board has elected to declare a fully franked interim dividend of \$0.001 per share for the period ended 31 December 2025.

On 27 August 2025 the Board declared a fully franked final dividend of \$0.001 per share for the period ended 30 June 2025. The total amount of the dividend \$0.29M was paid on 17 October 2025.

The group also carries \$5.4M in franking credits as at 31 December 2025.

AFTER BALANCE DATE EVENTS

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

ROUNDING OF AMOUNTS

The Group is of the kind referred to in Australian Securities and Investments Commission (ASIC) Corporations Instruments 2016/191 dated 24 March 2016 pursuant to s.341(1) of the Corporations Act 2001, relating to the 'rounding off' of amounts in the Directors' Report and Consolidated Interim Financial Statements. In accordance with that legislative instrument, amounts in the Consolidated Interim Financial Statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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Directors' Report (Continued)

RESOLUTION APPROVING DIRECTORS' REPORT

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

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is set out on page 9.



Phillip Campbell
Chairperson

Brisbane
27 February 2026

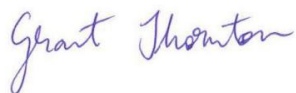
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Auditor's Independence Declaration

To the Directors of Verbrec Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Verbrec Limited for the half-year ended 31 December 2025. 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance
Brisbane, 27 February 2026

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Verbrec Limited
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**Condensed consolidated statement of profit
 or loss and other comprehensive income**
 For the half-year ended 31 December 2025

	Notes	31 December 2025 \$'000	31 December 2024 (Restated) \$'000
Continuing Operations			
Revenue	5	46,137	38,905
Cost of providing services	6(a)	(30,794)	(25,546)
Gross profit		15,343	13,359
Other income		2,041	63
Other operating expenses	6(b)	(15,069)	(13,370)
Profit from operating activities		2,315	52
Finance expense		(245)	(386)
Profit/(Loss) before income tax		2,070	(334)
Income tax benefit/ (expense)	7	(172)	-
Profit/(Loss) for the half-year from continuing operations		1,898	(334)
Profit from discontinued operations	8	7,063	1,195
Profit for the half year attributable to owners of the Company		8,961	861
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		(198)	(68)
Other comprehensive income for half-year, net of tax		(198)	(68)
Total comprehensive profit for the half-year attributable to owners of the Company		8,763	793
Total comprehensive profit/ (loss) for the half-year attributable to owners of the Company arises from:			
Continuing Operations		1,700	(402)
Discontinued Operations		7,063	1,195
		8,763	793
Earnings per share from Continuing Operations			
Basic earnings per share (cents per share)		0.6	(0.1)
Diluted earnings per share (cents per share)		0.6	(0.1)
Earnings per share for profit attributable to the ordinary equity holders of the company			
Basic earnings per share (cents per share)		3.1	0.3
Diluted earnings per share (cents per share)		2.8	0.3

Verbrec Limited
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**Condensed consolidated statement
 of financial position**
 As at 31 December 2025

	Notes	31 December 2025 \$'000	30 June 2025 \$'000
Assets			
Cash and cash equivalents		21,068	7,137
Trade and other receivables		20,091	14,489
Prepayments		3,576	1,456
Contract assets		5,250	2,932
Current tax assets		-	3
Total current assets		49,985	26,017
Property, plant and equipment	9	1,798	1,087
Right-of-Use Assets		4,497	4,049
Deferred tax assets		10,478	8,452
Intangible assets	10	8,082	9,803
Total non-current assets		24,855	23,391
Total assets		74,840	49,408
Liabilities			
Trade and other payables		10,985	7,351
Contract liabilities		7,122	3,491
Borrowings	12	2,478	1,128
Lease liabilities		2,650	2,472
Employee benefits		6,696	3,817
Provisions	11	287	469
Total current liabilities		30,218	18,728
Employee benefits		2,120	542
Borrowings	12	7,035	3,753
Lease liabilities		2,472	2,217
Provisions	11	147	326
Total non-current liabilities		11,774	6,838
Total liabilities		41,992	25,566
Net assets		32,848	23,842
Equity			
Share capital	13	28,905	28,289
Reserves		1,082	1,362
Retained earnings		2,861	(5,809)
Total equity attributable to owners of the Company		32,848	23,842

Verbrec Limited
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**Condensed consolidated statement
 of changes in equity**
 For the half-year ended 31 December 2025

