



# FY25 RESULTS PRESENTATION

21 AUGUST 2025

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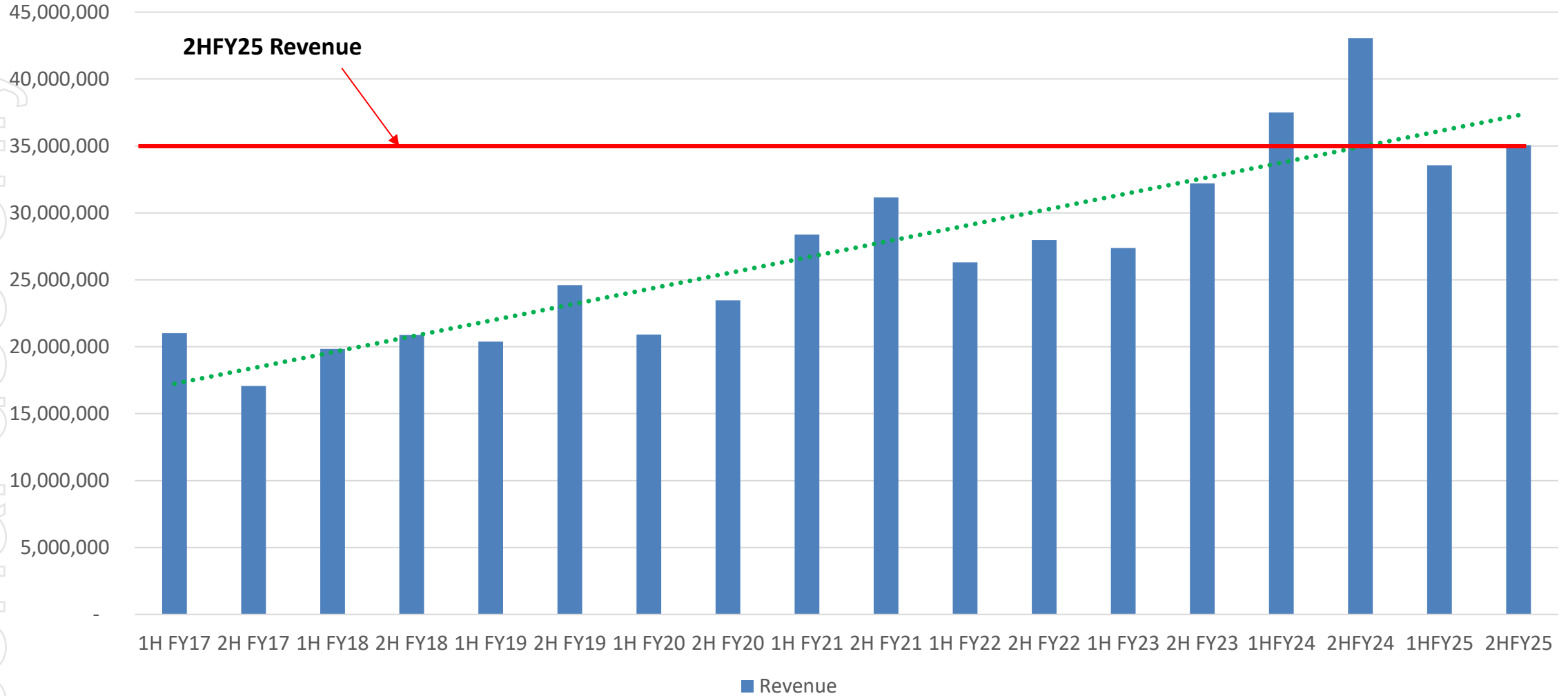
# Agenda

1. FY25 Highlights
2. Executive Summary
3. Financial Results
4. Operational Performance
5. Q&A



# Who we are - Long-term growth trajectory continues

## Half Yearly Revenue Trend Since Listing



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# FY25 Highlights

Revenue \$68.6m	Total Activity <sup>1</sup> \$68.4m	EBITDA \$9.2m
EBITDA Margin 13.4%	EBIT \$4.3m	NPAT \$3.0m
Operating Cashflow \$4.3m	EPS 2.22c	FY25 Dividend 0.23c



