

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

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**This Preliminary Final Report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3**

Current Reporting Period: 31 December 2024

Previous Corresponding Period: 31 December 2023

For and on behalf of the Directors



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**TINO KAPFUMO**  
**COMPANY SECRETARY**

Dated: 20 February 2025

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

<b>Revenue and Net Profit (Loss)</b>				<b>AUD \$'000's</b>
Revenue from ordinary activities	down	10%	to	35,559
Profit/ (Loss) from ordinary activities	down	71%	to	1,018
Net Profit/ (Loss) for the period attributable to members	down	71%	to	1,018

**Dividends**

On 20 September 2024, the Company paid a final unfranked ordinary dividend in respect to the financial year ended 30 June 2024 of \$1,045,040 representing a payment of \$0.0077 per share.

The Directors have declared an unfranked interim dividend in respect to the 30 June 2025 year of \$312,270 representing approximately 30% of Net Profit After Tax for the half-year to 31 December 2024 and \$0.0023 per share with the following relevant details:

Date the dividend is payable	18 April 2025
Record date to determine entitlement to the dividend	7 March 2025
Amount per security	\$0.0023
Total dividend	\$312,270
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A

**COMMENTARY**

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The directors report accompanying this preliminary final report contains an operating and financial review for the period ended 31 December 2024.

**NET TANGIBLE ASSET BACKING**

	<b>31 Dec 2024</b> <b>\$'000's</b>	<b>31 Dec 2023</b> <b>\$'000's</b>
Net Assets / (Liabilities)	52,128	50,015
Less intangible assets	(18,038)	(18,124)
Net tangible assets of the Company <sup>1</sup>	34,089	31,891
Fully paid ordinary shares on issue at Balance Date	135,769,452	135,719,452
Net tangible asset backing per issued ordinary share as at Balance Date	25.11c	23.55c

<sup>1</sup> Net tangible assets include right-of-use-assets of \$7,436,148 and lease liabilities of \$8,654,302.

**AUDIT DETAILS**

The accompanying half-yearly financial report has been reviewed. A signed copy of the review report is included in the financial report.



**ABN 51 008 944 009**

Financial Report for the Half-year Ended  
31 December 2024



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## **CORPORATE DIRECTORY**

### **Directors**

Mr Brad Mioceвич (Non-Executive Chairman)  
Mr Mark Mioceвич (Managing Director)  
Mr Michael Bailey (Independent Non-Executive Director)  
Mr Peter Torre (Independent Non-Executive Director)  
Angus Murnaghan (Independent Non-Executive Director)

### **Company Secretaries**

Mr David Rich  
Mr Tino Kapfumo

### **Registered Office**

22 Baile Rd  
Canning Vale WA 6155  
Telephone: +61 8 9455 9355

### **Website**

[www.veem.com.au](http://www.veem.com.au)

### **Share Registry**

Computershare Investor Services Pty Ltd  
Level 17, 221 St Georges Terrace,  
Perth WA 6000  
Telephone: + 618 9323 2000  
Facsimile: + 618 9323 2033

### **Auditors**

HLB Mann Judd  
Level 4, 130 Stirling Street  
Perth WA 6000 Australia  
Telephone: +618 9227 7500  
Facsimile: +618 9227 7533

### **Stock Exchange**

Australian Securities Exchange  
(Home Exchange: Perth, WA)

### **ASX Code**

VEE



## DIRECTORS' REPORT

The Directors submit the financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2024. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

### DIRECTORS

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Brad Mioceвич	Non-Executive Chairman
Mark Mioceвич	Managing Director
Michael Bailey	Independent Non-Executive Director
Peter Torre	Independent Non-Executive Director
Angus Murnaghan	Independent Non-Executive Director

### RESULTS OF OPERATIONS

The profit after tax for the half-year ended 31 December 2024 was \$1,018,192 (31 December 2023: \$3,496,980).

### Dividends

On 20 September 2024 the Company paid a final unfranked ordinary dividend in respect to the financial year ended 30 June 2023 of \$1,045.040 representing \$0.0077 per share (2023: \$692,169 unfranked).

### PRINCIPAL ACTIVITIES

The principal activity of the Group during the course of the half-year was the manufacturing of bespoke products and services for the marine, defence and mining industries.

### OPERATING AND FINANCIAL REVIEW

Total revenue for the first half of the 2025 financial year was \$33.6m, down 10% on the prior corresponding period (2024: \$37.5m). Earnings before interest, tax, depreciation and amortisation (EBITDA) were down 43% to \$3.9 million (2024: \$6.9m) and net profit after tax was down 71% to \$1.0m (2024: \$3.5m). Cashflow from operations was \$1.8m, down 50% (2023: \$3.6m). The Group had cash and cash equivalents of \$0.3m at 31 December 2024 (30 June 2024: \$0.5m) in addition to an overdraft of \$1.9m (June 2024: \$0.4m) with an undrawn component of \$2.1m (June 2024: \$3m).