	Attributable to owners of Verbrec			
	Share Capital	Reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2024	27,990	719	(9,544)	19,165
Profit for the half-year	-	-	861	861
Other comprehensive income	-	(68)	-	(68)
Total comprehensive income for the half-year	-	(68)	861	793
Share based payment expense	-	668	-	668
Balance at 31 December 2024	27,990	1,319	(8,683)	20,626
Balance at 30 June 2025	28,289	1,362	(5,809)	23,842
Profit for the half-year	-	-	8,961	8,961
Other comprehensive income	-	(198)	-	(198)
Total comprehensive income for the half-year	-	(198)	8,961	8,763
Dividends Paid	-	-	(291)	(291)
Performance rights exercised	616	(616)	-	-
Share based payment expense	-	534	-	534
Balance at 31 December 2025	28,905	1,082	2,861	32,848

Verbrec Limited
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**Condensed consolidated statement of
 cash flows**

For the half-year ended 31 December 2025

Notes	31 December 2025 \$'000	31 December 2024 \$'000
Cash flows from operating activities		
Receipts from customers (including GST)	58,596	47,238
Payments to suppliers and employees (including GST)	(54,316)	(45,870)
	4,280	1,368
Interest received	32	36
Interest paid	(331)	(407)
Income tax paid	3	(12)
Net cash inflow / (outflow) from operating activities	3,984	985
Cash flow from investing activities		
Dividends paid to shareholders	(292)	-
Proceeds from sale of property, plant and equipment	1	-
Proceeds related to sale of CT business, net of cash disposed*	11,050	-
Payment for acquisition of subsidiary, net of cash acquired	(3,462)	-
Acquisition of property, plant and equipment and intangibles	(509)	(305)
Net cash outflow from investing activities	6,788	(305)
Cash flow from financing activities		
Proceeds from borrowings	7,526	2,017
Repayment of borrowings	(2,894)	(1,407)
Principal elements of lease payments	(1,308)	(1,290)
Net cash inflow / (outflow) from financing activities	3,324	(680)
Net increase / (decrease) in cash and cash equivalents	14,096	-
Cash and cash equivalents at the beginning of the year	7,137	4,618
Effects of exchange rate changes on cash and cash equivalents	(165)	(70)
Cash and cash equivalents at the end of the half-year	21,068	4,548

*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 8.

Verbrec Limited

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Notes to the Condensed Consolidated Financial Statements

For the half-year ended 31 December 2025

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 interim financial statements of the Company for the six months ended 31 December 2025 comprises 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 services primarily in Australia, New Zealand, Papua New Guinea and the Pacific Islands.

The consolidated interim financial statements were approved by the Board of Directors on 27 February 2026.

2 Basis of preparation

The consolidated interim financial statements for the half-year reporting period ended 31 December 2025 have been prepared in accordance with the requirements of the Australian Corporations Act 2001 and in compliance with AASB 134 – Interim Financial Reporting, that ensures compliance with International Financial Reporting Standard IAS 34 – Interim Financial Reporting.

The consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by Verbrec Limited during the interim reporting period in accordance with the continuous disclosure requirement of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3 Estimates

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial statements, the significant judgements were made by the management in applying the Group’s accounting policies, and the key sources of estimation uncertainty for continuing operations were the same as those applied to the consolidated financial statements for the year ended 30 June 2025. Additional significant judgements and estimates arising during the period in relation to discontinued operations and business combinations are disclosed in Note 4.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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Notes to the Financial Statements
For the half-year ended 31 December 2025

4 Material accounting policy information

The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period.

(a) Basis of measurement and presentation currency

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

(b) Discontinued operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as loss after tax from discontinued operations in the statement of profit or loss. Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

(c) Business Combinations

The Group accounts for business combinations under the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The consideration transferred is measured at fair value at the acquisition date. The identifiable assets acquired and liabilities assumed are recognised separately from goodwill where they met the definition of an asset or liability and were measured at their fair values at the acquisition date.

Where the net fair value of the identifiable assets and liabilities exceeded the consideration transferred, a gain on bargain purchase was recognised immediately in profit or loss after reassessment of the identification and measurement of all assets acquired and liabilities assumed.

Additional disclosures are provided in Note 15.

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Notes to the Financial Statements
 For the half-year ended 31 December 2025

5 Segment and revenue information

The Group has one reportable segment, in which it operates, being Engineering, following the sale of Competency 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 operations and projects predominantly across Australia, New Zealand, Papua New Guinea and the Pacific Islands. Revenue is attributed to the reportable segments based on the revenue owned by the subsidiaries domiciled in each region.

Segment information provided to the Board of Directors and other executives within the business.

The below table shows the segment information arisen from the continuing operations of the business as provided to the Board of Directors for the reportable segments for the half-year period and also the basis on which revenue is recognised.