1. Total Activity = Sales + change in WIP

# Executive Summary

- VEEM's FY25 had a strong second half with increased revenue and profitability.
- Revenue was \$68.6m with 2HFY25 revenue of \$35.1m **up 4%** on 1HFY25 but FY25 was down 15% on FY24.
- EBITDA was \$9.2m with 2HFY25 EBITDA of \$5.3m **up 36%** on 1HFY25 but FY25 was down 38% on FY24
- EBITDA % was 13.4% with 2HFY25 EBITDA % of 15.0% **up 330bps** on 1HFY25 but FY25 down 490 bps.
- NPAT was \$3.0m with 2HFY25 NPAT of \$2.0m **up 100%** on 1HFY25 but down 57% on FY24.
- Cashflow from operations was \$4.3m with 2HFY25 cash flow from operations of \$2.5m **up 39%** on 1HFY25 due to increased profitability but FY25 was down 49% on FY24.
- Defence revenue accelerated in 2HFY25 to \$8.3m (**+\$0.9m** compared to 1HFY25) despite the continued reduction in ASC revenue which reduced to \$2.0m (-\$2.4m compared to 1HFY25).
- ASC revenue is expected to increase in FY26 particularly in 2HFY26 as part of the cyclical nature of the contract, which has been renewed for a further 6 years to the value of \$65m.
- Propulsion revenue overall (including Shaftlines and defence) for the year was \$35.0 million (2024: \$35.3 million) consolidating FY24 which was a record year.
- 13 gyros sold for \$9.6m (FY24: 18 for \$12.3m) expanding customer base which is positive for FY26.
- Over \$3.9m in capital and development expenditure during FY25.





## FINANCIAL RESULTS

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# FY25 Result

FY24 was a record year and 2HFY25 a significant improvement on 1HFY25

- ASC revenue of \$6.5m was a reduction of \$9.6m in FY25 due to the cyclical nature of the contract. ASC Revenue expected to increase in FY26 in particular 2HFY26.
- 6yr -\$65m contract extension signed with ASC.
- Gyro sales moderated to \$9.6m noting FY24 was an exceptional year with the Strategic Marine contract brought forward.
- Propeller revenue remained robust as new work was won and increased scope obtained from existing clients subsequent to the backlog of FY24 being cleared.
- Engineering products & services (non-defence) increased to \$16.7m (+5%) taking up some of the capacity left by defence.

	<b>FY25 A\$mil.</b>	<b>FY24 A\$mil.</b>	<b>% Change</b>
Revenue	<b>68.6</b>	80.6	-15%
EBITDA*	<b>9.2</b>	14.8	-38%
Profit before Tax	<b>3.1</b>	8.1	-62%
Net Profit after Tax (NPAT)	<b>3.0</b>	7.0	-57%
Earnings Per Share (EPS)(cents)	<b>2.22</b>	5.15	-57%

\*EBITDA is earnings before interest, tax, depreciation and amortisation.

# A tale of 2 halves

## Improved profitability & cash generation

- While revenue related to the submarine program continued to decelerate in 2HFY25, revenue from the other defence segments made up for this leading to a net increase in 2HFY25.
- Cost reductions instituted at the end of 2024 in combination with the continued drive for efficiency and economies of scale meant increased margins in 2HFY25.
- Increased profitability resulted in materially higher cash inflows from operations in 2HFY25 which were utilised for debt reduction and further investment in the business.

	<b>2HFY25 A\$mil.</b>	1HFY25 A\$mil.	% Change
Revenue	<b>35.1</b>	33.6	+4%
EBITDA	<b>5.3</b>	3.9	+36%
EBITDA %	<b>15.0%</b>	11.7%	+330 bps
NPAT	<b>2.0</b>	1.0	+100%
NPAT %	<b>5.7%</b>	3.0%	+270 bps
Cash Flow Operations	<b>2.5</b>	1.8	+39%

# Balance Sheet

Investment continues to drive efficiency into the future

- The Company held cash on hand of \$0.8m at 30 June 2025 (30 June 2024: \$0.2m) with a drawn overdraft facility of \$2.5m (30 June 2024: \$0.4m) and undrawn amount of \$1.5m (30 June 2024 \$3.m).
- Overdraft and trade loan facilities increased by \$0.6m and \$1.1m respectively.
- Total of \$3.0m in undrawn facilities at 30 June 2025.
- \$3.9m invested in capital and development expenditure including additional robotics.

