Vection Technologies Ltd

ABN 93 614 814 041

Annual Report - 30 June 2024

Directors	Mr Damian Banks - Non-Executive Director and Chairman (appointed on 10 November 2023 and resigned on 28 June 2024) Mr Gianmarco Biagi Mr Lorenzo Biagi Mr Jacopo Merli Mr Gianmarco Orgnoni Mr Bert Mondello
Company secretary	Mr Derek Hall
Notice of annual general meeting	The details of the annual general meeting of Vection Technologies Ltd are: Level 4, Building C, Garden Office Park, 355 Scarborough Beach Road Osborne Park WA 6017 10:00 am on Monday 28 October 2024
Registered office and principal place of business	Level 4, Building C, Garden Office Park, 355 Scarborough Beach Road, Osborne Park, WA 6017 Telephone+61 8 6380 7446
Share register	AUTOMIC REGISTRY SERVICES Level 5, 191 St Georges Terrace, Perth, WA 6000 Telephone(08) 9324 2099
Auditor	RSM Australia Partners Level 32 Exchange Tower 2 The Esplanade, Perth WA 6000
Solicitors	Steinepreis Paganin Level 14, QV1 Building 250 St Georges Terrace PERTH WA 6000
Stock exchange listing	Vection Technologies Ltd shares are listed on the Australian Securities Exchange (ASX code: VR1)
Website	https://vection-technologies.com
Corporate Governance Statement	The Directors and management are committed to conducting the business of Vection Technologies Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Vection Technologies Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Group's website at https://vection-technologies.com

Dear Shareholders,

The fiscal year 2024 has been transformative, marked by remarkable progress and strategic advancements that position us strongly for future growth.

Expanding and Refining Our Ecosystem:

“This year, our focus has been on expanding and refining our comprehensive end-to-end spatial computing ecosystem. Our solutions are designed to bridge the physical and digital worlds, from hardware to advanced software, driving innovation across various sectors.

Our strategic acquisitions have played a pivotal role in this journey. The acquisition of Invrsion S.r.l. and the proposed acquisition of MYR S.r.l. have significantly bolstered our offerings in the fashion and retail sectors. These moves align with our vision to integrate 3D and mixed reality solutions, creating a robust INTEGRATED**XR**® suite tailored to our customers' needs.”

Innovation at the Core:

Innovation remains at the heart of Vection. This year, we made significant advancements in AI and spatial computing, enhancing user interactivity and experience. Driven by valuable customer feedback, we have focused on improving the realism and interactivity of our virtual environments. Our platforms have seen substantial enhancements, making them more user-friendly and intuitive, which is vital for spatial computing applications. We have also upgraded our remote assistance tools with advanced hardware, incorporating enhanced spatial computing capabilities that significantly improve our service offerings.

Strategic Focus on High-Impact Projects:

Our strategic focus on high-impact, technology-driven projects has yielded impressive results. We have secured several high-value contracts across various sectors, demonstrating our ability to deliver cutting-edge solutions that meet our clients' evolving needs. These contracts reflect our commitment to driving revenue growth and reinforcing our market position through innovative and impactful solutions.

Seizing Opportunities and Driving the 3D Digital Revolution:

Our strategy centres on seizing low-hanging opportunities to establish customer relationships and drive the 3D digital revolution, commencing with ICT and progressing to intricate 3D, AR, VR, and AI solutions. As adoption widens, the percentage of the upfront custom segment diminishes in our overall business composition. This strategic approach is advantageous for customers as it enables the gradual integration of advanced technologies while leveraging their existing ICT framework. Our value proposition lies in providing a seamless pathway towards immersive experiences, enhancing operational efficiency, and future-proofing their digital investments. This aligned strategy ensures sustained growth and technological empowerment for our customers and investors.

Local Presence for Global Success:

Our strategic investment in establishing a local presence within key markets amplifies our customer-focused strategy and underpins their sustained global triumph. This tactical move empowers us to grasp market intricacies, customize solutions, and offer rapid assistance. Proximity fosters agility, cultural alignment, and synergistic collaborations. This localized dedication underscores our commitment to customer satisfaction worldwide and fortifies lasting relationships that drive mutual success.

Financial Performance and Strategic Acquisitions:

Our financial performance for FY24 demonstrates the success of our strategic initiatives. Revenue rose to ~$33 million, up 30.2% versus ~$25 million in the prior corresponding period. Our cash position remained relatively steady throughout the year, with cash and cash equivalents totalling ~$7.6 million.

Following the period's end, we announced the proposed acquisition of The Digital Box (TDB), which represents a strategic alignment with our focus on enterprise customers. TDB's generative AI capabilities will enhance our product offerings, creating significant cross-sell and growth opportunities. This acquisition is expected to be value accretive, further strengthening our financial position and market presence. In FY24, TDB reported $10 million in unaudited revenue and $1 million in unaudited EBITDA. The acquisition is expected to be value accretive for Vection shareholders, with settlement anticipated in Q1 FY25, pending customary closing conditions.

Welcoming Industry Leadership:

I am particularly excited to welcome Marco Landi, the former global COO of Apple Computer, to our board of directors as part of the TDB acquisition. Marco's extensive experience and proven track record in leading technological innovations at a global scale will be invaluable to Vection. His expertise will significantly contribute to our strategic direction, fostering further growth and enhancing our capabilities to deliver cutting-edge solutions to our customers.

Looking Ahead:

As we move into FY25, Vection is well-positioned to capitalise on market opportunities and technological advancements. Our comprehensive end-to-end spatial computing ecosystem will continue to drive growth, enhance customer value, and maintain our leadership in the global marketplace. I am confident that our strategic vision and operational excellence will deliver exceptional value to our shareholders.

Thank you for your continued support and trust in Vection.

Sincerely,

Gianmarco Biagi
Managing Director and CEO
Vection Technologies Limited

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Vection Technologies Ltd (referred to hereafter as the 'Company', 'parent entity' or 'Vection') and the entities it controlled at the end of, or during, the year ended 30 June 2024.

Directors

The following persons were Directors of Vection Technologies Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Gianmarco Biagi	Managing Director and CEO
Mr Lorenzo Biagi	Executive Director
Mr Jacopo Merli	Executive Director and COO
Mr Gianmarco Orgnoni	Executive Director, CSO and CMO (transition to Non-Executive Director on 28 June 2024)
Mr Umberto (Bert) Mondello	Non-Executive Director (resigned as Chairman on 10 November 2023)
Mr Damian Banks	Non-Executive Director and Chairman (appointed on 10 November 2023 and resigned on 28 June 2024)

Principal activities

During the period, the principal continuing activity of the Group consisted of developing and commercialising integrated digital transformation technology solutions and services part of its INTEGRATED**XR**® suite, including ICT infrastructure, kiosks, mixed reality ('MR'), augmented reality ('AR'), virtual reality ('VR'), computer-aided design ('CAD'), 3D modelling and renderings, and artificial intelligence ('AI').

