FY26 FULL YEAR RESULTS – UPPER END OF GUIDANCE

Highlights of the financial results for the year ended 30 June 2026:

- **Revenue for the year was $51.7m (guidance $50m to $52m)**
- **EBITDA for the year was $3.6m (guidance $3.25m to $3.75m)**
- **Cashflow from operations for the year strong at $4.8m (up 64% on pcp)**
- **Net Debt at 30 June 2026 of $1.2m reduced by $12.5m after net capital raise proceeds of $13.1m**
- **One off non-cash impairment of $24.8m in relation to gyrostabilisers**

VEEM Limited (ASX: VEE) ('VEEM' or 'the Company'), an Australian Defence manufacturer, designer and manufacturer of disruptive, high-technology marine propulsion and large gyrostabiliser ('gyro') systems for the global yacht, fast ferry and commercial workboat market is pleased to report its financial results for the year to 30 June 2026.

VEEM's revenue for the year was $51.7m at the upper end of guidance of between $50m and $52m (down 25% on FY25) but 2HFY26 revenue of $28.3m was up 21% on 1HFY26 driven by defence revenue and an increase in propeller orders.

EBITDA was $3.6m at the upper end of guidance of between $3.25m and $3.75m. Pleasingly EBITDA in relation to 2HFY26 of $3.8m was up $4.0m compared to 1HFY26. This reflected cost reduction measures implemented at the end of 2025; economies of scale from increased activity; higher defence workloads due to the upside of the submarine refit program, the significant increase in propeller orders and the continued drive for efficiencies through automation and other techniques.

NLAT was $17.8m after taking into account the pre-tax impairment of gyro capitalised costs of $24.2m and obsolete gyro inventory of $0.6m for a combined one-off non-cash impairment cost of $24.8m recognised in 1HFY26. This compares to profit after tax of $3.0m in FY25.

EPS of (12.40) cents per share was down on FY25 EPS of 2.22 cents per share primarily due to the impairment described above.

Cashflows from operations of $4.8m were up $1.9m (+64%) on FY25 as defence revenue increased and delivery into ASC orders accelerated. Cash was stable in 2HFY26 rising by $0.2m as cash generated was used for debt repayments and reinvestment into the business.

FY26 has been a transition year for VEEM marked by the development and launch of the VEEM Extreme propulsion range and Mark III gyro. During the first half of the financial year the Company experienced twin head winds of a slowing marine market which impacted gyro and propeller sales coupled with a delay in receipt of ASC orders. The marine market began to recover in late Q3FY26 with propeller orders increasing into Q4FY26 and continuing into FY27. ASC orders arrived in late 1HFY26 and deliveries began in 2HFY26, gathering pace during the half and are expected to remain strong into 1HFY27. This saw defence revenue rise from $3.7m in 1HFY26 to $8.6m (+130%) in 2HFY26.

VEEM has received final technical specification for the blades and hubs for the Hunter Class Frigate Program (HCFP) demonstrator for BAE Systems Australia, which took longer than initially envisioned. Successful completion will confirm VEEM as a qualified supplier, making it one of only two suppliers globally to be able to produce this level of precision and move to the final tender stage. This is expected to lead to other defence opportunities.

Demand for VEEM's world-leading fixed pitch propellers increased over 2HFY26 in line with the recovering marine market and subsequent to launch of the VEEM Extreme range, enquires have increased in particular in the second half of the financial year due to the demonstrated 24.1% fuel savings against a standard (propeller 11.9%; rudder 6.2% and bracket 6.0%) setup. Manly Fast Ferries is VEEM's launch customer with the roll out expected to gather pace in FY27 and provide growth into the existing vessel and slow boat market, which was previously unavailable to VEEM.

Gyro revenue was down $9.5m compared to FY25 primarily due to the slowdown in the marine market which resulted in no sales in 1HFY26. Gyro sales below budget in 1HFY26 constituted an impairment indicator and an impairment test was conducted, resulting in a non-cash impairment expense of $24.8m in relation to gyro related capitalised development costs ($24.2m) and some obsolete inventory ($0.6m) which was recognised in 1HFY26.
Sales resumed in 2HFY26 with a current order book of $1.0m and sales are expected to pick up with the roll out of the Mark IIII range which was launched in FY26.
Key features include:

- New oiling system (Patent pending) – Elimination of seals means no scheduled maintenance and 20% less power usage.
- Custom low friction bearings – 20% additional reduction in power consumption for small and mid-frame models.
- Internal fluid galleries – Reduces assembly time.

Revenue from engineering products and services including hollow bar was $14.3m down 14% from FY25 as defence utilised a greater share of capacity in 2HFY26 to meet demand.

During the year the Company raised $13.1m net of costs in anticipation of growth via entry into US defence. The Miocevich family contributed $1.0m as part of the capital raising. This strengthened the balance sheet and reduced net debt to $1.2m at 30 June 2026 even after $2.4m in additional asset related debt was taken on. In addition, VEEM had $7.1m in combined undrawn overdraft and trade facilities at 30 June 2026.

VEEM has invested over $2.5m in capital equipment primarily a 3D printer and equipment & tooling for propellers.

VEEM spent $4.5 million on formal research and development projects during FY26 as the development of the VEEM Extreme and gyro Mark III range were completed. While VEEM is committed to continuing research and development projects as it sees necessary, to remain at the forefront of the markets in operates in, the focus in FY27 will be on commercialising the recently launched products.

The factory extension was completed and the building handed over to VEEM in June. The three CNC machines that were on order have been delivered with installation and commissioning advanced and expected to be complete in September. This will accommodate a potential increase in conventional propeller demand and the start of higher volume VEEM Extreme deliveries as the marine market gradually improves.

VEEM Managing Director Mark Miocevich said: "FY26 was a transitional year which saw the completion of development of the VEEM Extreme propulsion range and Mark III gyro. With those costs rolling off our focus is now on commercialising and rolling out the products and contributing to growth in FY27".

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

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ABOUT VEEM LIMITED (ASX: VEE)

VEEM is an Australian Defence manufacturer and a designer and manufacturer of disruptive, high-technology marine propulsion and large Gyro stabilisation systems for the global defence, yacht, fast ferry and commercial workboat market.

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, valves and specialised components for defence and has continually reinvested in research and development for new products and processes.

Proudly headquartered in Perth, Western Australia, VEEM operates from a 15,700 sqm purpose-built fabrication and manufacturing facility, including Australia's largest non-ferrous foundry. VEEM employs approximately 195 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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