	<b>FY25 A\$mil.</b>	FY24 A\$mil.	% Change
Current Assets	<b>43.0</b>	39.3	+9%
Non-Current Assets	<b>54.2</b>	54.7	-1%
<b>Total Assets</b>	<b>97.2</b>	94.0	+3%
Current Liabilities	<b>20.6</b>	16.6	+24%
Non-Current liabilities	<b>22.3</b>	25.1	-11%
<b>Total Liabilities</b>	<b>42.9</b>	41.7	+3%
<b>Net Assets</b>	<b>54.3</b>	52.3	+4%
Retained earnings	<b>42.3</b>	40.6	+4%
<b>Total Equity</b>	<b>54.3</b>	52.3	+4%

# Cash Flow

## Solid cash flow from operations and investments in assets

- Cashflow from operations was \$4.3m (2024: \$8.4m) reflecting the lower EBITDA result for FY24.
- The investment cash outflow of \$1.7m represents continued investment in the business and doesn't include \$0.8m funded by HP arrangements\*.
- 2HFY25 cash flow from operations was \$2.5m(+40%) compared to 1HFY25 as EBITDA increased in 2HFY25.
- Cash generated in 2HFY25 was used for investment and debt reduction.
- At year end VEEM had \$3.0m undrawn between its overdraft and trade loan facility.

	<b>FY25 A\$mil.</b>	<b>FY24 A\$mil.</b>	<b>% Change</b>
Cash flow from operations	<b>4.3</b>	8.4	-49%
Cash flow from investing activities	<b>(1.7)</b>	(3.2)	-47%
Cash flows from financing activities	<b>(2.3)</b>	(7.0)	-67%
Net (decrease)/increase in cash on hand	<b>0.3</b>	(1.8)	N/A
Cash on hand at end of period	<b>0.8</b>	0.5	+60%

\*Capital equipment purchases funded directly by hire purchase arrangements do not show in cash flow from investing (or elsewhere in the cashflow statement).

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**OPERATIONAL PERFORMANCE**

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# FY25 Revenue

## Acceleration in 2HFY25

	1HFY25 A\$mil.	2HFY25 A\$mil.	<b>FY25 A\$mil.</b>	Comments
Propulsion	14.3	12.4	<b>26.7</b>	Propulsion down in 2HFY25 as some capacity utilised by Defence propulsion which is categorised under defence below.
Defence	7.3	8.3	<b>15.6</b>	ASC was down \$2.4m in 2HFY25 but other defence work <b>up 3.4m</b> making up the shortfall, with ASC to increase in FY26 and 2HFY26 in particular.
Gyrostabilisers	3.3	6.3	<b>9.6</b>	Orders on hand (\$2.4m) 31Dec24 fulfilled and additional work won.
Engineering Products & Services	8.7	8.0	<b>16.7</b>	Repeat orders of complex jobs in 2HFY25 yielded better margins as expected.
<b>Total</b>	<b>33.6</b>	<b>35.0</b>	<b>68.6</b>	2HFY25 saw revenues increase particularly in defence providing a good platform to build on in FY26.

# Propulsion

- Propulsion revenue continued to be strong in FY25 coming off a record year in FY24 which had a backlog to clear. Total propulsion revenue (incl Defence) was \$35.0m compared to \$35.3m for FY24.
- During the year VEEM acquired further robotics and tooling as it continues to optimise and automate the propeller process.
- VEEM is continuing its efforts to access new geographical markets and also increase its offerings to include shaftlines and associated equipment.
- In February 2025 agreement with Sharrow updated for a year (6-month extension option) where Sharrow will take the lead with customers and VEEM serving as the manufacturing lead.
- Expansion of facility is underway and will provide additional capacity into 2HFY26 with the arrival of 3 additional machines.