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

Financial performance

For the financial year ended 30 June 2024 ('FY24'), the loss for the Group after providing for income tax was $9,999,000 (30 June 2023 ('FY23'): $11,023,000).

Revenue

The Group reported revenue from operating activities in the period of $32,828,000 (FY23: $25,332,000), up 30% versus the previous corresponding period ('PCP').

EBITDA

The Group's EBITDA was a loss of $6,381,000 (FY23: EBITDA loss of $9,723,000). Underlying EBITDA was a loss of $1,015,000 (FY23: Underlying EBITDA loss of $1,502,000) in FY24 and excludes the share-based payments expense, impairment of assets, acquisition costs and non-operating costs in relation to the cost-reduction program.

An impairment charge of $3,139,000 has been taken at 30 June 2024 in respect of goodwill and software.

Earnings before interest, taxation, depreciation, and amortisation ('EBITDA') and underlying EBITDA are financial measures that the Australian Accounting Standards do not prescribe. Underlying EBITDA represents the Group's underlying earnings from its operations. It is determined by adjusting the statutory net loss after tax for items that are non-cash or non-operating in nature. The directors consider EBITDA and underlying EBITDA to represent the core earnings of the Group. The table below reconciles net loss before tax, EBITDA, and underlying EBITDA.

	FY24 $'000	FY23 $'000	Variance $'000	Variance %
Revenue	32,828	25,332	7,496	30%
Other income and interests revenue	1,463	968	495	51%
Total revenue	34,291	26,300	7,991	30%
Total expenses	(43,954)	(37,268)	(6,686)	18%
Loss before income tax expense	(9,663)	(10,968)	1,305	(12%)

	FY24 $'000	FY23 $'000	Variance $'000	Variance %
Loss before income tax expense	(9,663)	(10,968)	1,305	(12%)
Add: Depreciation and amortisation expense	2,331	1,217	1,114	92%
Add: Finance costs	976	240	736	307%
Less: Interest revenue	(25)	(212)	187	(88%)
EBITDA	(6,381)	(9,723)	3,342	(34%)
Share-based payments expense	163	1,860	(1,697)	(91%)
Impairment of assets	3,139	3,205	(66)	(2%)
Acquisition costs	981	-	981	-
Non-operating cost-reduction program	1,083	3,156	(2,073)	(66%)
Underlying EBITDA (non-IFRS)	(1,015)	(1,502)	487	(32%)

Highlights for the Full-Year

Throughout FY24, Vection has made significant strides in advancing its comprehensive end-to-end spatial computing ecosystem, encompassing hardware and advanced software solutions. This report highlights the Company's key operational achievements, strategic initiatives, and financial performance.

1. Strategic Acquisitions and Partnerships

During FY24, Vection executed several strategic acquisitions and partnerships, including Invrsion (ASX: 7 June 2023) and MYR (ASX: 8 August 2023). These acquisitions have significantly enhanced our offerings in the fashion and retail sectors, aligning with our strategic vision to integrate 3D and mixed reality solutions, thereby creating a robust INTEGRATED**XR**® suite tailored to our customers' needs.

2. Expansion of INTEGRATED**XR**® Ecosystem

We focused on expanding our INTEGRATED**XR**® ecosystem to cater to various industrial sectors, including healthcare, defence, fashion, and real estate. This expansion involved integrating Artificial Intelligence (AI) enhancements, improving user experiences and operational efficiencies across different applications. Collaborations with leading technology providers have enabled us to develop solutions that bridge the physical and digital worlds, driving growth and innovation.

3. Technological Advancements

Vection continued to invest in research and development to stay at the forefront of technological advancements. Throughout the year, we made significant developments that have enhanced our product offerings and improved user experiences. For instance, we introduced ShelfZone 2.0 and X-RHEA, focusing on customer-driven updates to improve the realism and interactivity of virtual environments. We also enhanced 3DFrame by improving system interactions and broadening file compatibility, which supports complex spatial computations. Additionally, we evolved Enworks with advanced UI/UX designs, making the platform more user-friendly and intuitive for spatial computing applications. Our remote assistance tools were upgraded with advanced hardware such as Hololens and Metaquests, incorporating enhanced spatial computing capabilities that significantly improve our service offerings.

4. High-Value Contracts and Market Expansion

During FY24, Vection secured several high-value contracts, reinforcing our market position and driving revenue growth. Notable contracts include:

- A $4.9 million contract with a cybersecurity-focused technology service provider, enhancing infrastructure security solutions for law enforcement and government agencies. (ASX: 12 February 2024);
- Multiple contracts totalling $971,000 across the healthcare, real estate, and retail divisions. (ASX: 20 February 2024);
- A $2.1 million contract for international government agencies, focusing on cybersecurity solutions. (ASX: 1 May 2024); and
- Our inaugural $500,000 XR naval solution project powered by the Render Network. (ASX: 19 April 2024).

These contracts underscore our strategic focus on high-impact, technology-driven projects, demonstrating our ability to deliver cutting-edge solutions that meet the evolving needs of our clients across various sectors.

5. Organisational Restructuring and Corporate Governance
To enhance operational efficiency and support our growth strategy, Vection undertook significant organisational restructuring. This included reorganising our sales structure and establishing vertical operating groups focused on specific market segments. Additionally, we announced key changes to our Board of Directors to strengthen governance and strategic oversight.

6. Financial Performance
The financial performance for FY24 reflects our strategic initiatives and operational achievements:

- Revenue: ~$32.9 million, up 30.2% versus $25.3 million in the prior corresponding period, and up 201.8% versus $10.9 million in the first half of the year.
- Cash Position: Cash and cash equivalents totalling ~$7.6 million, reflecting a steady position throughout FY24.

7. Commitment to Innovation and Sustainability
Vection remains committed to innovation and sustainability. Our focus on integrating AI and spatial computing technologies supports our customers' ESG (Environmental, Social, and Governance) objectives, driving operational improvements and cost reductions.

FY24 Outlook
As we look ahead to FY25, Vection is well-positioned to capitalise on market opportunities and technological advancements. Our comprehensive end-to-end spatial computing ecosystem will continue to drive growth, enhance customer value, and maintain our leadership in the global marketplace.

Significant changes in the state of affairs
The Company completed the acquisition of fashion and retail focused XR company Invrsion S.r.l. In consideration for this acquisition, on 25 September 2023, the Company issued 1 performance right that is convertible into a maximum of 62 million shares in the Company if certain targets are met.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
On 27 July 2024, the Group acquired the technological assets of L'azienda MYR S.r.l. ('MYR') for approximately Euros 399,000.

On 29 August 2024, the Group acquired a generative artificial intelligence (AI) company, The Digital Box ('TDB') enhancing its AI and XR capabilities. The acquisition's initial enterprise value is circa $12m, with circa 157m (circa $1.5m) in newly issued shares payable at settlement. Up to circa 55m Vection shares will be issued if TDB achieves sales and EBITDA objectives and balance sheet valuation targets one year post acquisition.

