

VEEM REPORTS NPAT FOR 1HFY25 OF \$1M AT UPPER END OF GUIDANCE

Highlights of the financial results for the six months to 31 December 2024:

- **VEEM's revenue for the half-year was \$33.6m (guidance \$33m to \$35m).**
- **EBITDA for the half-year was \$3.9m (guidance \$3.4m to \$4.0m).**
- **NPAT for the half-year was \$1.0m (guidance \$0.4m to \$1.2m).**
- **Cashflow from operations solid at \$1.8m and expected to improve in 2HFY25.**
- **Significant increase in propeller supply contracts.**
- **VEEM and Sharrow have agreed on a plan to accelerate the design process for SHARROW by VEEM propellers. Refer ASX Release of 20 February 2025.**

VEEM Limited (ASX: VEE) ('VEEM' or 'the Company'), a designer and manufacturer of disruptive, high-technology marine propulsion and stabilisation systems for the global luxury motor yacht, fast ferry, commercial workboat and defence industries, reports its financial results for the half-year to 31 December 2024.

The company declared an interim unfranked dividend of 0.23 cents per share for the year ended 30 June 2025.

VEEM's revenue for the half-year was \$33.6m (down 10% on 1HFY24) but up 23% on 1HFY23 with FY24 being a year of record growth for VEEM. Total activity for the half-year (Sales + change in WIP) was \$34.5m (down 13% of 1HFY24) because of a decrease in defence revenue which was down 15% due to the cyclical nature of the work particularly the submarine program. In addition, especially in propulsion, orders expected in 1HFY25 were delayed and will now be fulfilled in 2HFY25 bolstering revenue.

EBITDA and NPAT were \$3.9m and \$1.0m, down 43% and 71% respectively on 1HFY24. Margins were impacted by new work won in engineering products and services which was specialised and complex and did not generate gross margins as expected. Repeat work in 2HFY25 is expected to lead to an improvement in margins. Cashflow from operations was \$1.8m, down 50% on 1HFY24 due to lower EBITDA and is expected to improve in 2HFY25.

VEEM and Sharrow have agreed on a plan to accelerate the design process to ultimately arrive at a position of being able to produce SHARROW by VEEM propellers at volumes that will support sales to B2B customers such as boat manufacturers and fleet operators. Refer ASX announcement released 20 February 2025.

Propeller sales maintained the momentum from FY24 and while sales of \$14m were down 10% they are up 28% on 1HFY23 illustrating the step change achieved. Further to this, 1HFY24 benefited from clearing of an order backlog. Orders delayed in 1HFY25 are expected to result in increased revenue in 2HFY25.

Contracts for propeller supply were signed with three large superyacht builders in Italy and there was a commencement of supply into a major Korean yacht builder. Increased scope of supply for Volvo has also commenced. Volumes of all propellers are expected to increase from around 4,500 units per annum to around 5,500 units per annum this calendar year.

The Group's banking facilities were renewed on existing terms with the \$5m loan extended for a further 2 years to 1 October 2027 and the overdraft limit increased from \$3.4m to \$4m.



Gyro sales for the half-year were \$3.3m down 35% on 1HFY24 as the accelerated Strategic Marine order was completed. Orders on hand at 31 December 2024 were \$2.4m and new orders received since 31 December 2024 are \$1.5m.

A \$1m defence grant to build sovereign capacity was awarded via the Defence Industry Development Grants Program – Sovereign Industry Priorities Stream. The grant is to purchase and install a multi-axis machine and scanner for manufacturing propellers and other critical components for the Navy. The machine was ordered in December 2024 and the first tranche of the grant (\$0.4m) was provided in December 2024.

As part of the actions taken during the half year, cost reduction measures were implemented including reducing staff in certain areas. This is anticipated to contribute to increased margins in 2HFY25.

Based on orders on hand and the positive outlook for propellers, an additional machining centre has been ordered subsequent to half-year end to compliment the machine ordered as a result of award of the \$1m government grant. These machines are expected to be installed in the extension due for completion in December 2025 which will double the footprint of the current propeller facility.

VEEM Managing Director Mark Miocevich said: “There is no doubt the first half of FY25 was challenging, however we expect the second half to be better from both a revenue and margin perspective. Delayed orders and the increase in cyclical defence work will feed into 2HFY25 and repeat orders from challenging new industrial work completed in 1HFY25 are expected to yield better margins in conjunction with cost reduction measures implemented.”

This ASX announcement was authorised for release by the Board of VEEM Limited.

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ABOUT VEEM LIMITED (ASX: VEE)

VEEM Ltd is a designer and manufacturer of disruptive, high-technology marine propulsion and stabilisation systems for the global luxury motor yacht, fast ferry, commercial workboat and defence industries. VEEM's market leading Gyrostabilisers significantly reduce the rolling motion of vessels in waves, increasing on-sea time and improving personnel safety and efficiency in a wide range of ocean conditions.

VEEM is also a successful producer of high-performance propellers, fin systems and specialised components delivering consistent profits, cash flow and dividends while also reinvesting in research and development for new products and processes.

Proudly headquartered in Perth, Western Australia, VEEM operates from a 14,700 sqm purpose-built fabrication and manufacturing facility, including Australia's largest non-ferrous foundry. VEEM employs approximately 200 staff in Australia, including graduates and apprentices, and maintains a highly skilled research and development team in-house. Celebrating its 50th anniversary in business in 2018, VEEM listed on the Australian Securities Exchange in 2016. www.veem.com.au

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