

RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

Current Reporting Period: 31 December 2025

Previous Corresponding Period: 31 December 2024

For and on behalf of the Directors



TINO KAPPUMO
COMPANY SECRETARY

Dated: 25 February 2026

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit (Loss)			AUD \$'000's
Revenue from ordinary activities	down	30% to	23,429
Profit/ (Loss) from ordinary activities	down	2,017% to	(19,520)
Net Profit/ (Loss) for the period attributable to members	down	2,017% to	(19,520)

Dividends

There were no dividends paid during the half year. No dividends have been declared in respect of the half year.

Commentary

The directors report accompanying this preliminary final report contains an operating and financial review for the period ended 31 December 2025.

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NET TANGIBLE ASSET BACKING

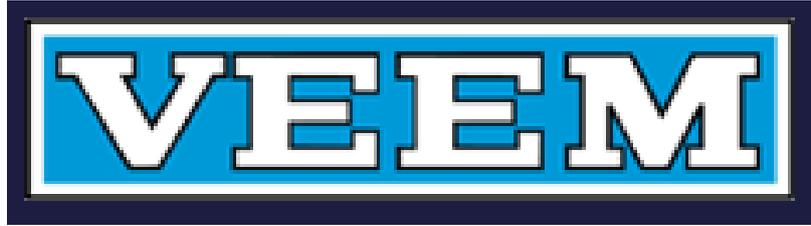
	31 Dec 2025	31 Dec 2024
	\$'000's	\$'000's
Net Assets / (Liabilities)	47,875	52,128
Less intangible assets	(3,711)	(18,038)
Net tangible assets of the Company ¹	44,164	34,089
Fully paid ordinary shares on issue at Balance Date	146,749,372	135,769,452
Net tangible asset backing per issued ordinary share as at Balance Date	30.10c	25.11c

¹ Net tangible assets include right-of-use-assets of \$5,714,213 and lease liabilities of \$6,845,322.

AUDIT DETAILS

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

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ABN 51 008 944 009

Financial Report for the Half-year Ended
31 December 2025

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CORPORATE DIRECTORY

Directors

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

Company Secretary

Mr Tino Kapfumo

Registered Office

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Website

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Share Registry

Computershare Investor Services Pty Ltd
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Perth WA 6000
Telephone: + 618 9323 2000
Facsimile: + 618 9323 2033

Auditors

HLB Mann Judd
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Perth WA 6000 Australia
Telephone: +618 9227 7500
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Stock Exchange

Australian Securities Exchange
(Home Exchange: Perth, WA)

ASX Code

VEE

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DIRECTORS' REPORT

The Directors submit the financial report of VEEM Ltd ("the Company") for the half-year ended 31 December 2025. 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 – Retired 27 November 2025
David Singleton	Independent Non-Executive Director – Appointed 30 September 2025
Peter Torre	Independent Non-Executive Director
Angus Murnaghan	Independent Non-Executive Director

RESULTS OF OPERATIONS

The loss after tax for the half-year ended 31 December 2025 was \$19,519,895 (31 December 2024: profit of \$1,018,192).

Dividends

There were no dividend paid during the half year to 31 December 2025 (2024: \$1,045,040).

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

Revenue for the first half of the 2026 financial year was \$23.4m, down 30% on the prior corresponding period (2025: \$33.6m). Earnings before interest, tax, depreciation and amortisation (EBITDA) were down 104% to (\$0.2m) (2025: \$3.9m) and the loss recorded was a net loss after tax of \$19.5m (2025 Profit: \$1.0m). Cashflows from operations were \$4.0m, up 128% (2025: \$1.8m). The Group had cash and cash equivalents of \$9.1m at 31 December 2025 (30 June 2025: \$0.8m in addition to an overdraft of \$2.5m) with undrawn facilities of \$8.8m (June 2025: \$3.4m).

Propulsion revenue (excluding defence) of \$12.9m was down 9% compared to the prior half due to a softening in the propulsion market, in part due to the uncertainty caused by tariffs. Although there was a decrease, revenue remained solid and VEEM maintained good customer relations and worked to broaden its suite of customers to offset the market dynamics in the short term and maximise the increase in the long term when the market resumes growth, by having a larger market share.