On 5 September 2024, the Company issued 200,000,000 of ordinary fully paid shares at $0.10 ($2m placement as per announced of 29 August 2024). 157,014,000 shares and 34 performance rights to be issued to vendors of TDB and advisors to the transaction, subject to approval by shareholders. 270,000,000 listed options at $0.018 were issued to participants in a placement and the manager to the issue.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Likely developments in the operations of the Group and the expected results of those operations in subsequent financial years have been discussed where appropriate in the review of operations section above.

Material business risks
The material business risks that could adversely affect the Group's financial performance and growth potential in future years and how the Group propose to mitigate such risks are detailed below.

Risk	Risk Management Mitigation
Potential risks associated with external technologies.	The Group relies on third-party off-the-shelf technologies, alongside its proprietary solutions, to support its INTEGRATEDXR® offering. These external technologies may

Risk	Risk Management Mitigation
	be susceptible to issues beyond the Group's control, such as becoming obsolete or experiencing version conflicts. Such concerns could hinder the Group's ability to effectively upgrade and maintain its technology, potentially impacting its ability to serve customers. Moreover, the licensing conditions and pricing imposed by third-party providers may prove unsustainable or impractical, potentially necessitating the Group to seek alternative solutions or develop in-house options. However, there is no certainty that the Group would be able to do so in a smooth and uninterrupted manner if the need arises.
Establishing and maintaining strategic relationships.	Success for the Group hinges on maintaining existing strategic relationships and establishing new ones with industry and technology leaders. However, the ability to sustain or establish these crucial connections remains uncertain.
Dependence on third-party providers.	Several of the Group's technology solutions are designed to work with various external platforms, networks, systems, devices, and hardware. Any changes to these external elements could favour competing products or negatively impact the functionality of the Group's offerings, potentially leading to financial consequences.
Sales cycle variability.	Fluctuations in the timing of sales could cause significant swings in the Group's sales and financial performance. The duration of the sales cycle and product implementation schedule are influenced by various factors, including client nature and size, and complex decision-making processes, making predictions difficult.
Effective management of growth.	As the Group strives to gain market acceptance in new markets, it may need to expand its operations. However, its current systems, procedures, and resources may not be sufficient to support such growth. Consequently, difficulties in managing expansion or inadequate upgrades to systems and infrastructure could arise.
Data security and hosting risks.	The Group stores data in its own systems and with various third-party service providers and hosting facilities. These facilities are susceptible to damage, outages, and cybersecurity threats, potentially resulting in data corruption, theft, or loss. While the Group is implementing comprehensive cybersecurity measures, a cybersecurity incident could have severe consequences, including reputational damage and increased costs.
Currency fluctuations.	The Group's financial results may be influenced by currency fluctuations and volatility due to its operations and revenue being in different currencies.
Regulatory challenges.	The Group's products and services may encounter varying regulatory environments in different jurisdictions. Compliance with complex and evolving regulations may pose challenges.
Multi-jurisdictional risks.	As the Group expands its business to new markets, it becomes exposed to a range of multi-jurisdictional risks, including labour practices, environmental issues, contract enforcement difficulties, and changes in legal and regulatory landscapes.
Economic conditions impact.	General economic conditions, tax reforms, interest and inflation rate fluctuations, and currency exchange rate changes may adversely affect the Group's activities and funding capabilities.
Inflationary pressures on technology prices, labour, and business conditions.	Like any other industry, the technology sector is not immune to inflationary pressures that can affect prices, labour costs, and overall business conditions. As inflation rises, the cost of technology components and equipment may increase, impacting the Group's expenses on hardware and software. Additionally, labour costs may rise due to increased wages and benefits, potentially affecting the Group's operational costs. Inflation can also impact other aspects of the business, such as transportation, raw materials, and utility expenses.

Risk	Risk Management Mitigation
Market conditions and share price volatility.	Share market conditions can be influenced by several factors, including the economic outlook, interest rates, inflation rates, exchange rates, and investor sentiment, regardless of the Group's operating performance.

Environmental regulation
The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Mr Gianmarco Biagi
Title:	Managing Director and CEO
Qualifications:	MEng
Experience and expertise:	Mr Gianmarco Biagi is a former CEO of important multinational manufacturing groups and General manager of an important Italian group leader in luxury furniture. He has been President of Settepuntonove Srl since 2018, a holding company of industrial investments in the sector of new technologies, furniture, automotive and of services. He holds institutional role as President of AIQ, UMIQ Board President at Confindustria Emilia and National Councillor at AISOM. Previously he held the position of President of the furniture and wood sector at Unindustria Bologna and of Media Industry President at Unindustria Bologna and President of the FXO consortium.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee
Interests in shares:	Shares held indirectly and 50% with Mr Lorenzo Biagi Officine 8k Srl (Director-related entity) 327,556,186 ordinary shares Settepuntonove Srl (Director-related entity): 8,000,000 ordinary shares VR Tech SRL (Director-related entity): 3,000,000 ordinary shares
Interests in rights:	4,000,000 performance rights

Name:	Mr Lorenzo Biagi
Title:	Executive Director
Qualifications:	
Experience and expertise:	Mr Lorenzo Biagi is an experienced company manager in the private sector, with extensive knowledge in virtual reality technology, sales, and cost control management. While managing corporate development processes for more than 10 years, Mr Biagi has implemented new procedures and technologies helping make the companies he worked for and with, leaders in innovation.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Nomination and Remuneration Committee
Interests in shares:	Shares held indirectly and 50% with Mr Gianmarco Biagi Officine 8k Srkl (Director-related entity): 327,556,186 ordinary shares Settepuntonove Srl (Director-related entity): 8,000,000 ordinary shares VR Tech SRL (Director-related entity): 3,000,000 ordinary shares

Name:	Mr Jacopo Merli
Title:	Executive Director and COO
Qualifications:	MEng
Experience and expertise:	Mr Merli is the founder and CEO of JMC Group, acquired by Vection Technologies during 2021. During the last ten years, Mr Merli expanded JMC's focus as an OEM partner for a $100b tech hardware giant within mission-critical sectors including military, telco, and broadcasting, becoming, in 2019, one of their global suppliers. During his university career in aerospace engineering, Mr Merli joined as a consultant to the Italian branch of a NASDAQ-listed world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processor ("DSP") and integrated circuits ("ICs") acquiring key knowledge of large company management processes.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	66,510,036 ordinary shares held directly