While down against the prior period, the result is better than 1HFY23. FY24 was a year of record growth for VEEM and we are pleased that the step change in the business over recent years has been maintained.

In addition to revenue of \$33.6m, work in progress increased by \$0.9m to \$14.9m during the period showing an overall activity level of \$34.4m (2023: \$39.7m). This decrease in activity is primarily due to defence and ASC revenue and work in progress being significantly down due to lower deliveries and new orders. ASC deliveries in particular are cyclical, with FY24 being very high. In addition, some orders which were expected, particularly in propulsion, were delayed and will be fulfilled in H2FY25.

Propulsion revenue has continued in line with FY24 which was a significant step up from prior periods and is expected to benefit in H2FY25 from delayed orders to be fulfilled.

#### SHARROW by VEEM

The SHARROW by VEEM propeller designs have undergone extensive engineering development, incorporating advanced computational modelling, precision manufacturing and rigorous testing. Over the past 15 months, multiple designs have been produced, tested, and refined using Sharrow's proprietary technology. With the results to dates, Sharrow designers are confident that the SHARROW by VEEM inboard propellers will ultimately achieve performance and fuel efficiency gains comparable to those of Sharrow's award-winning outboard models.

VEEM and Sharrow are working on a plan to significantly accelerate the design process in order 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. Details of this acceleration plan are expected to be released in the near future.

Engineering products and services revenue is up significantly utilising some of the capacity left by Defence/ASC. This work did not yield the gross margins anticipated and hence the lower margin overall. Margins were impacted by new work that was won which was specialised and complex. Margins are expected to improve in 2HFY25 from repeat secured. Hollow bar has continued its momentum from FY24 and has performed consistently during the half year.

Engineering products and services revenue, excluding defence and hollow bar, was up 22% to \$5.3m. VEEM's hollow bar product revenue increased by 2% to \$3.4m. Demand generally for foundry-led, precision engineered products remains strong.



Revenue from gyrostabilisers was \$3.3m for the period, down on the prior corresponding period as the last of the Strategic Marine accelerated order was completed. Orders on hand totalled \$2.3m at 31 December 2024 and new orders received since 31 December 2024 are \$1.5m. VEEM has continued to invest in the development of its gyrostabiliser product over the period with a number of modifications improving performance and reducing costs culminating in the launch of the Mark II during the period.

Defence sales overall were down 15% to \$7.3m mainly due to sales to ASC of \$4.7m down from the corresponding period amount of \$6.1m.

VEEM continues to work on the Hunter Class Frigate Program (HCFP) demonstrator program for BAE Systems Australia. The value of the demonstrator contract is \$1.7 million, with successful completion of the task in FY25 ensuring VEEM qualifies as a supplier to the HCFP. VEEM is one of only two suppliers globally to be able to produce this level of precision. Success with this project and the recent high-level defence supplier security qualification 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 was awarded a \$1m defence grant to build sovereign capacity 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) provided in December 2024. The machine is expected to be installed in the extension to the Baile Rd facility once that is complete.

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.

VEEM continued to invest in research and development during the period with a number of staff involved in the new Sharrow project, further development of the current gyrostabiliser range and projects related to the engineering and propulsion products.

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.

Management succession was implemented with the promotion of Trevor Raman to Chief Executive Officer and Tino Kapfumo to Chief Financial Officer and Company Secretary. Mark Mioceovich continues in the role of Managing Director and David Rich (previous Chief Financial Officer) took up the role of Head of Corporate Development and remains a Company Secretary.

## **Outlook**

As demonstrated by the result for the half-year, VEEM has a robust core foundry and engineering business, including its own products, which have been able to make up for some of the reduction seen in defence although with lower margins. Our order book is strong and demand is expected to continue with margins improving as a result of lessons learnt on several new engineering projects with repeat orders on hand.

VEEM expects to maintain the momentum of FY24 in propulsion supported by recently elevated levels of sales based on order intake, inquiries and ongoing marketing efforts. Growth in this area is expected to come from increased sales and marketing efforts for traditional propellers, SHARROW by VEEM and VEEM's new shaftline range and associated innovations such as flow-aligned rudders.

VEEM and Sharrow are working on a plan to significantly accelerate the design process in order 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. Details of this acceleration plan are expected to be released in the near future with the acceleration taking effect during 2HFY25. Sharrow designers are confident that, with the results to date, the SHARROW by VEEM inboard propellers will achieve performance and fuel efficiency gains comparable to those of Sharrow's award-winning outboard models.