The VEEM Extreme range was launched during the half year which provides 18.1% efficiency gains from the propeller and rudder compared to a conventional set up. A contract has been executed with Manly Fast Ferries as the launch customer with deliveries beginning in 2HFY26. Significant enquiries have been received and VEEM is working with a small select group as launch customers to roll out the VEEM Extreme range. The range of customers is expected to broaden over time particularly in the slow boat market given the efficiency gains and also among carbon conscious entities.

Defence sales overall were down \$3.6m down 49% to \$3.7m largely due to sales to ASC which were down \$3.1m compared to the prior period. This was as a result of the delay in receipt of orders which were expected earlier in the half. The orders were received late in the half and VEEM is currently delivering on these orders and will do so over the course of 2HFY26 into FY27 which will accelerate defence revenue.

Work continued to finalise the Hunter Class Frigate Program (HCFP) demonstrator for BAE Systems Australia although taking longer than originally envisioned. 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.

During the half-year progress was made entering the US defence supply chain including achieving approved supplier status with HII and signing a 9-year MLA with Northrop Grumman for US\$33m. Unfortunately this progress was significantly hampered by the longest United States government shut down in modern history from 1 October 2025 to 12 November 2025. Progress continues to accelerate in 2026 with VEEM working towards qualification with several US defence contractors.

Engineering products and services (excluding defence) revenue of \$8.3m declined by \$0.4m (5%) but remained solid, noting 1HFY25 experienced a significant increase of \$1m. Engineering has remained resilient and is expected to remain so going forward with increasing defence revenue utilising any excess capacity.

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In December a customer who had purchased 13 gyros didn't take delivery of 2 as a result of a low level of boat sales on their behalf. In accordance with the sales agreement these 2 sales were reversed and the gyros restocked. There are no other agreements with this option.

As a result, revenue from gyrostabilisers was (\$1.5m) for the period. Sales below budget 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 due to launch of the Mark III (\$0.6m).

The focus in gyrostabilisers for 2HFY26 will be sale of the Mark III model which the launch of in 1HFY26 contributed to some purchase hesitancy until it is available, starting with the small frames in 2HFY26 followed by the mid and large frames. Increasing reliability of the more robust Mark II models has also resulted in enquiries from existing customers with other boats in their fleet or who are increasing their fleet. Business development continues to be a priority to both increase the number of leads received and also increase the conversion rate. The significant development costs have now been incurred and are winding down post completion and launch of the Mark III.

During the half-year \$14m (before costs) was raised by the issue of fully paid ordinary shares with the Miocevic family contributing \$1m. Funds received strengthened the balance sheet and provided flexibility allowing the Group to take advantage of growth opportunities in particular in US defence.

The factory extension at Baile Road continued to progress well and is expected to be complete in Q4FY26 in time for the arrival of the CNC machines on order.

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

As a result of the reduced revenue, cost reduction measures were implemented which resulted in a \$3.5m reduction to overheads over the half year on an annualised basis.

Outlook

FY26 is a transition year for VEEM as it navigates through a period of development where costs have been expended in bringing products to market (VEEM Extreme & Gyro Mark III) as well as entering new markets (US Defence) but revenues from these endeavours have yet to ramp up. As this comes through profitability will be enhanced in future periods.

Defence revenue is expected to accelerate in line with the cyclical nature and point in the cycle after receipt of ASC orders late in 1HFY26. This will underpin defence revenue in 2HFY26 which will be supplemented by continuing work with Austal. In parallel successful acceptance of the HCFP demonstrator blades is expected to lead to further defence opportunities. In addition, work continues to enter the US defence supply chain with progress accelerating in 2026 with VEEM working towards qualification with several US defence contractors.

VEEM expects 1HFY26 to have been the trough in propulsion revenue with sales increasing into 2HFY26 and beyond supported by ongoing business development efforts and an improving global outlook. Growth in this area is expected to come from traditional propellers as well as the VEEM Extreme range initially via small select group of launch customers in addition to associated shaftline range and complimentary innovations such as flow-aligned rudders.