Name:	Mr Gianmarco Orgnoni
Title:	Executive Director, CSO and CMO (transition to Non-Executive Director on 28 June 2024)
Qualifications:	BBus
Experience and expertise:	Mr Gianmarco Orgnoni has skills extending across corporate finance, investment banking and research analysis. Mr Orgnoni has extensive experience in offering corporate advisory and finance analysis across European and Australian private and publicly listed companies. Mr Orgnoni has worked closely with and has provided adversarial services to several companies spanning civil engineering, education, technology, biotechnology, and real estate. Mr Orgnoni holds a Bachelor's degree in economics and Business Administration from the Catholic University of the Sacred Heart of Milan, Italy.
Other current directorships:	None
Former directorships (last 3 years):	TikForce Limited.
Special responsibilities:	Member of the Audit and Risk and Nomination and Remuneration Committees
Interests in shares:	1,500,000 ordinary shares held directly; Torg Advisors (Director-related entity): 4,500,000 ordinary shares
Interests in rights:	3,000,000 performance rights

Name:	Mr Umberto (Bert) Mondello
Title:	Non-Executive Director (resigned as Chairman on 10 November 2023)
Qualifications:	LLB
Experience and expertise:	Mr Bert Mondello is an experienced public company director, corporate advisor, and technology expert with 20 years of experience across both the private and public sectors. Mr Mondello has widespread experience spanning retail and institutional sectors and extensive knowledge of marketing communications and investor relations. With deep-rooted expertise across multiple technology sectors, Mr Mondello has provided strategic corporate advice and mentoring to several private and public organisations internationally across multiple industries. He holds a Bachelor of Law from the University of Notre Dame, Australia.
Other current directorships:	Douugh Limited and Streamplay Studio Limited
Former directorships (last 3 years):	WestStar Industrial Limited and Sinetech Limited
Special responsibilities:	Member of the Audit and Risk and Nomination and Remuneration Committees
Interests in shares:	Indomain Enterprises Pty Ltd (Director-related entity): 5,500,000 ordinary shares
Interests in rights:	2,000,000 performance rights

Name:	Damian Banks
Title:	Non-Executive Director and Chairman (appointed on 10 November 2023, resigned on 28 June 2024)
Qualifications:	
Experience and expertise:	Mr Banks is an experienced business leader with a proven track record in developing and expanding successful healthcare, employment, and banking businesses. He focuses on financial management, technology, and people and has a strong history of developing customer-focused cultures. Mr Banks has also completed several M&A transactions. Mr Banks is an advisor and board member of public and private companies. Mr Banks has significant experience in business Leadership as the Managing Director and CEO of Konekt Ltd (ASX:KKT), a technology-focused healthcare and employment company until its successful sale in December 2019. Before this, Mr. Banks held several leadership roles with Westpac Banking Corporation. Mr Banks has significant experience leading businesses with strong organic growth, and with M&A transactions and integrations – both important features of Vection Technologies' future.
Other current directorships:	Chair, Non-executive Director of Kip McGrath Education Limited (ASX:KME) Non-executive Director of Boom Logistics Limited (ASX:BOL) and IMEXHS Limited (ASX:IME)
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

The Company's Secretary is Mr Derek Hall. Mr Hall is a finance and compliance specialist in the listed space. Mr Hall has significant commercial experience identifying key business drivers and bringing cost control and process improvement into sharp focus. Mr Hall has been involved as a Chief Financial Officer and Company Secretary for several publicly listed and unlisted companies involving in transactions in technology, mining, oil and gas and construction. Mr Hall is a Chartered Accountant, Chartered Secretary and Fellow of the Financial Services Institute.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2024, and the number of meetings attended by each Director were:

	Full Board *	
	Attended	Held
Mr Gianmarco Biagi	5	5
Mr Lorenzo Biagi	5	5
Mr Jacopo Merli	5	5
Mr Gianmarco Orgnoni	5	5
Mr Umberto (Bert) Mondello	5	5
Mr Damian Banks	2	5

Held: represents the number of meetings held during the time the Director held office.

* Given the size and composition of the Board, the Board resolved to act as the Audit and Risk Committee and the Remuneration and Nomination Committee.

Remuneration report (audited)

The remuneration report details the key management personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration
Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive Directors do not receive share options or other incentives.

Upon appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of the director.

The key terms of the non-executive director service agreements are as follows:

- Term of agreement – ongoing subject to annual review and the Company's constitution.
- Non-Executive Directors' Fees of up to $72,000 per annum plus an amount equivalent to statutory superannuation (if applicable).
- There is a 6-month notice period stipulated to terminate the contract by either party. The maximum aggregate amount of fees that can be paid to non-executive directors is currently fixed at $300,000 with any change in this amount subject to approval by shareholders at the Annual General Meeting. The Company does not have a Director's Retirement Scheme in place at present.

ASX listing rules require the aggregate non-executive Directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2017, where the shareholders approved a maximum annual aggregate remuneration of $300,000.

Executive director and senior management remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

It is the Company's policy that service contracts for executive directors and senior executives be entered into. A service contract with an executive director or senior executive would provide for the payment of benefits where the contract is terminated by the entity or the individual.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- long-term incentives; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') are share-based payments. Options and performance rights are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2024.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
The Group did not engage the use of a remuneration consultant during the financial year ended 30 June 2024.

Voting and comments made at the Company's 2023 Annual General Meeting ('AGM')
At the 2023 AGM, 90.1% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
Amounts of remuneration
Details of the remuneration of KMP of the Group are set out in the following tables.

The KMP of the Group consisted of the following Directors of Vection Technologies Ltd:
- Mr Damian Banks
- Mr Gianmarco Biagi
- Mr Lorenzo Biagi
- Mr Jacopo Merli
- Mr Gianmarco Orgnoni
- Mr Umberto (Bert) Mondello

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
						Equity-settled	Equity-settled	
2024	Cash salary and fees $	Cash bonus* $	Non-monetary $	Super-annuation $	Long service leave $	Shares $	Options/ performance rights $	Total $
Non-Executive Directors:								
Mr Damian Banks **	59,820	-	-	6,618	-	-	-	66,438
Mr Umberto (Bert) Mondello	72,000	-	-	-	-	-	113,100	185,100
Executive Directors:								
Mr Gianmarco Orgnoni ***	216,000	-	-	-	-	-	169,650	385,650
Mr Jacopo Merli	252,278	247,122	-	-	-	-	-	499,400
Mr Lorenzo Biagi	127,200	-	-	-	-	-	-	127,200
Other KMP:								
Mr Gianmarco Biagi	384,000	-	-	-	-	-	226,200	610,200
	1,111,298	247,122	-	6,618	-	-	508,950	1,873,988

* Short-term incentives based on target performance (1% turnover excluding inter-companies) on JMC Group and Xintex.
** Mr Damian Banks was appointed on 10 November 2023 and resigned on 28 June 2024.
*** Mr Gianmarco Orgnoni moved to the role of Non-Executive Director on 28 June 2024.

