

## 1HFY26 GYRO DEVELOPMENT COST ACCOUNTING ADJUSTMENTS & 1HFY26 PRELIM UNAUDITED RESULTS

VEEM Limited (ASX: VEE) ('VEEM' or 'the Company'), announces its preliminary unaudited results and anticipated non-recurring accounting adjustments in the Company's financial results for the half year ended 31 December 2025 ("1HFY26").

### Preliminary Un-audited Half Year Results – Core Business Remains Resilient

The Company is pleased to advise that its pre-Board approved 1HFY26 operating results (excluding non-recurring accounting adjustments referred to below) are expected to be close to or within guidance provided to the market at the time of its AGM in November 2025.

VEEM's revenue for 1HFY26 is expected to be approximately \$23.4m (Guidance: \$24m to \$26m); EBITDA (excluding non-recurring accounting adjustments referred to below) is expected to be -\$0.2m (Guidance: -\$1m to \$1m) and cashflows from operations are expected to be \$4.0m, up 128% on 1HFY25 demonstrating that while revenue was reduced in a challenging half the core business remains resilient.

Further commentary and outlook will be provided at the time of lodgement of the Company's 1HFY26 Financial statements expected on 25 February 2026.

### Non-Recurring Accounting Adjustments on Gyro Capitalised Development Costs and Inventory

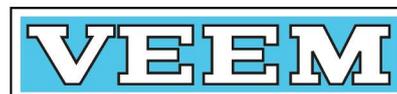
In Q2FY26 VEEM completed a substantial upgrade to the design of its core gyro product to incorporate what it has learnt from the Mark I and Mark II systems. These upgrades are targeted at improving the products performance; reducing its power needs; improving its reliability and significantly reducing maintenance costs. VEEM believes that these upgrades will keep it at the forefront of this industry as acceptance of the technology becomes broader in private, commercial and defence vessels. Consequently, future sales will be concentrated on the new Mark III gyro design. The transition from the existing gyro designs to the Mark III has however seen sales drop significantly, as customers await availability of the new units which will be available at the end of Q3FY26 for the small frame models with medium and large following thereafter. As a result there are no units currently on order despite substantial market interest.

VEEM is currently carrying \$24.2m of capitalised gyro development costs on its balance sheet but this relates largely to the original development costs of the Mark I and II designs. As a result of the new product launch, the Company has undertaken a review of these costs in accordance with its accounting policies.

The Company's accounting policy provides that the Company assess at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the assets recoverable amount. Included in those assets are the capitalised gyros development costs.

An assessment was undertaken on the historical capitalised gyro development costs as at 31 December 2026. This assessment (subject to audit and Board approval) is likely to result in a pre-tax non-cash impairment charge of \$24.2m to capitalised gyro development costs and \$0.6m pre-tax non-cash impairment of inventory made obsolete by the launch of the Mark III gyro.

Given the stage of the product and significant advancement made in arriving at Mark III, the Company expects research and development costs to have peaked and expects to account for such future costs through the profit and loss in future periods.



The Company continues to drive sales of its gyro range as the sole global supplier of large gyros for marine vessel stability applications, with several significant leads being pursued.

With the impairment of historical development costs and capital raising completed during 1HFY26, the Board has rationalised and strengthened the Company's balance sheet to leverage the opportunities that lay ahead for the Company.

VEEM's 1HFY26 auditor reviewed result will be released on Wednesday 25 February 2026. Refer ASX announcement of 2 February 2026 for webinar details.

*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 stabilization systems for the global defence, yacht, fast ferry and commercial workboat market.

VEEM's market leading Gyrostabilizers 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 14,700 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](http://www.veem.com.au)

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