	Australia	New Zealand	Total
31 December 2025	\$'000	\$'000	\$'000
Services revenue			
- Engineering services	43,719	2,418	46,137
Total revenue from external parties	43,719	2,418	46,137
Timing of revenue recognition			
At a point in time	216	-	216
Over time	43,503	2,418	45,921
	43,719	2,418	46,137

	Australia	New Zealand	Total
31 December 2024	\$'000	\$'000	\$'000
Services revenue			
- Engineering services	35,579	3,326	38,905
Total revenue from external parties	35,579	3,326	38,905
Timing of revenue recognition			
At a point in time	644	-	644
Over time	34,935	3,326	38,261
	35,579	3,326	38,905

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Notes to the Financial Statements
 For the half-year ended 31 December 2025

5 Segment and revenue information (continued)

A reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA) to operating profit before income tax is provided as follows:

	31 December 2025 \$'000	31 December 2024 \$'000
EBITDA	4,034	1,674
Engineering services	<u>4,034</u>	<u>1,674</u>
EBITDA	4,034	1,674
Finance costs	(245)	(386)
Depreciation and amortisation	(1,719)	(1,622)
Profit/(Loss) before income tax from continuing operations	<u>2,070</u>	<u>(334)</u>

6 Profit and loss information

a) Cost of Sales

	31 December 2025 \$'000	31 December 2024 \$'000
Personnel expenses	19,168	17,677
Contractor expenses	3,588	3,006
Project expenses (including procurement)	8,038	4,863
	<u>30,794</u>	<u>25,546</u>

b) Other operating expenses

Operating expenses reflect the costs of the acquisition of Alliance Automation, as well as the month of December operating expenses for that newly acquired entity.

	31 December 2025 \$'000	31 December 2024 \$'000
Salaries and wages	7,514	6,834
Share-based payments	533	668
Other employment related expenses	279	245
General outgoings	425	560
Subscriptions, licenses and memberships	1,132	1,052
Acquisition costs	891	-
Consulting	911	686
Depreciation and amortisation	1,719	1,623
Insurance	617	745
Other administrative expenses	1,048	957
	<u>15,069</u>	<u>13,370</u>

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Notes to the Financial Statements
 For the half-year ended 31 December 2025

7 Income tax expenses

The difference between the actual income tax expense and the income tax expense using the Company's domestic rate of 30% is mainly attributable to current tax losses not recognised.

	31 December 2025 \$'000	31 December 2024 \$'000
<i>Numerical reconciliation between tax expense and pre-tax accounting profit</i>		
Profit/(Loss) from continuing operations before income tax expense	2,070	(334)
Profit from continuing operations before income tax expense	7,063	1,195
Profit before income tax	9,133	861
Income tax using the Company's domestic tax rate of 30% (2024 - 30%)	2,740	258
Withholding taxes paid	-	-
Non-deductible expenses	191	222
Movements in relation to capital gain on acquisition and divestment	1,404	-
Movement in relation to the recognition of DTA on historical losses (previously unrecognised)	(4,945)	(545)
Other current year movements	782	65
Income tax expense attributable to current half-year	172	-

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Notes to the Financial Statements
 For the half-year ended 31 December 2025

8 Discontinued operations

On 10th September 2025 the Group announced that it had entered an agreement with RelyOn Australia Pty Ltd for the sale of 100% of its shares, novate all leases and transfer staff of its Competency Training Business to RelyOn. Following satisfaction of the conditions precedent, the sale was completed on 28 November 2025.

Competency Training division was a separate major line of business and has been classified as a discontinued operation in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The impact of the discontinued operations has been presented separately in the consolidated statement of profit or loss and other comprehensive income for all periods shown below:

Discontinued operations	Notes	31 December 2025 \$'000	31 December 2024 \$'000
Revenue		3,163	3,909
Gain from sale of business		6,763	-
Expenses		(2,877)	(2,714)
Other gains		14	-
Profit before income tax		7,063	1,195
Income tax (expense) / benefit		-	-
Profit after tax from discontinued operations		7,063	1,195
EBITDA		7,309	1,393
Finance costs		(54)	(12)
Depreciation and amortisation		(192)	(186)
Profit before income tax from discontinuing operations		7,063	1,195
Net cash inflow from operating activities		459	1,514
Net cash Inflow/(outflow) from investing activities		11,049	(42)
Net cash outflow from financing activities		(147)	(166)
Net increase in cash generated by discontinued operations		11,361	1,306
Earnings per share		Cents	Cents
Basic earnings per share from discontinued operations		2.4	0.4
Diluted earnings per share from discontinued operations		2.2	0.4
Details of sales consideration			
Consideration received		11,236	-
Carrying amount of assets and liabilities disposed		(516)	-
Carrying amount of goodwill disposed		(3,827)	-
Costs incurred from sale of business		(93)	-
Gain/ (loss) on sale before income tax and reclassification of foreign currency translation reserve		6,800	-
Reclassification of foreign currency translation reserve		(37)	-
Income tax expense on gain		-	-
Gain/ (loss) on sale after income tax		6,763	-