2023	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled Shares $	Share-based payments: Equity-settled Options/ performance rights $	Total $
Non-Executive Directors:								
Mr Umberto (Bert) Mondello	72,000	-	-	-	-	-	177,251	249,251
Executive Directors:								
Mr Gianmarco Orgnoni	199,500	-	-	-	-	-	265,876	465,376
Mr Jacopo Merli	132,643	-	-	-	-	-	119,835	252,478
Mr Lorenzo Biagi	127,200	-	-	-	-	-	-	127,200
Mr Gabriele Sorrento	159,131	-	-	-	-	-	-	159,131
Other KMP:								
Mr Gianmarco Biagi	348,000	-	-	-	-	-	354,502	702,502
	1,038,474	-	-	-	-	-	917,464	1,955,938

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2024	Fixed remuneration 2023	At risk - STI 2024	At risk - STI 2023	At risk - LTI 2024	At risk - LTI 2023
Non-Executive Directors:						
Mr Damian Banks	100%	-	-	-	-	-
Mr Umberto (Bert) Mondello	39%	29%	-	-	61%	71%
Executive Directors:						
Mr Gianmarco Orgnoni	56%	43%	-	-	44%	57%
Mr Jacopo Merli	50%	53%	50%	-	-	47%
Mr Lorenzo Biagi	100%	-	-	-	-	-
Other KMP:						
Mr Gianmarco Biagi	63%	50%	-	-	37%	50%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2024	Cash bonus paid/payable 2023	Cash bonus forfeited 2024	Cash bonus forfeited 2023
Executive Directors:				
Mr Jacopo Merli	100%	-	-	-

Service agreements
Remuneration and other terms of employment for KMP are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Gianmarco Biagi
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	12 April 2019
Term of agreement:	Until terminated in accordance with the agreement.
Details:	• Remuneration: $32,000 per month. • Period of notice for termination/resignation: Three months' written notice by the consultant. Three months written notice by the Company. • Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months' fees in lieu of notice.

Name:	Mr Lorenzo Biagi
Title:	Executive Director
Agreement commenced:	12 April 2019
Term of agreement:	Until terminated in accordance with the agreement.
Details:	• Remuneration: $10,600 per month. • Period of notice for termination/resignation: Three months' written notice by the consultant. Three months' written notice by the Company. • Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months' fees in lieu of notice.

Name:	Mr Jacopo Merli
Title:	Executive Director and Chief Operating Officer
Agreement commenced:	1 December 2022
Term of agreement:	Until terminated in accordance with the agreement.
Details:	• Remuneration: $21,023 per month. • Period of notice for termination/resignation: Three months' written notice by the consultant. Three months' written notice by the Company. • Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months' fees in lieu of notice.

Name:	Mr Gianmarco Orgnoni
Title:	Executive Director, CSO and CMO (transition to Non-Executive Director on 28 June 2024)
Agreement commenced:	1 December 2020
Term of agreement:	Until terminated in accordance with the agreement.
Details:	• Remuneration: $18,000 per month. • Period of notice for termination/resignation: Three months' written notice by the consultant. Three months' written notice by the Company. • Short-term cash bonus based on JMC Group and Xintex performance targets (1% turnover excluding inter-companies). • Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months' fees in lieu of notice.

KMP have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2024.

Options
There were no options over ordinary shares issued to Directors and other KMP as part of compensation that were outstanding as at 30 June 2024.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other KMP in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date [1]	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Mr Gianmarco Biagi						
Tranche 1	2,000,000	6 December 2021	Vested	6 December 2024	$0.135	$0.087
Tranche 2	2,000,000	6 December 2021		6 December 2024	$0.135	$0.080
Tranche 3	2,000,000	6 December 2021		6 December 2024	$0.135	$0.073
	6,000,000				$0.000	$0.000
Mr Gianmarco Orgnoni						
Tranche 1	1,500,000	6 December 2021	Vested	6 December 2024	$0.135	$0.087
Tranche 2	1,500,000	6 December 2021		6 December 2024	$0.135	$0.080
Tranche 3	1,500,000	6 December 2021		6 December 2024	$0.135	$0.073
	4,500,000				$0.000	$0.000
Mr Umberto (Bert) Mondello						
Tranche 1	1,000,000	6 December 2021	Vested	6 December 2024	$0.135	$0.087
Tranche 2	1,000,000	6 December 2021		6 December 2024	$0.135	$0.080
Tranche 3	1,000,000	6 December 2021		6 December 2024	$0.135	$0.073
	3,000,000				$0.000	$0.000

Performance rights granted carry no dividend or voting rights.

Performance rights issued for nil consideration each exercisable into one ordinary share at the election of the holder at any time between meeting the vesting condition and the expiry date. Key vesting conditions are [(1)];

- Tranche 1 - The Company achieving a $150,000,000 market capitalisation based on the 7-day volume weighted average share price ('VWAP').
- Tranche 2 - The Company achieving a $200,000,000 market capitalisation based on the 7-day VWAP.
- Tranche 3 - The Company achieving a $250,000,000 market capitalisation based on the 7-day VWAP.

Values of performance rights over ordinary shares granted, vested and lapsed for Directors and other KMP as part of compensation during the year ended 30 June 2024 are set out below:

Name	Value of rights granted during the year $	Value of rights vested during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year %
Mr Gianmarco Biagi	-	226,200	-	37%
Mr Gianmarco Orgnoni	-	169,650	-	44%
Mr Umberto (Bert) Mondello	-	113,100	-	61%

Additional information
The earnings of the Group for the five years to 30 June 2024 are summarised below:

	2024 $'000	2023 $'000	2022 $'000	2021 $'000	2020 $'000
Sales revenue	32,828	25,332	17,218	3,471	3,139
Loss after income tax	(9,999)	(11,023)	(7,100)	(2,507)	(1,166)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end ($)	0.018	0.042	0.070	0.060	0.040
Basic earnings per share (cents per share)	(0.875)	(2.399)	(0.610)	(0.260)	(0.203)

Additional disclosures relating to KMP

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Gianmarco Biagi *	169,278,093	-	-	-	169,278,093
Mr Lorenzo Biagi *	169,278,093	-	-	-	169,278,093
Mr Gianmarco Orgnoni	6,000,000	-	-	-	6,000,000
Mr Jacopo Merli **	66,510,036	-	-	-	66,510,036
Mr Bert Mondello	5,500,000	-	-	-	5,500,000
Mr Gabriele Sorrento ***	25,125,402	-	-	(25,125,402)	-
	441,691,624	-	-	(25,125,402)	416,566,222

* Indirect shareholding as a result of a relevant interest in VR Tech SRL which has a relevant interest in Officine8K, which is the registered holder of these securities
** Shareholding as at date of appointment.
*** Other includes ordinary shares held on date of resignation.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of KMP of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mr Gianmarco Biagi	4,000,000	-	-	-	4,000,000
Mr Gianmarco Orgnoni	3,000,000	-	-	-	3,000,000
Mr Bert Mondello	2,000,000	-	-	-	2,000,000
Mr Jacopo Merli	3,195,611	-	-	(3,195,611)	-
	12,195,611	-	-	(3,195,611)	9,000,000

Loans to KMP and their related parties
Loan of $177,115 was provided to Mr Jacopo Merli. This loan is fully repayable at an interest rate of 5%. The loan is to be repaid by 30 June 2025.

