For personal use only

ASX RELEASE

30 September2025

$14 MILLION PLACEMENT TO ACCELERATE GROWTH IN DEFENCE

- **Successful completion of $14 million Placement to accelerate growth in defence**
- **Placement proceeds to be applied towards growth in the defence sector, working capital and balance sheet strength**
- **Strong support for the Placement from the Miocevich family, major shareholder Perennial and other Institutional Investors**
- **Award of a 9-Year duration Manufacturing Licence Agreement ('MLA') signed with Northrop Grumman to provide equipment into the USA defence supply chain**
    - **Initial value is up to US$33 million but can be increased by amendment**
- **This new program, together with the recently announced Huntington Ingalls Incorporated Newsport News Shipbuilding ('HII-NNS') agreement, qualifies VEEM to provide manufacturing for two of the largest US defence supply companies**
- **Achieved Level 1 accreditation with HII-NNS and received first request for quote (RFQ)**
- **Appointment of David Singleton as Non-Executive Director who brings 25 years of defence related experience and previously Managing Director of Austal Limited (ASX: ASB)**

VEEM Limited (ASX: VEE) ('VEEM' or 'the Company'), is pleased to announce the successful completion of a $14 million placement of fully paid ordinary shares in VEEM to institutional and sophisticated investors ('Placement'). The Miocevich family will subscribe for $1 million under the Placement, subject to shareholder approval, and Perennial Value Management Limited ('Perennial') the Company's major shareholder, is subscribing for $2.7 million under the Placement.

The net proceeds from the equity raising will be used to support growth in the defence sector, working capital and balance sheet strength as VEEM seeks to capitalise on the growing government and defence expenditure.

DEFENCE UPDATE

The global environment is currently characterised by a rapidly expanding defence sector in the western world led by the United States, driven by significant investment in shipbuilding and submarine programs. The AUKUS program is a testament to the evolving nature of relationships and increased co-operation which provides a clear pathway into the significant US defence supply chain for Australian based companies, like VEEM, after passing stringent supply conditions.

VEEM has over several years been diligently pursuing defence qualification for its unique capabilities, originally developed for commercial applications, initially with Austal Limited ('Austal') (ASX: ASB) and ASC Pty Ltd ('ASC') but more recently with BAE Systems, HII-NNS and now Northrop Grumman. This defence development has been complex and has required substantial changes to meet quality and capability demands but is now largely complete.

For personal use only

The Virginia Class submarine ('VCS') program is central to the United States Navy's undersea capability, with the U.S. Department of Defence committed to expanding production to meet long-term strategic requirements from the current rate of 1.2 boats a year to 2.0 boats per year by 2028 and subsequently to 2.33 boats per year.

As two of the most significant prime contractors in the U.S. defence sector, HII-NNS and Northrop Grumman play critical roles in delivering this program, which represents one of the largest and most enduring elements of naval shipbuilding globally. This presents the opportunity to participate in a multi-decade program that carries substantial and growing demand. VEEM is uniquely placed to contribute to resolving the capacity shortage for defence grade castings given its foundry capability, something which is in short supply in the western world.

The following outlines some of the defence program achievements, made to date:

Northrup Grumman

The Company is pleased to announce that it has signed a 9-year MLA with Northrop Grumman that will enable VEEM to compete to supply a range of pre-determined parts for the VCS.

The signing of this agreement allows for the transfer of technical data between the parties which will be contained in RFQs the Company is now eligible to receive, with the first RFQ expected in 1HFY26. Importantly, the initial US$33 million value of the MLA can be increased by amendment. In VEEM's opinion this contract could be the start of a larger ongoing program. With the aspiration of the US to expand its nuclear submarine build plan, VEEM believes that there are further manufacturing opportunities, beyond what has been announced to date.

Northrop Grumman is a U.S. head-quartered global aerospace, defence and security company. The majority of its business is with the U.S. government, principally the Department of Defence and intelligence community. This continues VEEM's progress in entering the United States defence supply chain and adds to a growing list of key defence customers and opportunities. This is a further opportunity to capitalise on strong US defence industry tailwinds.

Northrop Grumman Australia, Country Executive, Rob Denney said: "We're excited to take the next step in integrating VEEM into Northrop Grumman's global supply chain. This MLA reflects our commitment to strengthening Australia's defence submarine industrial base and supply chain resilience."

Huntington Ingalls Incorporated Newsport News Shipbuilding (HII-NNS)

VEEM has been advised that subsequent to achieving HII-NNS approved supplier status (refer ASX announcement of 20 August 2025) it has earned Level 1 accreditation. This level, is one the highest tiers of supplier qualification in the US defence system, reserved only for suppliers who meet exceptionally rigorous standards in quality assurance, traceability, and material control. The Company is now qualified to manufacture Level 1 certified components, has received its first RFQ and is targeting receipt of a purchase order in 1HFY26.

Defence is a fast-growing segment of the business and the pace of recent developments has presented further opportunities for the Company. The additional capital, will enable the company to pursue these, and other opportunities in the near term at a faster pace, which is anticipated to both increase and bring forward future revenue in the defence sector.

Other Defence Opportunities

VEEM has recently signed a 6 year, $65m contract with ASC (refer announcement of 12 August 2025). This continues the multi decade relationship with ASC and demonstrates the long-term potential of defence contracts. Revenue under this contract is expected to accelerate into 2HFY26 in line with the cyclical nature of the submarine maintenance program.