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9 Property, plant and equipment

	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
As at 30 June 2025			
Cost	16,521	1,926	18,447
Accumulated depreciation	(15,712)	(1,648)	(17,360)
Net book amount	809	278	1,087
Half-year Ended 31 December 2025			
Opening net book amount	809	278	1,087
Additions on Acquisition	749	203	952
Additions	110	104	214
Disposals	(144)	-	(144)
Depreciation charge	(255)	(56)	(311)
Closing net book amount	1,269	529	1,798
At 31 December 2025			
Cost	17,236	2,233	19,469
Accumulated depreciation	(15,967)	(1,704)	(17,671)
Net book amount	1,269	529	1,798

10 Intangible assets

	Goodwill \$'000	Application Software \$'000	Development Costs \$'000	Brand Names \$'000	Customer Contracts \$'000	Total \$'000
As at 30 June 2025						
Cost	7,958	1,097	1,025	31	4,875	14,986
Accumulated amortisation	-	(1,040)	(418)	(13)	(3,712)	(5,183)
Net book amount	7,958	57	607	18	1,163	9,803
Half-year Ended 31 December 2025						
Opening net book amount	7,958	57	607	18	1,163	9,803
Additions on Acquisition				1,060	1,161	2,221
Additions	-	9	281	-	-	290
Disposals*	(3,828)	(1)	(14)	(11)	-	(3,854)
Amortisation charge	-	(15)	(135)	11	(239)	(378)
Closing net book amount	4,130	50	739	1,078	2,085	8,082

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10 Intangible assets (continued)

As at 31 December 2025

Cost	4,130	1,105	1,292	1,080	6,036	13,643
Accumulated amortisation	-	(1,055)	(553)	(2)	(3,951)	(5,561)
Net book amount	4,130	50	739	1,078	2,085	8,082

*Disposals mainly relates to discontinued operations

11 Provisions

	31 December 2025			30 June 2025		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Bonus provision	-	-	-	150	-	150
Make good provision	115	147	262	52	326	378
Service warranties	172	-	172	267	-	267
Total	287	147	434	469	326	795

The movement in provisions for the period is shown below:

	Bonus provision \$'000	Make good provision \$'000	Service warranties \$'000	Total \$'000
Carrying amount at 1 July 2025	150	378	267	795
<i>Charged/(credited) to profit or loss:</i>				
addition provisions recognised	-	40	61	101
unused amounts reversed	-	(88)	(149)	(237)
Amounts used during the half-year	(150)	(68)	(7)	(225)
Carrying amount at 31 December 2025	-	262	172	434

12 Borrowings

	31 December 2025			30 June 2025		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Secured						
Bank loans	1,015	6,954	7,969	437	3,592	4,029
Equipment loans	543	81	624	383	161	544
	1,558	7,035	8,593	820	3,753	4,573
Unsecured						
Insurance premium financing	920	-	920	308	-	308
Total borrowings	2,478	7,035	9,513	1,128	3,753	4,881

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12 Borrowings (continued)

The movement in borrowings for the period is shown below:

	Bank loans \$'000	Equipment finance loan \$'000	Insurance premium funding \$'000	Invoice financing facility \$'000	Total \$'000
Carrying amount at 1 July 2025	4,029	544	308	-	4,881
Additional borrowings*	6,000	420	1,107	-	7,527
Repayments during the half-year	(2,060)	(340)	(495)	-	(2,895)
Carrying amount at 31 December 2025	7,969	624	920	-	9,513

* Group has obtained additional loan of \$6M for the acquisition of Alliance Automation Ltd

Westpac provide the Group with our financial facilities and as part of those facilities Verbrec has covenants that are tested periodically for compliance. Covenants include Financial Debt to Adjusted EBITDA ratio to be less than 3.0 times and an Adjusted Equity to Assets Ratio greater than or equal to 40%. 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 payments 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 had also satisfied both covenants under its finance agreement as of 30 June 2025. As of 31 December 2025, the Group has passed each of the covenants as follows.