Other transactions with KMP and their related parties
The Group may enter into agreements for services rendered with individuals (or an entity that is associated with the individuals) during the ordinary course of business.

A number of entities associated with the directors and KMP have consulting agreements in place which has resulted in transactions between the Group and those entities during the period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

		Transaction value		Outstanding balance	
		2024	2023	2024	2023
Director	Transaction	$	$	$	$
Mr Gianmarco Biagi and Mr Lorenzo Biagi	Other revenue (a)	488,385	23,726	488,385	-
	Other service cost (b)	25,167	33,872	13,273	136
	Revenue from services (c)	38,936	1,483	215,567	159,511
Mr Jacopo Merli	Other service cost (d)	228,164	231,800	-	91,048

(a) The Company's subsidiary Vection Italy Srl received services from companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi.
(b) The Company's subsidiary Vection Italy Srl paid to companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for service provided.
(c) The Company's subsidiary Vection Italy Srl received services from companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for service provided.
(d) The Company's subsidiaries paid to acquire services to companies and individual associated with Mr Jacopo Merli.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Vection Technologies Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
3 December 2021	4 December 2024	$0.250	32,500,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights
Unissued ordinary shares of Vection Technologies Ltd under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
6 December 2021	6 December 2024	$0.000	13,100,000
29 September 2023	30 September 2025	$0.000	1
			13,100,001

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Vection Technologies Ltd issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Vection Technologies Ltd issued on the exercise of performance rights during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of RSM Australia Partners

There are no officers of the Company who are former partners of RSM Australia Partners.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Gianmarco Biagi
Managing Director and CEO

Mr Jacopo Merli
Executive Director and COO

30 September 2024

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vection Technologies Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA

Perth, WA
Dated: 30 September 2024

MATTHEW BEEVERS
Partner

	Note	2024 $'000	2023 $'000
Revenue	5	32,828	25,332
Other income	6	1,438	756
Interest revenue calculated using the effective interest method		25	212
Expenses			
Changes in inventories		341	(564)
Variable cost of sales	7	(24,634)	(18,716)
Employee benefits expense		(6,712)	(5,820)
Consulting and professional fees		(2,014)	(2,065)
Depreciation and amortisation expense	7	(2,331)	(1,217)
Impairment of assets	7	(3,139)	(3,205)
Share-based payments	7	(163)	(1,860)
Other expenses	7	(4,326)	(3,581)
Finance costs	7	(976)	(240)
Total expenses		(43,954)	(37,268)
Loss before income tax expense		(9,663)	(10,968)
Income tax expense	8	(336)	(55)
Loss after income tax expense for the year		(9,999)	(11,023)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		201	389
Other comprehensive income for the year, net of tax		201	389
Total comprehensive income for the year		(9,798)	(10,634)
Loss for the year is attributable to:			
Non-controlling interest		(137)	(202)
Owners of Vection Technologies Ltd		(9,862)	(10,821)
		(9,999)	(11,023)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Vection Technologies Ltd		(9,798)	(10,634)
		(9,798)	(10,634)
		Cents	Cents
Basic earnings per share	28	(0.875)	(2.399)
Diluted earnings per share	28	(0.875)	(2.399)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2024 $'000	2023 $'000
Assets			
Current assets			
Cash and cash equivalents	9	7,602	11,359
Trade and other receivables	10	14,905	13,648
Inventories	11	1,339	676
Total current assets		23,846	25,683
Non-current assets			
Intangibles assets	12	21,638	15,622
Property, plant and equipment		536	550
Right-of-use assets		135	163
Financial assets	18	52	84
Total non-current assets		22,361	16,419
Total assets		46,207	42,102
Liabilities			
Current liabilities			
Trade and other payables	13	19,353	10,969
Contract liabilities		165	-
Borrowings	14	7,503	8,114
Lease liabilities		145	211
Employee benefits		100	72
Income tax payable		391	16
Total current liabilities		27,657	19,382
Non-current liabilities			
Borrowings	14	1,370	2,194
Lease liabilities		18	164
Employee benefits		725	544
Deferred tax liabilities	8	1,319	627
Other financial liabilities	24	5,562	-
Total non-current liabilities		8,994	3,529
Total liabilities		36,651	22,911
Net assets		9,556	19,191
Equity			
Issued capital	15	46,592	46,592
Reserves	16	4,394	7,221
Accumulated losses		(40,582)	(33,911)
Equity attributable to the owners of Vection Technologies Ltd		10,404	19,902
Non-controlling interest		(848)	(711)
Total equity		9,556	19,191

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2022	44,611	11,181	(27,336)	(479)	27,977
Loss after income tax expense for the year	-	-	(10,821)	(202)	(11,023)
Other comprehensive income for the year, net of tax	-	389	-	-	389
Total comprehensive income for the year	-	389	(10,821)	(202)	(10,634)
Transactions with owners in their capacity as owners:					
Issued share capital, net of transaction cost	126	-	-	-	126
Shared-based payments	-	1,734	-	-	1,734
Performance rights vested	1,855	(1,855)	-	-	-
Performance rights expired	-	(4,228)	4,216	-	(12)
De-recognition of non-controlling interest	-	-	30	(30)	-
Balance at 30 June 2023	46,592	7,221	(33,911)	(711)	19,191

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2023	46,592	7,221	(33,911)	(711)	19,191
Loss after income tax expense for the year	-	-	(9,862)	(137)	(9,999)
Other comprehensive income for the year, net of tax	-	201	-	-	201
Total comprehensive income for the year	-	201	(9,862)	(137)	(9,798)
Transactions with owners in their capacity as owners:					
Share-based payments	-	163	-	-	163
Performance rights expired	-	(320)	320	-	-
Options expired	-	(2,871)	2,871	-	-
Balance at 30 June 2024	46,592	4,394	(40,582)	(848)	9,556

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		36,201	19,866
Payments to suppliers and employees (inclusive of GST)		(33,615)	(27,258)
Interest received		25	212
Interest paid		(976)	(240)
Income taxes paid		(346)	(58)
Net cash from/(used in) operating activities	26	1,289	(7,478)
Cash flows from investing activities			
Payments for property, plant and equipment		(133)	(404)
Payments for intangibles	12	(3,666)	(2,677)
Transactions costs in purchase of subsidiary		-	(7)
Proceeds from disposal of property, plant and equipment		485	-
Net cash used in investing activities		(3,314)	(3,088)
Cash flows from financing activities			
Proceeds from borrowings		15,532	9,258
Repayment of borrowings		(17,182)	(2,563)
Repayment of lease liabilities		(248)	(3)
Net cash (used in)/from financing activities		(1,898)	6,692
Net decrease in cash and cash equivalents		(3,923)	(3,874)
Cash and cash equivalents at the beginning of the financial year		11,359	14,869
Effects of exchange rate changes on cash and cash equivalents		166	364
Cash and cash equivalents at the end of the financial year	9	7,602	11,359

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Vection Technologies Ltd as a Group consisting of Vection Technologies Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Vection Technologies Ltd's functional and presentation currency.