The Company is finalising development of demonstrator blades for BAE Systems Australia's Hunter Class Frigate Program ('HCFP') under a $1.7 million contract. Once signed off, which is expected in 1HFY26, this will confirm VEEM as one of only two qualified suppliers globally. Success with the HCFP demonstrator project is expected to lead to further Australian defence work as well as other Type 26 frigate programs around the world. In addition, the recently announced decision by the Australian Department of Defence to purchase the Mogami Class Frigate will create further opportunities for high performance propellers and castings in the future.

VEEM also continues to be awarded contracts for numerous other defence projects including army vehicles and for naval projects such as patrol boats including Austal's Evolved Cape Class Patrol Boats and ANZAC frigates.

CORPORATE

VEEM has appointed Mr. David Singleton as an independent Non-Executive Director effective 30 September 2025 (refer ASX announcement of 30 September 2025). David has been an engineering-based leader and CEO of UK and Australian companies for over 40 years. He has a strong engineering design and manufacturing background together with his experience in international business spanning the UK, Europe, USA and SE Asia. His 25 years working in defence, naval systems and shipbuilding at the UK MoD, BAE Systems and his 5 years of experience as Managing Director of Austal (ASX:ASB) make him a great asset for VEEM as it expands its defence business.

Demand in propulsion and engineering continues to be solid however the slower than anticipated conversion of gyro leads to orders and later than expected ramp up in ASC orders mean 1HFY26 EBITDA is expected to be slightly lower than 1HFY25 and is dependent on orders being received in the timeframe expected. Revenue is expected to accelerate in 2HFY26 consistent with the cyclical nature of the Submarine Program, with potential upside given the current pace of progress with entry into the US defence supply chain via HII-NNS and Northrup Grumman.

The capital raising will strengthen the Company's balance sheet with a 30 June 2025 pro forma net debt position post capital raising of approximately $0.6m. In addition, the Company has historically received material up front deposits for large defence orders. This is expected to continue and will further strengthen the balance sheet as orders under the ASC contract ramp up.

For personal use only

VEEM Managing Director Mark Miocevich said: "We have successfully re-positioned VEEM as a high-quality defence contractor building on the world leading position that we have in high quality precision castings and propulsion systems. These recent signed agreements with HII-NNS and Northrup Grumman, together with our order pipeline for ASC and Austal, are a clear demonstration that we have now met the requirements of this huge market and are starting to reap the rewards.

This announced raise will enable us to capitalise on these developments in the short term and keep the momentum up which will fuel the pipeline of growth which we look forward to participating in. We are excited to contribute to the raise alongside Perennial the next largest shareholder."

Placement

The placement will comprise the issue of approximately 10.8 million new fully paid ordinary shares in VEEM ('New Shares') to be issued at a price of $1.30 per new share ('Placement Price') to raise approximately $14 million, representing a:

- 13.6% discount to VEEM's closing share price of $1.505 on 25 September 2025; and
- 10.9% discount to VEEM's 5-day VWAP to 25 September 2025 of $1.458
- 7.5% discount to VEEM's 10-day VWAP to 25 September 2025 of $1.406

New shares will be issued under the Placement pursuant to VEEM's existing ASX Listing Rule 7.1 placement capacity and will rank pari passu with existing VEEM fully paid ordinary shares from the date of issue.

VEEM's largest shareholder, the Miocevich family, has subscribed for a total of approximately 0.8 million New Shares in the Placement, totalling $1 million. The issuance of these shares is subject to shareholder approval, which is intended to be sought at the Company's 2025 annual general meeting.

The Company's major shareholder, Perennial, has subscribed for approximately 2.1 million New Shares, totalling $2.7 million.

Morgans Corporate Limited, Blue Ocean Equities Pty Ltd and Euroz Hartleys Limited have been appointed as Joint Lead Managers to and will provide settlement support for the Placement. Wallabi Group is acting as financial adviser to the Company.

Indicative Timetable

The timetable below is indicative only and subject to change.

Trading halt	26 September 2025
Announcement of Placement completion	30 September 2025
Trading halt lifted and trading resumes on ASX	30 September 2025
Settlement of Placement	7 October 2025
Allotment of New Shares under Placement	8 October 2025
Shareholder vote for the issue of shares to the Miocevich family	Indicatively, November 2025

For personal use only

The commencement of trading and quotation of New Shares issued under the Placement is subject to confirmation from ASX. The Company reserves the right to alter the dates at its discretion and without prior notice, subject to the ASX Listing Rules and the *Corporations Act 2001* (Cth).

All dollar amounts are in Australian dollars unless otherwise indicated.

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

Further information:

VEEM Managing Director
Mark Miocevich
+61 8 9455 9355

CFO & Company Secretary
Tino Kapfumo
+61 8 9455 9355

IR Consultant, Lancaster Grove Capital
Jonas Fitzgerald
+61 (0) 427 104 488
Jonas.fitzgerald@lgcapital.com.au

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 delivering consistent profits, cash flow and dividends while also reinvesting 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

About Northrop Grumman

Northrop Grumman is a leading global aerospace and defence technology company. Our pioneering solutions equip our customers with the capabilities they need to connect and protect the world and push the boundaries of human exploration across the universe. Driven by a shared purpose to solve our customers' toughest problems, our employees define possible every day.

FOLLOW US ON SOCIALS

linkedin.com/company/veem-ltd/
twitter.com/VEEM_Ltd

For personal use only