VEEM's defence revenue is expected to remain at current levels in line with the cyclical nature and point in the cycle. Successful completion of the demonstrator blades for BAE Systems Australia's Hunter Class Frigate Program is expected to lead to further defence opportunities. Through its delivery history and accreditations, VEEM is also active and well positioned to take advantage of further defence work opportunities that may arise out of AUKUS.

While gyro revenue was down this half year as the accelerated Strategic Marine contract was completed, increased marketing and sales efforts are expected to generate continued sales growth. This has begun to result in additional leads which are expected to convert to orders in particular in the workboat and commercial sectors.

Based on orders received to date and the positive outlook coupled with approval for expansion of the footprint of the propeller machining facility at Baile Rd, an additional machining centre was ordered subsequent to the end of the half-year.



#### **SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

On 18 February 2025, the Directors declared an unfranked interim dividend in respect to the 31 December 2024 half-year of \$312,270 representing approximately 30% of the Net Profit After Tax and 0.23 cents per share.

Other than the above, there are no significant events subsequent to reporting date.

#### **AUDITOR INDEPENDENCE DECLARATION**

Section 307C of Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2024.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'B. Miocevich', with a stylized flourish at the end.

Brad Miocevich  
Chairman  
Perth, Western Australia  
19 February 2025



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of VEEM Ltd for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
19 February 2025

  
**D B Healy**  
Partner

**hlb.com.au**

**HLB Mann Judd ABN 22 193 232 714**

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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HLB Mann Judd is a member of HLB International, the global advisory and accounting network.



**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half-year ended 31 December 2024**

	Note	31 December 2024 \$	31 December 2023 \$
Revenue	4	33,559,297	37,494,795
Other income		32,386	43,966
Changes in inventories of finished goods and work in progress		1,188,473	2,902,069
Raw materials and consumables		(14,112,620)	(15,609,290)
Employee benefits expense		(13,746,170)	(14,517,655)
Depreciation and amortisation expense		(2,364,331)	(2,326,455)
Repairs and maintenance expense		(804,154)	(764,868)
Occupancy expense		(797,323)	(672,660)
Borrowing costs expense		(620,108)	(663,645)
Other expenses	5	(1,387,593)	(1,962,365)
<b>Profit before income tax</b>		<b>947,857</b>	<b>3,923,892</b>
Income tax benefit/(expense)		70,335	(426,912)
<b>Profit after income tax</b>		<b>1,018,192</b>	<b>3,496,980</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges – effective portion of changes in fair value		(212,835)	379,767
Foreign operations – foreign currency translation reserve difference		8,009	(3,754)
		(204,826)	376,013
<i>Items that will not be reclassified to profit or loss</i>		-	-
<b>Other comprehensive income for the half-year, net of tax</b>		<b>(204,826)</b>	<b>376,013</b>
<b>Total comprehensive income for the half-year</b>		<b>813,366</b>	<b>3,872,993</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)		0.75	2.58
Diluted earnings per share (cents)		0.75	2.58

The above Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.



## Condensed Consolidated Statement of Financial Position as at 31 December 2024

	Note	31 December 2024 \$	30 June 2024 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	258,559	539,324
Trade and other receivables		11,395,729	13,204,501
Inventories	7	25,487,102	23,433,884
Other assets	8	2,359,282	2,074,588
Current tax assets		141,592	355,203
<b>Total Current Assets</b>		<b>39,642,264</b>	<b>39,607,500</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	9	21,439,768	21,748,900
Deferred tax assets		2,927,251	2,850,684
Intangible assets	10	22,674,741	21,902,417
Right-of-use assets		7,436,148	8,225,199
<b>Total Non-Current Assets</b>		<b>54,477,908</b>	<b>54,727,200</b>
<b>Total Assets</b>		<b>94,120,172</b>	<b>94,334,700</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	7,021,019	8,001,919
Borrowings – current	13	5,283,242	3,154,002
Provisions		4,137,940	3,965,135
Derivative liability	11	294,136	77,638
Lease liabilities - current		1,808,980	1,731,766
<b>Total Current Liabilities</b>		<b>18,545,317</b>	<b>16,930,460</b>
<b>Non-Current Liabilities</b>			
Borrowings – non current	13	8,936,833	9,752,908
Deferred tax liabilities		7,563,914	7,557,684
Provisions		100,929	100,929
Lease liabilities – non current		6,845,322	7,709,191
<b>Total Non-Current liabilities</b>		<b>23,446,998</b>	<b>25,120,712</b>
<b>Total Liabilities</b>		<b>41,992,315</b>	<b>42,051,172</b>
<b>Net Assets</b>		<b>52,127,857</b>	<b>52,283,528</b>
<b>EQUITY</b>			
Issued capital	14	11,541,213	11,541,213
Reserves	15	(30,335)	141,703
Retained earnings		40,616,979	40,600,612
<b>Total Equity</b>		<b>52,127,857</b>	<b>52,283,528</b>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.