VEEM continues to have a robust core foundry and engineering business including its own products, which has remained resilient and is expected to continue to deliver consistent revenue and margins.

While gyrostabiliser activity was subdued in the period, the launch of the Mark III provides an opportunity to increase sales which were subdued by purchase hesitancy awaiting the new model. Sales are expected to be driven through marketing of the new features and in particular reduced through life cost as a result of the elimination of prior required servicing. These marketing and business development efforts are expected to result in additional leads which are anticipated to convert to orders in particular in the workboat and commercial sectors.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than described elsewhere in the half year financial report there are no other significant events subsequent to reporting date.

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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 2025.

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'.

Brad Miocevich
Chairman
Perth, Western Australia

24 February 2026

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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 2025, 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
24 February 2026


D B Healy
Partner

hlb.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 2025

	Note	31 December 2025 \$	31 December 2024 \$
Revenue	4	23,428,773	33,559,297
Other income		100,770	32,386
Changes in inventories of finished goods and work in progress		2,313,620	1,188,473
Raw materials and consumables		(9,095,067)	(14,112,620)
Employee benefits expense		(13,683,000)	(13,746,170)
Depreciation and amortisation expense		(2,216,718)	(2,364,331)
Impairment expense	10	(24,793,260)	-
Repairs and maintenance expense		(848,402)	(804,154)
Occupancy expense		(738,114)	(797,323)
Borrowing costs expense		(560,577)	(620,108)
Other expenses	5	(1,710,672)	(1,387,593)
(Loss)/Profit before income tax		(27,802,647)	947,857
Income tax benefit		8,265,248	70,335
(Loss)/Profit after income tax		(19,519,895)	1,018,192
Other comprehensive loss, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Cash flow hedges – effective portion of changes in fair value		(89,177)	(212,835)
Foreign operations – foreign currency translation reserve difference		(3,756)	8,009
		(92,933)	(204,826)
Other comprehensive loss for the half-year, net of tax		(92,933)	(204,826)
Total comprehensive (loss)/income for the half-year		(19,612,828)	813,366
Earnings per share			
Basic earnings per share (cents)		(13.88)	0.75
Diluted earnings per share (cents)		(13.88)	0.75

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 2025

	Note	31 December 2025 \$	30 June 2025 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	9,141,947	813,355
Trade and other receivables		9,492,153	13,845,292
Inventories	7	23,295,074	26,191,531
Other assets	8	3,354,290	1,879,620
Derivative financial assets	11	-	18,800
Current tax assets		106,691	298,462
Total Current Assets		45,390,155	43,047,060
Non-Current Assets			
Property, plant and equipment	9	20,637,172	21,152,322
Deferred tax assets		7,949,002	3,238,401
Intangible assets	10	192,440	23,206,295
Right-of-use assets		5,714,213	6,575,180
Total Non-Current Assets		34,492,827	54,172,198
Total Assets		79,882,982	97,219,258
LIABILITIES			
Current Liabilities			
Trade and other payables	12	5,555,364	8,451,174
Borrowings – current	13	3,348,672	6,264,092
Provisions		4,132,362	4,064,881
Derivative liability	11	34,309	-
Lease liabilities - current		1,943,149	1,875,121
Total Current Liabilities		15,013,856	20,655,268
Non-Current Liabilities			
Borrowings – non current	13	7,560,172	8,291,499
Deferred tax liabilities		4,430,396	7,985,093
Provisions		100,929	100,929
Lease liabilities – non current		4,902,174	5,893,379
Total Non-Current liabilities		16,993,671	22,270,900
Total Liabilities		32,007,527	42,926,168
Net Assets		47,875,455	54,293,090
EQUITY			
Issued capital	14	24,798,022	11,663,412
Reserves	15	292,609	324,959
Retained earnings		22,784,824	42,304,719
Total Equity		47,875,455	54,293,090

