ASX Announcement

12 April 2021

Acquisition of Site Skills Training completes

- Verbrec's wholly owned subsidiary Competency Training Pty Ltd completes the acquisition of training assets from Site Skills Group Pty Ltd for upfront consideration of $1.44 million
- The acquisition will triple Competency Training's revenue to ~$18 million per annum
- The transaction is expected to be EPS accretive in FY21, deliver $1.8 million in cost savings to current Site Skills operating costs and $2 million in normalised EBITDA for FY22
- Acquisition fully aligns with VBC's growth strategy to profitably scale operations and diversify revenue sources

Verbrec Limited (ASX:VBC) a leading mid-tier engineering, operations and training service provider, is pleased to announce its wholly owned subsidiary Competency Training Pty Ltd has successfully completed the acquisition of Site Skills Group Pty Ltd ("SSG") Australian training business, as announced on 26th February 2021.

As part of the transaction, Competency Training has acquired:

- All training sites, materials and equipment
- A database of approximately 110,000 students
- Site Skills Training domain and trading names (https://www.siteskillstraining.com.au/)

Transaction details
With all conditions precedent having either been met or waived by Competency Training consideration of $1.44 million has now been paid to Site Skills Group for the assets acquired.

The following consideration is also due to be paid on the satisfaction of conditions subsequent.

- $500,000 paid in cash on SSG satisfying a condition subsequent, this being to de-scope their Registered Training Organisation (RTO) designation with Australian Skills Quality Authority (ASQA).
- $1 million paid in cash, in August 2022, if Competency Training's aggregated FY22 revenue exceeds $18 million. A part payment will be made if it is above $12 million[1]
- $1.5 million paid in cash, in August 2023, if Competency Training's aggregated FY23 revenue exceeds $20 million, or a part payment will be made if it is above $12 million[2]

"Through this acquisition we now have a much broader training service offering to clients within the mining, oil & gas and infrastructure industry sectors as it is very complementary to our

[1] First Earn Out Amount = $1,000,000 - (($18,000,000 – Competency Training FY22 revenue) x 0.1) The First Earn Out Amount must not, in any case, exceed $1,000,000. If Competency Training FY22 revenue is less than $12,000,000, no First Earn Out Amount will be paid to the seller.

[2] Second Earn Out Amount = $1,500,000 - (($20,000,000 – Competency Training FY23 revenue) x 0.1) The Second Earn Out Amount must not, in any case, exceed $1,500,000. If Competency Training FY23 revenue is less than $12,000,000, no Second Earn Out Amount will be paid to the seller.

existing training business" **Linton Burns, Verbrec's Managing Director commented on the acquisition**.

The acquisition also provides more training locations, specifically in Darwin and Gladstone which are strategically important growth regions for Competency Training and Verbrec, and will be seamlessly integrated in to the existing training business given their similar business models and systems."

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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).

About Site Skills Training

Site Skills Training provides high-risk licence and qualifications designed to help companies and employees advance in mining & resources, oil & gas, construction & engineering industries.

Site Skills Training operates facilities in Western Australia (Perth), Northern Territory (Darwin) and Queensland (Brisbane, Gladstone).

Each training facility can also provide commercial and corporate clients with flexible and efficient trainer deployment, essential for the delivery of quality skills training for industry. During the past 10 years Site Skills Training has provided skills training through approximately 200,000 courses to over 150,000 Australians in industry.

Site Skills provides an extensive list of courses including civil construction, gas transmission and distribution, health and safety, crane operation, load shifting and mobile plant.