## Condensed Consolidated Statement of Cash Flows for the half-year ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		34,263,523	35,294,208
Payments to suppliers and employees		(32,498,030)	(31,155,159)
Government grants and subsidies received		453,264	28,944
Other receipts		19,122	15,023
Interest paid		(620,108)	(663,645)
Interest received		386	1,260
Income tax refund		213,609	10,782
Net GST (paid) /received		(54,921)	54,748
<b>Net cash flows provided by operating activities</b>		<b>1,776,845</b>	<b>3,586,161</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(621,378)	(639,374)
Purchase of intangible assets		(483,292)	(626,098)
<b>Net cash flows used in investing activities</b>		<b>(1,104,670)</b>	<b>(1,265,472)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	20	(1,045,425)	(692,169)
Proceeds from borrowings		1,692,058	1,419,423
Repayments of borrowings		(1,214,658)	(3,103,431)
Payments of hire purchase liabilities		(1,030,838)	(890,484)
Payments of lease liabilities		(858,571)	(823,459)
<b>Net cash flows used in financing activities</b>		<b>(2,457,434)</b>	<b>(4,090,120)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,785,259)</b>	<b>(1,769,431)</b>
Cash at the beginning of the period, net of overdraft		170,558	2,421,112
Effects of exchange rate fluctuations on cash held		9,620	(5,350)
<b>Cash and cash equivalents at the end of the period, net of overdraft</b>	6	<b>(1,605,081)</b>	<b>646,331</b>

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Condensed Consolidated Statement of Changes in Equity for the half-year ended 31 December 2024

	Note	Issued Capital \$	Reserves \$	Retained earnings \$	Total \$
<b>At 1 July 2024</b>		<b>11,541,213</b>	<b>141,703</b>	<b>40,600,612</b>	<b>52,283,528</b>
Profit for the half-year		-	-	1,018,192	1,018,192
Other comprehensive income		-	(204,826)	-	(204,826)
<b>Total comprehensive income for the half-year</b>		-	(204,826)	1,018,192	813,366
Share-based payment expense recognised		-	76,388	-	76,388
Performance rights lapsed		-	(43,600)	43,600	-
Dividends paid	20	-	-	(1,045,425)	(1,045,425)
<b>Balance at 31 December 2024</b>		<b>11,541,213</b>	<b>(30,335)</b>	<b>40,616,979</b>	<b>52,127,857</b>

	Note	Issued Capital \$	Reserves \$	Retained earnings \$	Total \$
<b>At 1 July 2023</b>		<b>11,509,613</b>	<b>(39,756)</b>	<b>35,352,005</b>	<b>46,821,862</b>
Profit for the half-year		-	-	3,496,980	3,496,980
Other comprehensive income		-	376,013	-	376,013
<b>Total comprehensive income for the half-year</b>		-	376,013	3,496,980	3,872,993
Share-based payment expense recognised		-	12,584	-	12,584
Dividends paid	20	-	-	(692,168)	(692,168)
<b>Balance at 31 December 2023</b>		<b>11,509,613</b>	<b>348,841</b>	<b>38,156,817</b>	<b>50,015,271</b>

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 1. Corporate

The half-year financial report of VEEM Ltd ("the Company") and the entities it controlled ("the Group") for the half-year ended 31 December 2024 was authorised for issue on 19 February 2025 in accordance with a resolution of the Directors.

VEEM Ltd is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

### 2. Basis of Preparation and Accounting Policies

#### (a) Basis of preparation

These general purpose condensed consolidated financial statements for the half-year ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2024 and any public announcements made by VEEM Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The half-year report has been prepared on an accruals basis and is based on a historical cost basis.

For the purpose of preparing the half-year financial report, the half-year has to be treated as a discrete reporting period. The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements except for the impact of the new standards and interpretations described in Note 2(b) below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Where necessary comparatives have been amended to be consistent with current period treatment.

#### Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

#### (b) Adoption of the revised standards

##### *Standards and Interpretations applicable to 31 December 2024*

In the half-year ended 31 December 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2024 and none of these were considered to have a material impact on the Group. Therefore, no change is necessary to the Group's accounting policies.

##### *New Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2024. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted by the Group and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Group's financial statements.