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 2025

	Note	31 December 2025 \$	31 December 2024 \$
Cash flows from operating activities			
Receipts from customers		33,659,107	34,263,523
Payments to suppliers and employees		(28,443,489)	(32,498,030)
Government grants and subsidies received		34,266	453,264
Other receipts		66,504	19,122
Interest paid		(560,577)	(620,108)
Interest received		38,181	386
Income tax received		145,969	213,609
Net GST (paid) /received		(890,627)	(54,921)
Net cash flows provided by operating activities		4,049,334	1,776,845
Cash flows from investing activities			
Purchase of property, plant and equipment		(906,751)	(621,378)
Purchase of intangible assets		(440,946)	(483,292)
Net cash flows used in investing activities		(1,347,697)	(1,104,670)
Cash flows from financing activities			
Dividends paid	20	-	(1,045,425)
Proceeds from borrowings		2,381,228	1,692,058
Repayments of borrowings		(5,327,522)	(1,214,658)
Payments of hire purchase liabilities		(1,101,215)	(1,030,838)
Payments of lease liabilities		(923,178)	(858,571)
Proceeds from issue of shares		14,000,000	-
Share issue costs		(865,390)	-
Net cash flows used in financing activities		8,163,923	(2,457,434)
Net decrease in cash and cash equivalents		10,865,560	(1,785,259)
Cash at the beginning of the period, net of overdraft		(1,718,124)	170,558
Effects of exchange rate fluctuations on cash held		(5,489)	9,620
Cash and cash equivalents at the end of the period, net of overdraft	6	9,141,947	(1,605,081)

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

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Condensed Consolidated Statement of Changes in Equity for the half-year ended 31 December 2025

	Note	Issued Capital \$	Reserves \$	Retained earnings \$	Total \$
At 1 July 2025		11,663,412	324,959	42,304,719	54,293,090
Loss for the half-year		-	-	(19,519,895)	(19,519,895)
Other comprehensive loss		-	(92,933)	-	(92,933)
Total comprehensive loss for the half-year		-	(92,933)	(19,519,895)	(19,612,828)
<i>Transactions with owners in their capacity as owners</i>					
Shares issued during the year		14,000,000	-	-	14,000,000
Share issue costs		(865,390)	-	-	(865,390)
Share-based payment expense recognised		-	60,583	-	60,583
Balance at 31 December 2025		24,798,022	292,609	22,784,824	47,875,455

	Note	Issued Capital \$	Reserves \$	Retained earnings \$	Total \$
At 1 July 2024		11,541,213	141,703	40,600,612	52,283,528
Profit for the half-year		-	-	1,018,192	1,018,192
Other comprehensive loss		-	(204,826)	-	(204,826)
Total comprehensive income/(loss) for the half-year		-	(204,826)	1,018,192	813,366
<i>Transactions with owners in their capacity as owners</i>					
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)
Balance at 31 December 2024		11,541,213	(30,335)	40,616,979	52,127,857

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

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

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 2025 was authorised for issue on 23 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 2025 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 2025 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 2025

In the half-year ended 31 December 2025, 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 2025 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 2025. 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 2025.

An impairment test was conducted on capitalised gyro product development expenditure. Refer Note 10.

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

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 11% (December 2024: 1 Customer for 13%) of the Group's revenue for the half-year.

Although the Group is managed as a single business segment, sales revenue of \$23,428,773 (December 2025: \$33,559,297) 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 \$13,294,594 (December 2025: \$19,909,177). Defence related sales for the period to December 2025 totalled \$3,745,804 (December 2024: \$7,320,308) with \$1,852,657 (December 2024: \$2,342,120) of those sales being both within the defence and propulsion/stabilisation categories. Sales of engineering products and services (non-defence) for the period were \$8,241,033 (December 2024: \$8,673,455).

4. Revenue

Revenue from contracts with customers

	6 months to 31 December 2025 \$	6 months to 31 December 2024 \$
Sales revenue		
• Revenue – point in time*	(1,262,723)	3,522,671
• Revenue – over time	24,691,496	30,036,626
	23,428,773	33,559,297

The geographic distribution of sales for the half year was approximately 58% (2024: 55%) derived from customers within Australia and the remaining 42% (2024: 45%) were derived predominantly from customers in the USA, Sweden, Italy, Singapore, UK, Brazil and New Zealand.