Vection Technologies Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, Building C,
Garden Office Park,
355 Scarborough Beach Road,
Osborne Park WA 6017

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2024. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
AASB 2021-2 was issued in March 2021 and is applicable to annual periods beginning on or after 1 January 2023.

This standard amends AASB Standards to improve accounting policy disclosures so that they provide more useful information to investors and users of the financial statements and clarifies the distinction between accounting policies and accounting estimates. Specifically, AASB 2021-2 amends:
- AASB 7 Financial Instruments: Disclosures, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements.
- AASB 101 Presentation of Financial Statements, to require entities to disclose their material accounting policy information rather than their significant accounting policies.
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates.
- AASB 134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements.
- AASB Practice Statement 2 Making Materiality Judgements, to provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures.

Note 2. Material accounting policy information (continued)

AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
AASB 2021-5 was issued in June 2021 and is applicable to annual periods beginning on or after 1 January 2023.

The standard amends AASB 112 to clarify that the initial recognition exemption from the requirement to recognise deferred tax does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. Such transactions include leases and decommissioning, restoration and similar obligations. For lease accounting, the implication is that where the entity has adopted an accounting policy that attributes the tax deduction as being directly related to the repayment of the lease liability, a deferred tax asset will arise on initial recognition of the lease liability, and a deferred tax liability will be recognised on initial recognition of the related component of the lease asset's cost. Alternatively, where the entity attributes the tax deduction as being related to the consumption of the right-of-use asset, the deferred tax liability and deferred tax asset are both attributable to the recognition of the right-of-use asset and will net off resulting in no deferred tax recognised. The amendments to AASB 1 require deferred tax related to such transactions to be recognised by first-time adopters at the date of transaction to AASBs.

AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules
AASB 2023-2 was issued in June 2023 and is applicable for annual reporting periods beginning on or after 1 January 2023 that end on or after 30 June 2023. Early adoption is permitted

This standard amends AASB 112 'Income Taxes' to introduce a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The amendments also require targeted disclosures to help financial statement users better understand an entity's exposure to income taxes arising from the reform, particularly in periods before legislation implementing the rules is in effect. As at the date of approval of these financial statements, the legislation has not been substantively enacted. Therefore, the Group is unable to determine the potential impact.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2024, the Group incurred a loss after tax of $9,999,000 (2023: $11,023,000) and as at 30 June 2024, the Group's current liabilities exceed its current assets by $3,811,000 (2023: net current assets of $6,301,000), generating material uncertainty with respect to the Group's ability to continue as a going concern and therefore its ability to realise its assets and settle its liabilities in the ordinary course of business and at the amounts set out in the financial statements.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet its commitments and working capital requirements for the 12-month period from the date of signing this financial report.

The ability of the Group to continue as a going concern is principally dependent on the following:
- increased sales, underpinned initially by certain client orders and sales opportunities assessed by Directors as being reasonably probable to convert and later in the cash flow forecast by reference to their assessment of market opportunities;
- measures to be implemented to improve gross margins, including improved efficiencies in product and service delivery; and
- cost reductions across business units arising from management restructure and other cost minimisation measures, either recently implemented or to be implanted in coming months.

In addition to this, should the Group require any financing facilities, the Directors anticipate the availability of further funding, as needed, to be available through equity or debt raisings.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the Directors are confident of the Group's ability to raise additional funds as and when they are required.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Note 2. Material accounting policy information (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, listed equity shares, derivative financial instruments and contingent consideration measured at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vection Technologies Ltd ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Vection Technologies Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Vection Technologies Ltd's functional and presentation currency.

Note 2. Material accounting policy information (continued)

Foreign currency transactions
Foreign currency transactions are translated into the entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services
Revenue from a contract to provide contractor services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Material accounting policy information (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, and an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Material accounting policy information (continued)

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3 years (straight-line)
Plant and equipment	3-7 years (straight-line)
Office and computer equipment	4-10 years (diminishing value)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 2. Material accounting policy information (continued)

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Intellectual property
Significant costs associated with intellectual property are not amortised. Instead, it's tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on infinite assets are taken to profit or loss and are not subsequently reversed. Management considers that the useful life of intellectual property is indefinite because there is no foreseeable limit to the cash flows this asset can generate.

Customer relationships
Customer relationships acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Research and development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 2. Material accounting policy information (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Material accounting policy information (continued)

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2. Material accounting policy information (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Vection Technologies Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 2. Material accounting policy information (continued)

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Comparatives
Comparatives have been realigned where necessary, to be consistent with current year presentation. There was no effect on profit, net assets or equity.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. The standard replaces AASB 101 ‘Presentation of Financial Statements’, although many of the requirements have been carried forward unchanged and is accompanied by limited amendments to the requirements in AASB 107 ‘Statement of Cash Flows’. The standard requires income and expenses to be classified into five categories: ‘Operating’ (residual category if income and expenses are not classified into another category), ‘Investing’, ‘Financing’, ‘Income taxes’ and ‘Discontinued operations’. The standard introduces two mandatory sub-totals: ‘Operating profit’ and ‘Profit before finance and income taxes’. There are also new disclosure requirements for ‘management-defined performance measures’, such as earnings before interest, taxes, depreciation and amortisation (‘EBITDA’) or ‘adjusted profit’. The standard provides enhanced guidance on how to organise and group information (aggregation and disaggregation) in the financial statements and whether to provide it in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

Note 2. Material accounting policy information (continued)

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. [The Group does not expect these amendments to have a material impact OR The Group expects that these amendments may impact the Group's presentation of liabilities.]

AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
AASB 2022-5 was issued in November 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted.

This Standard amends AASB 16 to add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in AASB 15 Revenue from Contracts with Customers to be accounted for as a sale. Consistent with the AASB 16 requirements for a seller-lessee to recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor, the amendments made by this Standard ensure that a similar approach is applied by also requiring a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognise any amount of the gain or loss related to the right of use it retains. The Group does not expect these amendments to have a material impact.

AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements
AASB 2023-1 was issued in June 2023 and is applicable for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted.

This standard makes amendments to AASB 7 'Financial Instruments: Disclosures' and AASB 107 'Statement of Cash Flows' to require an entity to provide additional disclosures about its supplier finance arrangements. The additional information will enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities, cash flows and exposure to liquidity risk. The amendments require an entity to disclose the terms and conditions of the arrangements, the carrying amount of the liabilities that are part of the arrangements, the carrying amounts of those liabilities for which the suppliers have already received payment from the finance providers, the range of payment due dates and the effect of non cash changes. The Group does not expect these amendments to have a material impact.