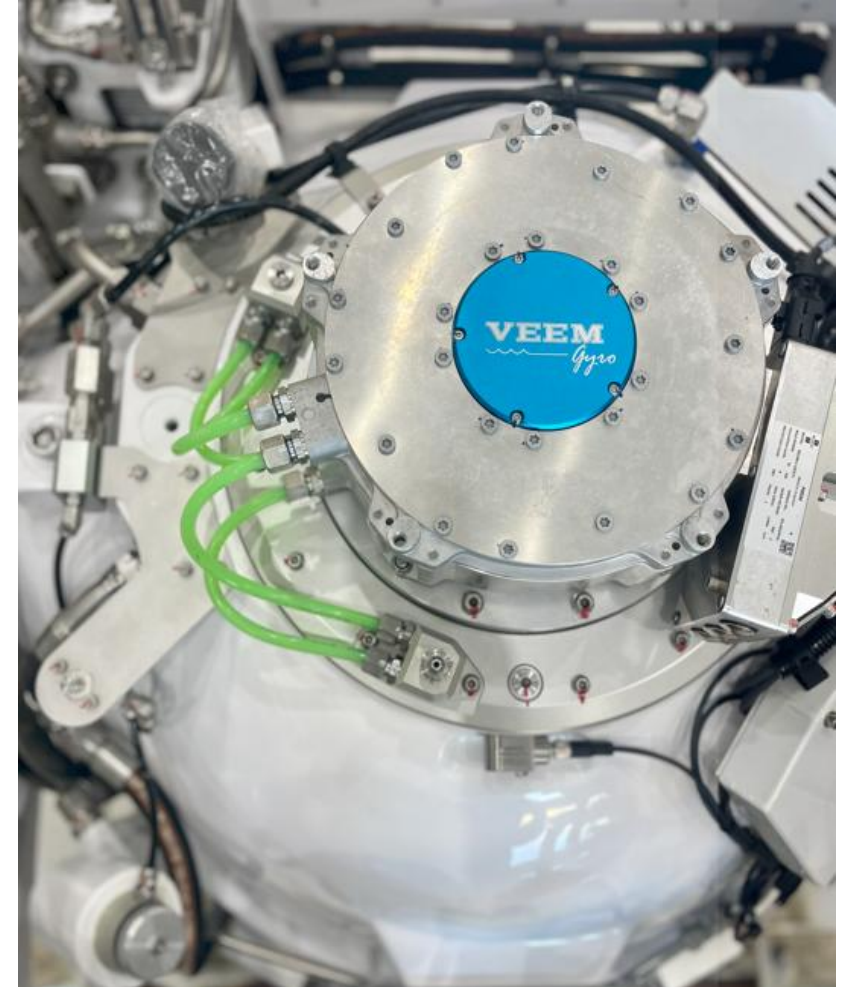
# Defence

- Overall defence revenue was \$15.6 million, down \$5.2m on FY24 due to the cyclical nature of the ASC contract noting ASC revenue was down \$9.6m with other Defence revenue (**up 4.3m**) partially compensating.
- 6 year- \$65m contract signed with ASC, revenue expected to increase in FY26 in particular 2HFY26.
- VEEM is developing demonstrator blades for BAE Systems Australia's Hunter Class Frigate Program ('HCFP') under a \$1.7m contract. Successful completion in 1HFY26 will confirm VEEM as a qualified supplier, making it one of only two global companies capable of this level of precision.
- Success with the HCFP demonstrator project is expected to lead to further Australian defence work as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.
- VEEM joined the HII AUSSQ Pilot Program to accelerate qualification for the US Submarine Industrial Base, specifically for the Virginia-class submarine and aircraft carrier programs and achieved approved supplier status in August. Orders anticipated 1HFY26.
- \$3m in Defence grants awarded to increase sovereign capacity. \$1.2m received.
- VEEM also continues to be awarded contracts for numerous other defence projects including army vehicles and naval projects such as patrol boats (eg. Austal's Evolved Cape Class Patrol Boats, ANZAC Frigates).