*As part of an agreement signed with a customer, they had the option to return some purchased units. In late December 2025 they exercised this option for 2 units which is accounted for as a reduction in revenue.

5. Other Expenses

Insurance	(279,921)	(270,259)
Advertising, marketing and travel expense	(523,926)	(544,561)
Foreign exchange gain/loss (net)	17,505	306,880
Other general expenses	(924,330)	(879,653)
	(1,710,672)	(1,387,593)

6. Cash and Cash Equivalents

	31 December 2025 \$	30 June 2025 \$
Cash on hand	800	800
Cash at bank	9,141,147	812,555
Cash and cash equivalents in the statement of financial position	9,141,947	813,355
Bank overdraft (Note 13)	-	(2,531,479)
Cash and cash equivalents in the statement of cash flows	9,141,947	(1,718,124)



Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

7. Inventories

	31 December 2025 \$	30 June 2025 \$
Work in progress – over time	7,974,414	8,863,804
Work in progress – point in time	5,744,974	4,937,077
	13,719,388	13,800,881
Less: Progress billings	(5,908,371)	(1,908,203)
	7,811,017	11,892,678
Goods for resale, raw materials and stores at cost	16,107,897	14,298,853
Accumulated Impairment	(623,840)	-
	<u>23,295,074</u>	<u>26,191,531</u>

As a result of the impairment assessment (Refer note 10), \$0.6 million in obsolete and unusable stock was identified as a result of the launch of the Mark III gyro which has been impaired.

8. Other Assets

	31 December 2025 \$	30 June 2025 \$
Prepayments	1,755,019	1,242,378
Suppliers paid in advance	1,599,271	637,242
	<u>3,354,290</u>	<u>1,879,620</u>

9. Property, Plant and Equipment

	Plant and Equipment \$	Motor Vehicles \$	Computer Equipment \$	Capital Work in Progress \$	Total \$
As at 30 June 2025					
Cost	54,345,906	736,968	1,878,953	85,195	57,047,022
Accumulated depreciation	(33,561,137)	(587,222)	(1,746,341)	-	(35,894,700)
Closing carrying amount	<u>20,784,769</u>	<u>149,746</u>	<u>132,612</u>	<u>85,195</u>	<u>21,152,322</u>
Half-year ended 31 December 2025					
Opening carrying amount	20,784,769	149,746	132,612	85,195	21,152,322
Additions	347,207	104,306	45,846	183,433	680,792
Transfers	60,495	-	-	(60,495)	-
Disposals	-	(34,027)	-	-	(34,027)
Depreciation	(1,161,783)	18,530	(18,662)	-	(1,161,915)
Closing carrying amount	<u>20,030,688</u>	<u>238,555</u>	<u>159,796</u>	<u>208,133</u>	<u>20,637,172</u>
As at 31 December 2025					
Cost	54,753,608	807,247	1,924,799	208,133	57,693,787
Accumulated Depreciation	(34,722,920)	(568,692)	(1,765,003)	-	(37,056,615)
Carrying amount	<u>20,030,688</u>	<u>238,555</u>	<u>159,796</u>	<u>208,133</u>	<u>20,637,172</u>

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

10. Intangible Assets

	Other Intellectual Property	Product Development	Total
	\$	\$	\$
As at 30 June 2025			
Cost	1,483,103	26,998,658	28,481,761
Accumulated amortisation	(1,130,855)	(4,144,611)	(5,275,466)
Closing carrying amount	352,248	22,854,047	23,206,295
Half-year ended 31 December 2025			
Opening carrying amount	352,248	22,854,047	23,206,295
Additions	-	1,315,373	1,315,373
Amortisation	(159,808)	-	(159,808)
Impairment	-	(24,169,420)	(24,169,420)
Closing carrying amount	192,440	-	192,440
As at 31 December 2025			
Cost	1,483,103	28,314,031	29,797,134
Accumulated amortisation	(1,290,663)	(4,144,611)	(5,435,274)
Accumulated impairment	-	(24,169,420)	(24,169,420)
Carrying amount	192,440	-	192,440

Impairment

The Group performs impairment testing of its intangible assets when indicators of impairment exist. At 31 December 2025 it was determined there were indicators of impairment of the gyro capitalised product development costs as a result of the low levels of sales in 1HFY26 compared to budget.

