VEEM

ASX SMALL & MID-CAP CONFERENCE

27 March 2024

PRINCESS YACHTS

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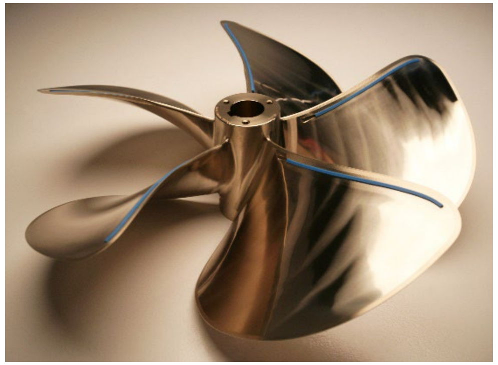
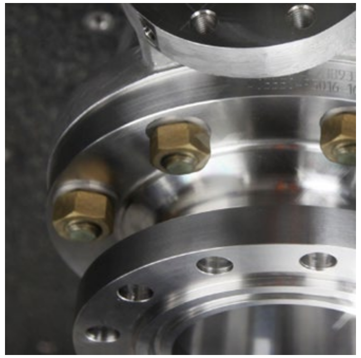
Who is VEEM?

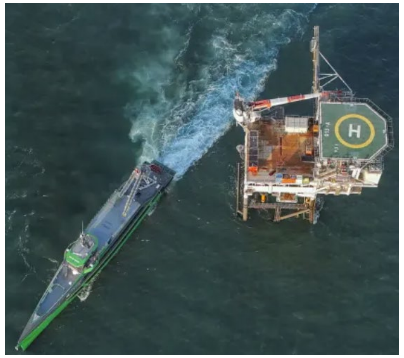
- Commenced in 1968. Listed on ASX 2016.
- Headquartered in Perth, Western Australia, with a 14,700 sqm purpose-built manufacturing facility, including Australia's largest non-ferrous foundry.
- Approximately 200 staff in Australia, including graduates and apprentices.
- Highly skilled research and development team in-house.
- Designer and manufacturer of its own disruptive, high-technology marine propulsion and stabilization products for the global luxury motor yacht, fast ferry, commercial workboat and defense industries.
- Accredited to ISO 9001, 14001, 45001, defence (DISP) security accreditation and shortly ISO 27001 Information Security.
- Revenue generated from the following markets:
    - Propellers
    - Gyrostabilisers
    - Defence
    - Engineering products and services
- Profits and dividends every year since listing.

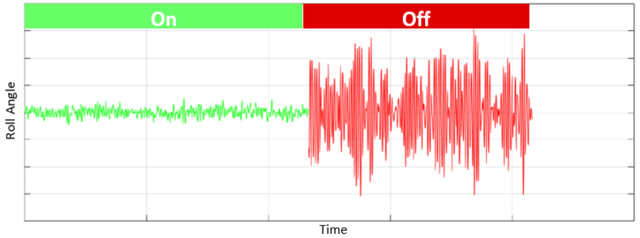




Gyrostabilisers

- A VEEM gyrostabilizer is a ship stabilizing technology that uses a powerful gyrostabilizer with patented control technology for vessels over 24m in length.
- VEEM commenced development of large gyrostabilizers for marine vessels in 2011.
- VEEM holds the dominant position as the only major supplier in the large marine gyrostabilizer market, which is estimated at US$1.1bn for new builds and US$13.5bn for retrofits (current fleet)*.
- Significant capital investment and intellectual expertise requirements now provide major barriers to entry for competitors. Production facilities capable of $100m per annum.
- Revenue from gyros was $5m for the half-year, 200% up on 1HFY23. Orders on hand at 30 June were $9.2m including $6.2m of Strategic Marine orders per below.
- The agreement with Strategic underscores the value of a gyro in a commercial/workboat environment in terms of safety, efficiency, productivity, operability and financially. Commercial operators are now the primary adopters of this technology with all sales during the period, and most orders, being for commercial vessels, including defence.
- Over the last year VEEM has increased its level of marketing and brand-building for its marine products with a focus on digital and social media.





*Refer to the ASX release of 12 May 2021.

Propulsion

- VEEM has been selling inboard propellers since 1989 and released the high-technology VEEM range internationally in 2001.

- VEEM operates the world's most advanced monobloc propeller facility with 24/7 lights off operation producing approximately 5,000 propellers per annum.

- VEEM is the only company fully CNC machining every propeller over every mm^2 which ensures ultimate performance for sizes 0.5m to 5m diameter.

- VEEM continues to develop its processes and pursue new initiatives in relation to the propeller business where it can leverage its reputation and client base as the premium product in the market for high-speed, high-performance propellers.

- VEEM exports most of its propellers to the larger premium boat brands in the US and European markets.

- In October 2024 VEEM signed an exclusive worldwide agreement for the manufacture and sale of Sharrow propellers for inboard vessels. Refer to the next slide for details.