#### (c) Significant accounting judgments and key estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2024.



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 3. Segment Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

The Group has one customer where the revenue was in excess of 10% of the Group's revenue. This customer generated 13% (December 2023: 1 Customer for 16%) of the Group's revenue for the half-year.

Although the Group is managed as a single business segment, sales revenue of \$33,559,297 (December 2022: \$37,494,795) can be broken down into the following sales categories. Propulsion and stabilisation consist of the manufacture of new propellers, shaft lines, gyrostabilisers and marine ride control fins. The sales in this category were \$19,909,177 (December 2023: \$23,451,419). Defence related sales for December 2024 totalled \$7,320,308 (December 2023: \$8,602,202) with \$2,342,120 (December 2023: \$2,243,931) of those sales being both within the defence and propulsion/stabilisation categories. Sales of engineering products and services (non-defence) for the period were \$8,673,455 (December 2023: \$7,685,105).

### 4. Revenue

#### Revenue from contracts with customers

	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
Sales revenue		
• Revenue – point in time	3,522,671	5,312,319
• Revenue – over time	30,036,626	32,182,476
	<u>33,559,297</u>	<u>37,494,795</u>

The geographic distribution of sales for the half year was approximately 55% (2023: 50%) derived from customers within Australia and the remaining 45% (2023: 50%) were derived predominantly from customers in the USA, Sweden, Italy, Singapore, UK, Netherlands and New Zealand.

### 5. Other Expenses

Insurance	(270,259)	(273,775)
Advertising, marketing and travel expense	(544,561)	(420,489)
Foreign exchange gain/loss (net)	306,880	(108,074)
Other general expenses	(879,653)	(1,160,027)
	<u>(1,387,593)</u>	<u>(1,962,365)</u>

### 6. Cash and Cash Equivalents

	31 December 2024 \$	30 June 2024 \$
Cash on hand	800	800
Cash at bank	257,759	538,524
<b>Cash and cash equivalents in the statement of financial position</b>	<b>258,559</b>	<b>539,324</b>
Bank overdraft (Note 13)	(1,863,640)	(368,766)
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>(1,605,081)</b>	<b>170,588</b>



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 7. Inventories

	31 December 2024 \$	30 June 2024 \$
Work in progress – over time	9,356,879	8,766,220
Work in progress – point in time	5,537,552	5,214,319
	14,894,431	13,980,539
Less: Progress billings	(4,446,319)	(5,110,480)
	10,448,112	8,870,059
Goods for resale, raw materials and stores at cost	15,038,990	14,563,825
	25,487,102	23,433,884

### 8. Other Assets

	31 December 2024 \$	30 June 2024 \$
Prepayments	1,689,006	1,261,681
Suppliers paid in advance	670,276	812,907
	2,359,282	2,074,588

### 9. Property, Plant and Equipment

	Plant and Equipment \$	Motor Vehicles \$	Computer Equipment \$	Capital Work in Progress \$	Total \$
<b>As at 30 June 2024</b>					
Cost	51,711,883	736,968	1,842,285	998,775	55,289,911
Accumulated depreciation	(31,283,271)	(561,870)	(1,695,870)	-	(33,541,011)
<b>Closing carrying amount</b>	<b>20,428,612</b>	<b>175,098</b>	<b>146,415</b>	<b>998,775</b>	<b>21,748,900</b>
<b>Half-year ended 31 December 2024</b>					
Opening carrying amount	20,428,612	175,098	146,415	998,775	21,748,900
Additions	331,518	-	11,544	518,476	861,538
Transfers	719,661	-	-	(719,661)	-
Depreciation	(1,130,658)	(13,058)	(26,954)	-	(1,170,670)
<b>Closing carrying amount</b>	<b>20,349,133</b>	<b>162,040</b>	<b>131,005</b>	<b>797,590</b>	<b>21,439,768</b>
<b>As at 31 December 2024</b>					
Cost	52,763,062	736,968	1,853,829	797,590	56,151,449
Accumulated Depreciation	(32,413,929)	(574,928)	(1,722,824)	-	(34,711,681)
<b>Carrying amount</b>	<b>20,349,133</b>	<b>162,040</b>	<b>131,005</b>	<b>797,590</b>	<b>21,439,768</b>





## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 10. Intangible Assets

	Other Intellectual Property	Product Development	Total
	\$	\$	\$
<b>As at 30 June 2024</b>			
Cost	1,202,688	25,160,220	26,362,908
Accumulated amortisation	(1,006,785)	(3,453,706)	(4,460,491)
<b>Closing carrying amount</b>	<b>195,903</b>	<b>21,706,514</b>	<b>21,902,417</b>
<b>Half-year ended 31 December 2024</b>			
Opening carrying amount	195,903	21,706,514	21,902,417
Additions	43,140	1,059,303	1,102,443
Amortisation	(78,894)	(251,225)	(330,119)
<b>Closing carrying amount</b>	<b>160,149</b>	<b>22,514,592</b>	<b>22,674,741</b>
<b>As at 31 December 2024</b>			
Cost	1,245,828	25,729,531	26,975,359
Accumulated amortisation	(1,085,679)	(3,214,939)	(4,300,618)
<b>Carrying amount</b>	<b>160,149</b>	<b>22,514,592</b>	<b>22,674,741</b>

### 11. Financial and Risk Management

#### Foreign exchange risk

The Group's foreign exchange risk management strategy remains as set out in Note 20 of the annual financial statements for the year ended 30 June 2024. The Group operates in multiple currencies and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant entity.

#### Foreign exchange forwards

The Group uses foreign currency forwards to hedge its exposure to foreign currency risk. The Group has determined the fair value of the foreign currency forwards by calculating the present value of future cash flows based on observable forward exchange rates at the balance date. As the forward contracts are used to hedge forecast transactions, the Group designates the full change in fair value of the forward contract as the hedging instrument and recognises gains and losses relating to the effective portion of the change in fair value of the entire forward contract in the cash flow hedge reserve within equity.

As at 31 December 2024 there were forward exchange contracts in place for net sale of USD 2,802,669 and EUR 255,000 and net purchase of GBP 535,000 (30 June 2024: Net sale USD 2,174,825, EUR 150,000 and net purchase GBP 460,000).

### 12. Trade and Other Payables

	31 December 2024	30 June 2024
	\$	\$
Trade payables (i)	5,381,310	6,286,170
Net GST payable	-	312,957
Other creditors	1,639,709	1,402,792
	<b>7,021,019</b>	<b>8,001,919</b>

- (i) Trade payables are non-interest bearing and are normally settled on 30-day terms.



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 13. Borrowings

	31 December 2024 \$	30 June 2024 \$
<i>Current</i>		
Overdraft facility (a)	1,863,640	368,766
Trade loan facility (b)	1,350,483	767,795
Hire purchase liability (d)	2,402,577	2,390,383
Less: Unexpired charges (d)	(333,458)	(372,942)
	<b>5,283,242</b>	<b>3,154,002</b>
<i>Non-current</i>		
Loan facility – Daily Rate (c)	5,000,000	5,000,000
Hire purchase liability (d)	4,265,636	5,198,635
Less: Unexpired charges (d)	(328,803)	(445,727)
	<b>8,936,833</b>	<b>9,752,908</b>

- a) The Group has an Overdraft Facility with a limit of \$4,000,000 which was increased during the half year from \$3,400,000. Interest at the base rate plus 2.60% per annum is charged monthly. A line fee of 0.50% per annum of the Facility Limit is payable quarterly in arrears. The facility is reviewed on an annual basis. At 31 December 2024, the Group had available \$2,136,360 of undrawn overdraft facilities. In addition, there is an Electronic Payments Facility with a limit of \$300,000. At 31 December 2024, the Group had available \$300,000 under this facility.
- b) The Group has a trade loan facility to support its import trade arrangements. The facility has a limit of \$2,000,000 and each drawdown is repayable in 150 days. Interest is at the base rate plus 1.25% per annum. A line fee of 0.75% per annum of the Facility Limit is payable quarterly in arrears. At 31 December 2024 the Group had available \$649,517 of undrawn trade loan facilities.
- c) The Group has a Loan Facility – Daily Rate with a limit of \$5,000,000. The Loan Facility is repayable on the termination date of 1 October 2027. Interest at the base rate plus 1.65% per annum is charged and paid monthly. The interest rate at the end of the period was 6.02% (June 2024: 6.00%). The facility is fully drawn and is reviewed on an annual basis.
- d) The hire purchase liabilities have a fixed interest rate for each contract and during the period the weighted average interest rate was 6.0% (2024: 5.5%).

The banking facilities are secured by a registered first mortgage over the assets and undertakings of the Group. The Group complied with all banking covenants during the financial year. The hire purchase liabilities are secured by a registered charge over the asset.