For impairment testing purposes the Group identified the CGU which is the smallest identifiable group of assets that generate cash flows largely independent of cash inflows of other assets or group of assets.

For the half year ended 31 December 2025, the Group applied a value in use ('VIU') discounted cash flow methodology to assess the recoverable amount of the capitalised development costs. The inputs to the valuation included 5-year cash flows and a discount rate of 13.9%. The estimated recoverable amount of the capitalised development cost CGU is \$24.8m below the carrying value.

The total impairment expense of \$24.2m was allocated across the CGU assets excluding any assets where impairment would reduce the carrying amount below the fair value.

The discount rate used in the impairment test reflects current market assessment of the time value of money, risk-adjusted cash flows and other risks specific to the relevant market in which the CGU operates.

The forecast cash flows are derived from management approved profit and cash flow forecasts and do not include restructuring activities that the Group has not yet committed to or possible future investments.

In developing forecast cash flows, management has considered and used a range of judgements and assumptions relating to forecast sales, revenue growth including competitor activity and overhead costs.

An increase in the discount rate of 1% to 14.9% would result in a reduction of VIU of \$90k.

As a result of the impairment assessment, \$0.6 million in obsolete and unusable stock (Refer note 7) was identified as a result of the launch of the Mark III gyro which has been impaired bringing total impairment to \$24.8m.

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

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 2025. The Group operates in multiple currencies and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD.

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 2025 there were forward exchange contracts in place for net sales of USD1,748,000 and net purchases of GBP225,000 and EUR240,309 (30 June 2025: Net sale USD3,452,192, EUR480,000 and net purchase GBP425,000) and a derivative liability of \$35k.

12. Trade and Other Payables

	31 December 2025	30 June 2025
	\$	\$
Trade payables (i)	3,072,411	5,420,611
Net GST payable	72,062	289,715
Other creditors	2,410,891	2,740,848
	5,555,364	8,451,174

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

13. Borrowings

	31 December 2025	30 June 2025
	\$	\$
<i>Current</i>		
Overdraft facility (a)	-	2,531,479
Trade loan facility (b)	658,822	1,530,756
Asset finance facility (c)	460,000	-
Hire purchase liability (d)	2,507,722	2,514,067
Less: Unexpired charges (d)	(277,872)	(312,210)
	3,348,672	6,264,092
<i>Non-current</i>		
Loan facility – Daily Rate (c)	5,000,000	5,000,000
Hire purchase liability (d)	2,785,635	3,562,864
Less: Unexpired charges (d)	(225,463)	(271,365)
	7,560,172	8,291,499

a) The Group has an Overdraft Facility with a limit of \$4,000,000 which was unchanged during the half year. 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 2025, the Group had available \$4,000,000 of undrawn overdraft facilities. In addition, there is an Electronic Payments Facility with a limit of \$300,000. At 31 December 2025, the Group had available \$300,000 under this facility.

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

13. Borrowings (continued)

- b) The Group has a trade loan facility to support its import trade arrangements. The facility has a limit of \$3,100,000 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 2025 the Group had available \$2,441,178 of undrawn trade loan facilities. The outstanding balance was repaid in January 2026.
- c) During the half year the Group obtained an asset finance facility of \$460,000 to facilitate the payment of the deposit required for purchase of a 3D sand printer. Interest is at the base rate plus 1.50% per annum. A line fee of 0.50% per annum of the facility is payable quarterly in arrears. The loan terminates on 30 September 2026. On or before this date it will be rolled into a new facility on settlement of the purchase for the full amount of the purchase price.
- d) 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 5.25% (June 2025: 5.31%). The facility is fully drawn and is reviewed on an annual basis.
- e) The hire purchase liabilities have a fixed interest rate for each contract and during the period the weighted average interest rate was 6.2% (2025: 6%).