# Gyrostabilisers

- In FY25 VEEM sold 13 gyros (FY24: 18) generating revenue of \$9.6m (30 June 2023: \$12.3m).
- FY24 was particularly strong due to acceleration of the Strategic Marine contract with 11 sold to Strategic in FY24 compared to 2 in FY25 under this contract.
- Revenue accelerated in FY25 with 2HFY25 revenue of \$6.3m compared to \$3.3m in 1HFY25.
- FY25 saw the introduction of new and repeat customers from both the commercial and recreational segment.
- Mark II launched with 5-year warranty and received favorably by the market with development of the product continuing.
- VEEM holds the dominant position as the only major supplier in the large marine gyrostabiliser market, which is estimated at US\$1.1bn for new builds and US\$13.5bn for retrofits.
- Variety of new customers in FY25 demonstrates the commercial market is becoming better educated in the operational & HSE benefits of gyros for crew transfers and other workboats.
- Take-up of gyros in the small boat recreational market (smaller than VEEM's products) continues to accelerate making the technology more generally accepted.



# Engineering Products and Services (EP&S)

- VEEM's EP&S (excl defence) revenue for FY25 was \$16.7m up \$0.8m (+5%) on FY24 as demand remained strong and additional work used some capacity left by reduction in defence work.
- Repeat orders in H2FY25 of complex work achieved the margins expected.
- VEEM's traditional engineering business focuses on foundry-led, precision-engineered products, including custom designs and its own hollow bar products (e.g., Forever Pipe).
- Demand for the traditional engineering products and services, including hollow bar remained solid and is expected to continue.



# Capital & Development Investment

- FY25 saw \$3.9m of investment in plant and equipment and capitalised engineering development including:
  - ✓ Additional robotics
  - ✓ Product Development including gyro engineering related to product improvement.
- \$0.8m of equipment purchases and some internally generated property plant and equipment were financed by hire purchase arrangements.
- VEEM will continue to commit to research and development projects as it sees necessary to remain at the forefront of the markets in which its products are sold and potentially enter new markets.
- VEEM's formal R&D expense for the year was \$4.1m.
- FY26 will see continued investment with the facility expansion underway.
- Grant inflows forecast to cover outflows associated with new machinery on order.



# Corporate

- In August VEEM achieved Huntington Ingalls Incorporated Newport News Shipbuilding (HII-NNS) approved supplier status via The AUSSQ Pilot Program which was to streamline and accelerate the qualification of Australian suppliers into the US Submarine Industrial Base to supply components for the Virginia-class nuclear powered submarines.
- During the year in order to fund anticipated growth and provide additional flexibility the Group expanded its financing facilities with the ANZ bank increasing its overdraft facility to \$4 million from \$3.4 million and increasing its trade loan facility to \$3.1million from \$2 million on the same terms.
- **Managing Director, Mark Mioceovich commented:** “After a slower than anticipated 1HFY25 we are pleased to be able to report a FY25 result which reflects a stronger 2HFY25. In particular our efforts to reduce costs resulted in significantly increased profitability. This continues VEEM’s longer term growth trajectory since IPO noting FY24 was a record year”



# Outlook

## **Defence:**

- Defence revenue expected to accelerate in particular in 2HFY26 in line with cyclical nature of Submarine Program.
- VEEM continues to be awarded contracts for numerous other defence projects including army vehicles and naval projects such as patrol boats (eg. Austal's Evolved Cape Class Patrol Boats, ANZAC Frigates).
- Success with the HCFP demonstrator project is expected to lead to further Australian defence work as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.
- Orders associated with Virginia-class submarine program.

## **Propulsion:**

- Global demand for VEEM's propellers has been strong. Monitoring impact of U.S. tariffs.
- Work on further expansion of VEEM's propulsion business in several areas including shaftlines and new products as well as new locations.
- Expansion of facility to provide additional capacity into 2HFY26.

## **Gyrostabilisers:**

- Increased investment into marketing and improved product with Mark II released in FY25 to drive sales growth.
- Enquiries and orders show the commercial market for gyros is becoming better educated in the operational, HSE and other benefits.
- Take-up of gyros in the small boat recreational market (smaller than VEEM's products) continues to accelerate and provides evidence that wide spread adoption of the technology continues.