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 13. Borrowings (continued)

#### Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	31 December 2024 \$	30 June 2024 \$
Total facilities		
• Overdraft Facility	4,000,000	3,400,000
• Loan facility – Daily Rate	5,000,000	5,000,000
• Trade loan facility	2,000,000	2,000,000
• Electronic Payments Facility	300,000	300,000
• Commercial Card Facility	100,000	50,000
	<b>11,400,000</b>	<b>10,750,000</b>
Facilities used at balance date		
• Overdraft Facility	1,863,640	368,766
• Loan facility – Daily Rate	5,000,000	5,000,000
• Trade loan facility	1,350,483	767,795
• Electronic payments facility	-	-
• Commercial Card Facility	-	-
	<b>8,214,123</b>	<b>6,136,561</b>
Facilities unused at balance date		
• Overdraft Facility	2,136,360	3,031,234
• Loan facility – Daily rate	-	-
• Trade loan facility	649,517	1,232,205
• Electronic Payments Facility	300,000	300,000
• Commercial Card Facility	100,000	50,000
	<b>3,185,877</b>	<b>4,613,439</b>
Total facilities		
• Facilities used at balance date	8,214,123	6,136,561
• Facilities unused at balance date	3,185,877	4,613,439
	<b>11,400,000</b>	<b>10,750,000</b>

The carrying value of plant and equipment held under hire purchase contracts at 31 December 2024 is \$7,949,210 (June 2024: \$9,306,458). Additions during the half-year include \$266,441 (June 2024: \$1,383,371) of plant and equipment held under hire purchase contracts.



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 14. Issued Capital

#### (a) Issued and paid-up capital

	31 December 2024 \$	30 June 2024 \$
135,769,452 Ordinary shares issued and fully paid	11,541,213	11,541,213

#### (b) Movements in ordinary shares on issue

	6 months to 31 December 2024		Year to 30 June 2024	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Opening balance	135,769,452	11,541,213	135,719,452	11,509,613
Issue of shares	-	-	50,000	31,600
Closing balance	135,769,452	11,541,213	135,769,452	11,541,213

### 15. Reserves

	31 December 2024 \$	30 June 2024 \$
Share based payments reserve (Note 16)	140,822	108,034
Cash flow hedge reserve	(181,743)	31,092
Foreign currency translation reserve	10,586	2,577
	<b>(30,335)</b>	<b>141,703</b>

### 16. Share-based Payments

The fair value of share rights subject to a market condition is determined at grant date using a trinomial valuation model. The values calculated do not take into account the probability of rights being forfeited prior to vesting, as VEEM Ltd revises its estimate of the number of share rights expected to vest at each reporting date.

#### FY 2022 Performance Rights

Tranche	Grant date	Vesting date	Expiry date	1 July 2024	Granted during period	Exercised during period	Lapsed during period	31 Dec 2024
2	6 Jul 2021	6 Jul 2023	6 Aug 2024	50,000	-	-	(50,000)	-
3	6 Jul 2021	6 Jul 2024	6 Aug 2024	50,000	-	-	(50,000)	-

The share rights were due to vest on or after the vesting date upon the 30-day Volume Weighted Share Price of the company being \$2.00 and \$2.50 for tranches 2 and 3 respectively provided the beneficiary is still employed by the Company. All share rights had an accelerated vesting condition on a change of control event at any time up to expiry.

Valuation assumptions	Tranche 2	Tranche 3
Valuation Date	6-Jul-21	6-Jul-21
Spot Price (\$)	\$1.34	\$1.34
Exercise Price (\$)	nil	nil
Expected future volatility (%)	50.14%	50.14%
Risk free rate (%)	0.19%	0.19%
Dividend yield (%)	1%	1%
Fair value per right	\$0.49	\$0.382

During the half year tranche 2 and 3 rights lapsed and the value in the reserve (\$43,600) was transferred to retained earnings.



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 16. Share-based Payments (continued)

#### FY24 Performance rights

Tranche	Grant date	Vesting date	Expiry date	1 Jul 2024	Granted during period	Exercised during period	Cancelled during period	31 Dec 2024
1	11 Dec 2023	11 Jan 2027	11 Jan 2027	210,689	-	-	-	210,689
2	11 Dec 2023	11 Jan 2027	11 Jan 2027	210,689	-	-	(210,689)	-
3	11 Dec 2023	11 Jan 2027	11 Jan 2027	210,752	-	-	(210,752)	-

The share rights were to vest as follows:

- Tranche 1: 12 months after date of issue and the 5-day volume weighted average share price (VWAP) of the Company had reached \$1.07. This could occur at any point to expiry. This tranche vested during the half year but the fully paid ordinary shares have not yet been issued.
- Tranche 2: 24 months after date of issue and the 5-day VWAP of the Company had reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 12 months from the date of issue; or (ii) \$1.07. This could occur at any point to expiry. This tranche was cancelled during the year and replaced by rights issued in FY25.
- Tranche 3: 36 months after date of issue and the 5-day VWAP of the Company had reached a price which is 25% higher than the higher of (i) the 5-day VWAP up to and including the date that is 24 months from the date of issue; or (ii) \$1.07. This could occur at any point to expiry. This tranche was cancelled during the year and replaced by rights issued in FY25.