Covenant	Measurement	Results as at	
		31 December 2025	30 June 2025
Financial Debt to Adjusted EBITDA	Less than 3 times	1.46 times	0.91 times
Adjusted Equity to Assets Ratio	Greater than or equal 40%	47.3%	52.3%

13 Share capital

	Shares '000	Issue price	\$'000
Balance 30 June 2025	292,170		28,289
Opening balance 1 July 2025	292,170		28,289
Exercise of Performance Rights	7,203	0.09	616
Balance 31 December 2025	299,373		28,905

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14 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 intangible assets with indefinite life 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.

On 31 December 2025 there were no indicators of impairment, so no impairment tests were conducted.

15 Business Combination

Alliance Automation Pty Ltd

On 5 November 2025, Verbrec announced that it had signed a binding agreement for the acquisition of 100% of equity in Alliance Automation and its subsidiary DLM Automation from Telstra Limited. Following satisfaction of the conditions precedent, the acquisition was completed on 1 December 2025.

The acquisition expands the Group's automation, digital capabilities and client base. Alliance Automation generated revenue of \$62m in FY2025, with approximately 41% derived from shared client base, providing growth opportunities through Verbrec's whole of asset life cycle capabilities.

(a) Consideration transferred

Details of the purchase consideration are shown in the following table:

	\$'000
Purchase Consideration	
Cash Paid	6,272
Expected purchase price adjustment receivable	(792)
Total Consideration paid	<u>5,480</u>

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15 Business Combination (continued)

(b) Identifiable assets acquired and liabilities assumed

The assets and liabilities recognised as a result of the acquisition are as follows:

	02 Dec 2025
	\$'000
Cash and cash equivalents	2,810
Trade and other receivables	10,209
Prepayment	651
Contract assets	1,734
Property, plant and equipment	951
Right of use Assets	2,166
Deferred tax assets	2,247
Identifiable intangible assets	
Customer relationships	1,161
Brand	1,060
Total identifiable assets acquired	22,989
Trade and other payables	(3,843)
Contract liabilities	(3,748)
Employee benefits	(5,785)
ROU- Lease Liabilities	(2,304)
Total liabilities assumed	(15,680)
Net identifiable assets acquired	7,309

An independent purchase price allocation valuation was prepared by Findex Corporate Finance Ltd to determine the fair value of the identifiable intangible assets acquired and liabilities assumed. Identifiable intangible assets were separately recognised at fair value as at the acquisition-date valuation.

Gain on bargain purchase recognised

The fair value of the identifiable net assets acquired exceeded the consideration transferred, resulting in a gain on bargain purchase calculated as follows:

	\$'000
Net identifiable assets acquired at fair value	7,309
Less: Consideration transferred	(5,480)
Gain on bargain purchase recognised	1,829

In accordance with AASB 3, the Group assessed the identification and measurement of the identifiable assets acquired, liabilities assumed and the consideration transferred and confirmed that the resulting gain on

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15 Business Combination (continued)

bargain purchase was appropriate. The gain is recognised immediately in profit or loss within **other income** for the half year ended 31 December 2025.

The purchase price allocation for this acquisition has been determined on a provisional basis as at the reporting date. The Group will finalise the fair values of the assets acquired, and liabilities assumed within the 12-month measurement period from the acquisition date, as permitted under AASB 3 Business Combinations. Adjustments, if any, to the provisional amounts will be recognised retrospectively as if the accounting had been completed at the acquisition date.

(c) Acquisition related costs

Acquisition-related costs of \$0.5m related to legal and external consulting services are included in other operating expenses in the statement of profit or loss and in operating cash flows in the statement of cash flows.

16 Subsequent events

On 27 February 2026, the Directors of Verbrec Limited declared interim dividend on ordinary shares in respect of the half year ended 31 December 2025. The total amount of the dividend is \$0.3m, which represents a fully franked final dividend of 0.1 cents per share. This dividend has not been provided for in the 31 December 2025 interim financial statements.

There are no other material events subsequent to the balance date that management is aware of that require disclosure.

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Directors' declaration

In the opinion of the Directors of the Company:

- the consolidated interim financial statements and notes set out on pages 14 to 23 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the consolidated interim financial statements and notes set out on pages 14 to 23 give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Phillip Campbell

Chairperson

Brisbane

27 February 2026

Independent Auditor's Review Report

To the Members of Verbrec Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Verbrec Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, and 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 half year ended on that date, including material accounting policy information, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Verbrec Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



CDJ Smith
Partner – Audit & Assurance

Brisbane, 27 February 2026