## **Engineering:**

- Demand for the traditional engineering products and services, including hollow bar, is expected to continue.
- VEEM will continue to focus on recruitment and maintenance of labour resources through a number of initiatives.

# Q & A

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## APPENDICES

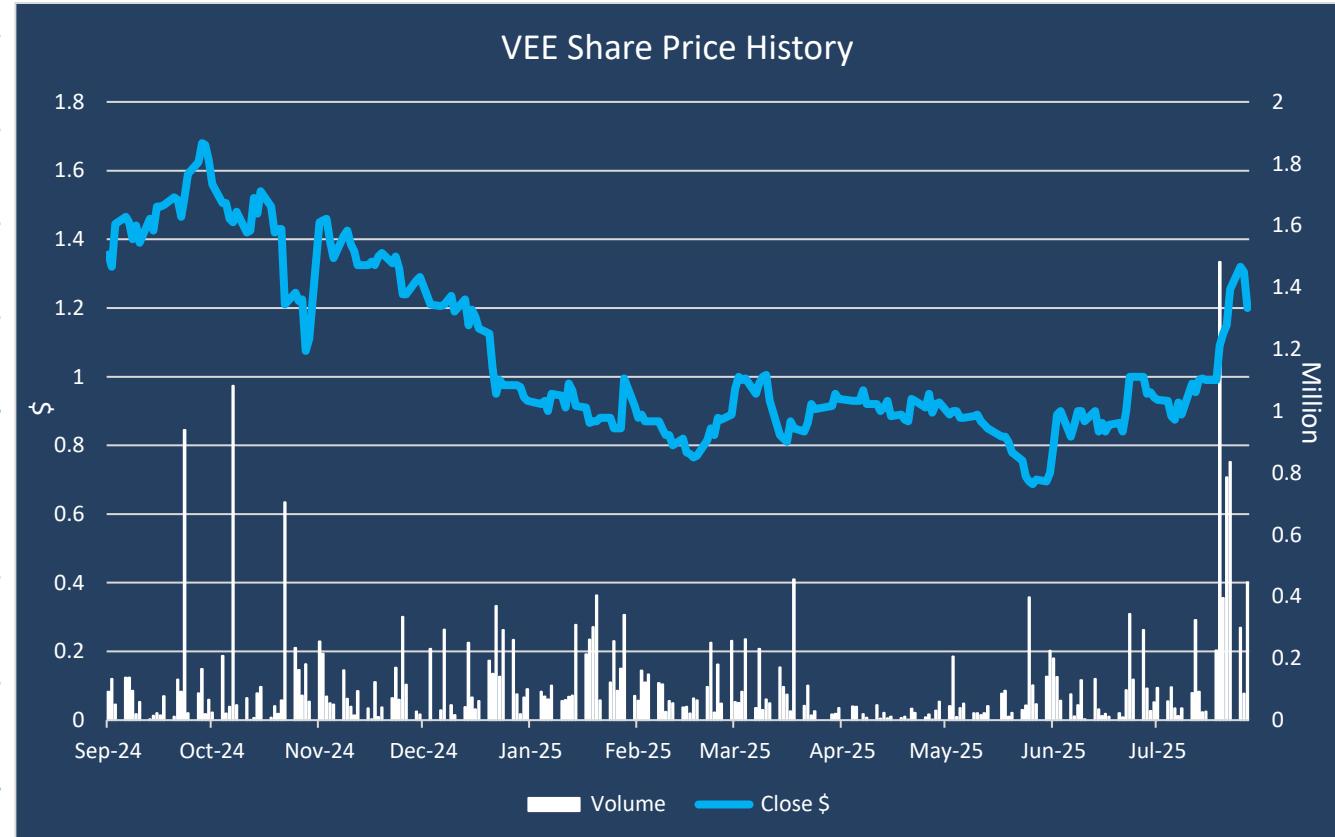
# Corporate Overview

## Corporate Snapshot

ASX Code	VEE
Share Price (20 August 2025)	\$1.20
Market Capitalisation (20 August 2024)	\$163m
Shares on Issue	136m

## Substantial Shareholders

	%
Miocevich Family	50.11%
Perennial Value Management	14.95%



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