Valuation assumptions	Tranche 1	Tranche 2	Tranche 3
Valuation Date	11- Dec-23	11- Dec-23	11- Dec-23
Spot Price (\$)	\$0.89	\$0.89	\$0.89
Exercise Price (\$)	nil	nil	nil
Expected future volatility (%)	63.2%	63.2%	63.2%
Risk free rate (%)	3.95%	3.95%	3.95%
Fair value per right	\$0.580	\$0.519	\$0.519

During the half year \$25,967 was expensed in relation to these rights.

#### FY25 Performance rights

Tranche	Grant date	Latest Vesting date	Expiry date	FV per right (\$)	1 Jul 2024	Granted during period	Exercised during period	Cancelled during period	31 Dec 2024
1.1	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.77	-	44,523	-	-	44,523
1.2	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.65	-	24,883	-	-	24,883
1.3	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.65	-	29,036	-	-	29,036
1.4	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.91	-	26,133	-	-	26,133
1.5	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.77	-	26,133	-	-	26,133
2.1	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.61	-	44,523	-	-	44,523
2.2	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.50	-	24,883	-	-	24,883
2.3	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.50	-	29,036	-	-	29,036
2.4	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.72	-	26,133	-	-	26,133
2.5	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.61	-	26,133	-	-	26,133
3.1	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.46	-	44,535	-	-	44,535
3.2	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.30	-	24,891	-	-	24,891
3.3	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.38	-	29,045	-	-	29,045
3.4	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.55	-	26,140	-	-	26,140
3.5	6 Aug 2024	31 Aug 2027	31 Aug 2027	0.46	-	26,140	-	-	26,140



## Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2024

### 16. Share-based Payments (continued)

The share rights will vest as follows:

1. Tranche 1: 12 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached \$1.98. This can occur at any point to expiry.
2. Tranche 2: 24 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached \$2.28. This can occur at any point to expiry.
3. Tranche 3: 36 months after the start date and the 30-day volume weighted average share price (VWAP) of the Company has reached \$2.62. This can occur at any point to expiry.

Valuation assumptions	Tranche 1	Tranche 2	Tranche 3
Valuation Date	6-Aug-24	6-Aug-24	6-Aug-24
Spot Price (\$)	\$1.70	\$1.70	\$1.70
Exercise Price (\$)	nil	nil	nil
Expected future volatility (%)	62.4%	62.4%	62.4%
Risk free rate (%)	3.75%	3.75%	3.75%

During the half year \$50,421 was expensed in relation to these performance rights.

The start date of performance measurement period is defined as 30 June 2024.

### 17. Financial instruments

#### Financial assets and liabilities

The Directors consider that the carrying value of the financial assets and liabilities as recognised in the financial statements approximate their fair values.

There is a derivative liability of \$294,136 (30 June 2024: liability \$77,638) recorded in relation to these forward exchange contracts recorded at fair value, the fair value is a Level 2 input in the fair value hierarchy.

### 18. Commitments and contingencies

#### Capital commitments

At 31 December 2024 the Group had \$2,152,803 of capital commitments (June 2024: \$260,947). This includes the machine ordered in December 2024 associated with the \$1m government grant awarded.

#### Contingencies

There are no material contingent assets or liabilities at 31 December 2024 (June 2024: \$Nil).

### 19. Subsequent Events

On 18 February 2025, the Directors declared an unfranked interim dividend in respect to the 31 December 2024 half year of \$312,270 representing 30% of the Net Profit After Tax and 0.23 cents per share.

Other than the above, there are no significant events subsequent to reporting date.

### 20. Dividends

	6 months to 31 December 2024 \$	6 months to 31 December 2023 \$
Unfranked dividends paid	1,045,425	692,169



## Directors' Declaration

In the opinion of the Directors of VEEM Ltd ('the Company'):

1. The financial statements and notes thereto, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'B. Miocevich', with a stylized flourish at the end.

Brad Miocevich  
Chairman  
Perth, Western Australia  
19 February 2025

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the Members of VEEM Ltd

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the half-year financial report of VEEM Ltd (the "Company") and its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 VEEM Ltd 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 2024 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 responsibility is further described in the *Auditor's Responsibility for the Review of the Financial Report* section of our report. We are independent of the company 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.

#### *Responsibility of the Directors for the 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.

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**HLB Mann Judd ABN 22 193 232 714**

A Western Australian Partnership

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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*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. ASRE 2410 requires us to conclude whether 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 2024 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.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**19 February 2025**



**D B Healy**  
**Partner**