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.

Financing facilities available

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

	31 December 2025	30 June 2025
	\$	\$
Total facilities		
• Overdraft Facility	4,000,000	4,000,000
• Loan facility – Daily Rate	5,000,000	5,000,000
• Trade loan facility	3,100,000	3,100,000
• Asset finance facility #1	460,000	-
• Asset finance facility #2	1,960,000	-
• Electronic Payments Facility	300,000	300,000
• Commercial Card Facility	100,000	50,000
	14,920,000	12,500,000
Facilities used at balance date		
• Overdraft Facility	-	2,531,479
• Loan facility – Daily Rate	5,000,000	5,000,000
• Trade loan facility	658,822	1,530,756
• Asset finance facility #1	460,000	-
• Asset finance facility #2	-	-
• Electronic payments facility	-	-
• Commercial Card Facility	-	-
	6,118,822	9,062,235
Facilities unused at balance date		
• Overdraft Facility	4,000,000	1,468,521
• Loan facility – Daily rate	-	-
• Trade loan facility	2,441,178	1,569,244
• Asset finance facility #1	-	-
• Asset finance facility #2	1,960,000	-
• Electronic Payments Facility	300,000	300,000
• Commercial Card Facility	100,000	100,000
	8,801,178	3,437,765

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

13. Borrowings (continued)

	31 December 2025	30 June 2025
	\$	\$
Total facilities		
• Facilities used at balance date	6,118,822	9,062,235
• Facilities unused at balance date	8,801,178	3,437,765
	14,920,000	12,500,000

The carrying value of plant and equipment held under hire purchase contracts at 31 December 2025 is \$9,181,403 (June 2025: \$9,493,827). Additions during the half-year include \$397,881 (June 2025: \$825,282) of plant and equipment held under hire purchase contracts.

14. Issued Capital

(a) Issued and paid-up capital

	31 December 2025	30 June 2025
	\$	\$
146,749,372 (30 June 2025: 135,714,452) Fully paid ordinary shares	24,798,022	11,663,412

(b) Movements in ordinary shares on issue

	6 months to 31 December 2025		Year to 30 June 2025	
	No.	\$	No.	\$
<i>Movements in ordinary shares on issue</i>				
Opening balance	135,980,141	11,663,412	135,719,452	11,541,213
Issue of shares, net of costs	10,769,231	13,134,610	260,689	122,199
Closing balance	146,749,372	24,798,022	135,980,141	11,663,412

15. Reserves

	31 December 2025	30 June 2025
	\$	\$
Share based payments reserve	218,361	157,777
Cash flow hedge reserve	68,816	157,994
Foreign currency translation reserve	5,432	9,188
	292,609	324,959

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

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.

FY25 Performance rights

Tranche	Grant date	Latest Vesting date	Expiry date	FV per right (\$)	1 Jul 2025	Granted during period	Exercised during period	Cancelled during period	31 Dec 2025
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

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 \$60,583 (31 December 2024: \$76,308) was expensed in relation to these performance rights.

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

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Notes to the Condensed Consolidated Financial Statements for the half-year ended 31 December 2025

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 \$34,309 (30 June 2025: asset \$18,800) 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 2025 the Group had \$6,175,204 of capital commitments (June 2025: \$4,963,609).

Contingencies

There are no material contingent assets or liabilities at 31 December 2025 (June 2025: \$Nil).

19. Subsequent Events

Other than described elsewhere in the half year financial report there are no other significant events subsequent to reporting date.

20. Dividends

Unfranked dividends paid

	6 months to 31 December 2025	6 months to 31 December 2024
	\$	\$
	-	1,045,425

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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 2025 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. Miocevic', written in a cursive style.

Brad Miocevic
Chairman
Perth, Western Australia
24 February 2026

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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 2025, 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 2025 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 audits of the financial report of public interest entities 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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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 2025 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
24 February 2026



D B Healy
Partner

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