Propulsion – SHARROW by VEEM

- The Sharrow Propeller™ was invented by Greg Sharrow in 2012.
- Tip cavitation and vortices have been eliminated, or significantly reduced, offering incredible performance gains over traditional propellers.
- Spectacular impact on the outboard motor market with outstanding improvements in fuel efficiency, noise, vibration and handling.
- Agreement for VEEM and Sharrow to partner together to design Sharrow propellers for inboard powered vessels. VEEM will then exclusively manufacture and sell the SHARROW by VEEM range of propellers worldwide for inboard powered vessels with propeller sizes 0.5m to 5.0m diameter.
- The agreement is for 17 years (or longer if the patents expire after that date). VEEM will pay Sharrow a licence fee based on the sales of the SHARROW by VEEM propellers.
- VEEM will be initially manufacturing the SHARROW by VEEM propellers at its plant in Western Australia which has capacity for 450 to 500 propellers a month. If the adoption rates follow the same patterns as the Sharrow outboard motor propellers, then VEEM expects to be building increased capacity in the next few years.
- Overall market is 100,000 vessels which would of US$2.6 bn*. Within this, the new boat market is 15,000 vessels worth US$338 million* per annum.

*The independent market assessment was conducted by EQC Consulting. The market assessment excludes: vessels over 10 years old; non-ocean-going commercial vessels; defence vessels; outboards, jets; stern drives; recreational vessels over 90m and under 10m; and commercial vessels without an IMO number. Valuation is calculated using approximately two times current design prices.

Defence

- Cornerstone of VEEM's business since 1987.
- VEEM supplied highly sophisticated critical components to ASC for the Collins Class submarines during the initial build and continues to supply all through-life replacements .
- VEEM is currently manufacturing blades and hubs for the Hunter Class Frigate Program (HCFP) demonstrator program for BAE Systems Australia. Successful completion ensures 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 (see Federal Government announcement on 20 February 2024) as well as the potential to export equipment for other naval shipbuilding programs around the world, including other Type 26 frigate programs.
- 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 ECCPB).
- VEEM continues to monitor developments with AUKUS and other defence initiatives to ensure it is in the best position to win its share of the local precision manufacturing work programs. ASC Pty Ltd and BAE Systems have been selected to build Australia's SSN-AUKUS submarines (21 March 2024).

20 FEBRUARY 2024

Today, the Albanese Government has released its blueprint for a larger and more lethal surface combatant fleet for the Royal Australian Navy, more than doubling the size of the surface combatant fleet under the former government's plan.

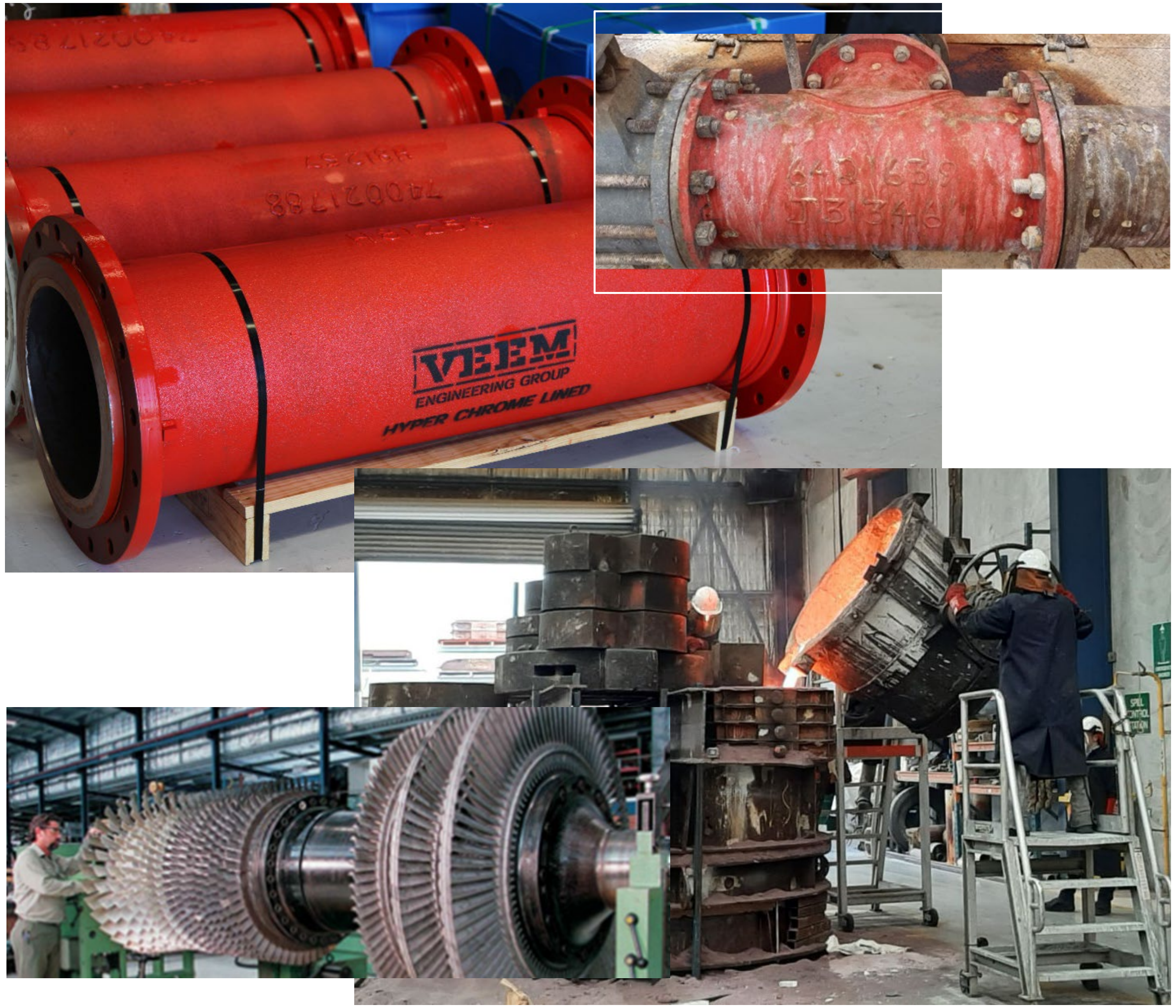
Quotes attributable to the Minister for Defence Industry, the Hon Pat Conroy MP:

"This significant advancement in Navy capability that will be delivered under this plan requires a strong, sovereign defence industry.

"This plan ensures Navy's future fleet can meet our strategic circumstances by delivering a larger and more lethal fleet sooner and secures the future of naval shipbuilding in Australia, supporting 3,700 direct jobs over the next decade and thousands of indirect jobs for decades to come."

Engineering Products and Services

- VEEM's traditional business since 1968 has been foundry-led, precision engineered capability that enables VEEM to provide specialist solutions for customers.
- With WA's dominant Mining industry, demand remains strong today.
- Repair of rotating equipment from mining plants also remains a solid and profitable income stream.
- VEEM operates the largest Dynamic Balancing shop Australia.
- Forever Pipe - VEEM has developed and is selling its own centrifugally cast hollow bar product for high-temperature, high-wear situations. A third VEEM product in our stable.



1HFY24 Results Summary

- VEEM's revenue for the half-year was $37.5m (up 37% on 1HFY23) with total activity (Sales + change in WIP) of $39.7m (up 24% of 1HFY23) on the back of increased job hours.
- EBITDA and NPAT were $6.9m and $3.5m, up 65% and 92% respectively on 1HFY23.
- Cashflow from operations was $4.4m, up 203% on 1HFY23.
- Gyro sales for the half-year were $5.0m with orders in hand of $9.2m on the back of Strategic Marine accelerating their gyro purchases, now requiring all 12 gyros in FY24.
- The increased propeller capacity installed late in FY23 was utilised early in the half to reduce the order backlog in propellers. Subsequently propulsion sales have stabilised with revenue of $16.5m for the half, up 41% on 1HFY23.
- Revenue from the submarine program was $6.2m for the half-year with total defence revenue of $8.6m. In addition there was milestone invoicing of the Hunter Class demonstrator project.
- Strong cash flow allowed net debt reduction of $2.0m after capex of $2.6m (incl. intangibles). R&D spend for the period was $2.3m.
- Interim dividend of 0.77c/sh.

Outlook – Marine Products

Gyrostabilisers:

- Sales and orders from Strategic Marine and others as well as recent leads and enquiries highlight that the commercial market for gyrostabilisers is now understanding the value a VEEM gyro can deliver in terms of operational, HSE and commercial benefits.
- With the continued investment into marketing, regional specialist technicians and further product improvements, VEEM expects the solid revenue growth to continue.

Propulsion:

- Global demand for VEEM's propellers is expected to remain strong.
- Recent increases in production output are expected to continue.
- Margins protected against cost increases by regular pricing reviews.

Sharrow by VEEM:

- Subject to successful acceptance testing in the coming weeks, the SHARROW by VEEM product is expected to be introduced to customers in the fourth quarter of FY24.
- Further design refinements expected to be generated as the different series are rolled out through FY25.

Outlook – Non-Marine Products

Defence:

- Defence revenue expected to remain strong with deliveries under the Collins Class submarine full cycle docking to continue for the rest of FY24.
- Other defence work for a number of different prime contractors, including Austal, is also expected to continue with the building of patrol boats and other platforms.
- VEEM will deliver the Hunter demonstrator program in FY24 and will pursue options to leverage off the high-level qualifications (incl security) with BAE/Kongsberg/Navy to supply other defence programs including overseas T26 programs.
- VEEM is active and well positioned to take advantage of further defence work opportunities that may arise out of AUKUS and other defence programs now VEEM has enhanced security rating.

Engineering:

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

General:

- VEEM expects to be able to continue at the higher level of hours worked through the rest of FY24.
- VEEM remains vigilant in terms of cost increases and availability of materials and components globally due to issues like the conflict in the middle east impacting global shipping. Mechanisms are in place to protect pricing and margins.
- Liquidity adequate to fund current planned operations and capital expenditure.

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

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