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability
AASB 2023-5 was issued in October 2023 and is applicable for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted.

This standard makes amendments to AASB 121 'The Effects of Changes in Foreign Exchange Rates' and AASB 1 'First-time Adoption of Australian Accounting Standards' to require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency. The Group does not expect these amendments to have a material impact.

AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture
AASB 2014-10 was issued in December 2014 and is applicable for annual reporting periods beginning on or after 1 January 2025 (as extended by AASB 2021-7). Early adoption is permitted.

This standard makes amendments to AASB 10 'Consolidated Financial Statements' and AASB 128 'Investments in Associates and Joint Ventures' to clarify the extent to which gains or losses are recognised when accounting for sales or contributions of assets between an investor and its associate or joint venture. The standard requires that a full gain or loss is recognised when the transaction involves a business whilst a partial gain or loss is recognised when the transaction involves assets that do not constitute a business. The Group does not expect these amendments to have a material impact.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Goodwill and other indefinite life intangible assets
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

Identification of reportable operating segments
During the year ending 30 June 2024, in line with the Board's new strategy, the Board started to monitor its operations based on region. This has been reflected in the management accounts that were part of the Board pack as submitted to the Board in June 2024. Consequently, the Board (who is identified as the Chief Operating Decision Makers ('CODM')) has determined that the Group's segment information should be disclosed based on two geographic locations being Europe, Middle East, Africa and America ('EMEA') and Asia-Pacific ('APAC').

The Group has restated the previously reported segment information which was; IT software development, outsourced services and corporate, for the year ended 30 June 2023 to reflect the new operating segments identified.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services
The principal products and services of each of these operating segments are as follows:

EMEA	Integrated XR
APAC	3D Services, ICT and IoT

Intersegment transactions
Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2024, approximately $7,157,000 (22%) (2023: $1,407,000 (6%)) of the Group's external revenue was derived from sales to a major European partner and distributor to customers in the defence sector, through the different services provided.

Note 4. Operating segments (continued)

Operating segment information

2024	EMEA $'000	APAC $'000	Total $'000
Revenue			
Sales to external customers	29,146	3,682	32,828
Other revenue	1,423	40	1,463
Total revenue	30,569	3,722	34,291
EBITDA	515	(3,594)	(3,079)
Depreciation and amortisation	(2,098)	(233)	(2,331)
Impairment of assets	(3,139)	-	(3,139)
Share-based payments expense	-	(163)	(163)
Finance costs	(920)	(56)	(976)
Interest revenue	2	23	25
Loss before income tax expense	(5,640)	(4,023)	(9,663)
Income tax expense			(336)
Loss after income tax expense			(9,999)
Assets			
Segment assets	38,109	25,934	64,043
Intersegment eliminations			(17,836)
Total assets			46,207
Total assets includes:			
Acquisition of non-current assets	7,565	-	7,565
Liabilities			
Segment liabilities	39,317	10,831	50,148
Intersegment eliminations			(13,497)
Total liabilities			36,651

Note 4. Operating segments (continued)

2023 - Restated	EMEA $'000	APAC $'000	Total $'000
Revenue			
Sales to external customers	21,227	4,105	25,332
Other revenue	649	319	968
Total revenue	21,876	4,424	26,300
EBITDA	(1,356)	(3,302)	(4,658)
Depreciation and amortisation	(1,062)	(155)	(1,217)
Impairment of assets	(3,205)	-	(3,205)
Share-based payments expense	-	(1,860)	(1,860)
Finance costs	(206)	(34)	(240)
Interest revenue	4	208	212
Loss before income tax expense	(5,825)	(5,143)	(10,968)
Income tax expense			(55)
Loss after income tax expense			(11,023)
Assets			
Segment assets	26,117	33,582	59,699
Intersegment eliminations			(17,597)
Total assets			42,102
Liabilities			
Segment liabilities	25,467	8,935	34,402
Intersegment eliminations			(11,491)
Total liabilities			22,911

Note 5. Revenue

	2024 $'000	2023 $'000
Revenue from contracts with customers	32,828	25,332

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2024 $'000	2023 $'000
Major product lines		
INTEGRATEDXR® solutions and services	32,828	25,332
Geographical regions		
EMEA represents the geographical area composed by Europe, Middle East, Africa and America.	29,146	21,227
APAC represents the geographical area composed by Australia and the Asia-Pacific region	3,682	4,105
	32,828	25,332
Timing of revenue recognition		
Goods transferred at a point in time	29,982	25,092
Services transferred over time	2,846	240
	32,828	25,332

Note 6. Other income

	2024 $'000	2023 $'000
Net foreign exchange gain	76	-
Net gain on disposal of property, plant and equipment	485	-
Other income	877	756
Other income	1,438	756

Note 7. Expenses

	2024 $'000	2023 $'000
Loss before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	24,634	18,716
Depreciation		
Leasehold improvements	-	2
Plant and equipment	5	2
Office and computer equipment	196	142
Buildings right-of-use assets	64	159
Total depreciation	265	305
Amortisation		
Customer relationships	128	-
Other intangibles (software and development costs)	1,938	912
Total amortisation	2,066	912
Total depreciation and amortisation	2,331	1,217
Impairment of assets		
Goodwill	761	973
Intellectual property	-	1,892
Software and development costs	2,378	318
Expected credit losses	-	22
Total impairment of assets	3,139	3,205
Other expenses		
Advertising and marketing expenses	733	1,127
Corporate and administrative expenses	3,008	1,933
Rent expenses	585	419
Net foreign exchange losses	-	102
Total other expenses	4,326	3,581
Finance costs		
Interest and finance charges paid/payable on borrowings	948	234
Interest and finance charges paid/payable on lease liabilities	28	6
Finance costs expensed	976	240
Share-based payments expense		
Vesting of performance rights relating to business combination	(346)	1,225
Director performance rights expenses	509	509
Issued shares to employees	-	126
Total share-based payments expense	163	1,860

Note 8. Income tax

	2024 $'000	2023 $'000
Income tax expense		
Current tax	352	55
Deferred tax - origination and reversal of temporary differences	(16)	-
Aggregate income tax expense	336	55
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax liabilities	(16)	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(9,663)	(10,968)
Tax at the statutory tax rate of 25%	(2,416)	(2,742)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	96	465
	(2,320)	(2,277)
Current year tax losses not recognised	2,656	2,332
Income tax expense	336	55

The Directors estimate that the potential future income tax benefits carried forward but not brought to account at year end at the Australian corporate tax rate of 25% (2023: 25%) in relation Australian companies are made up as follows:

	2024 $'000	2023 $'000
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Australian revenue losses	5,370	4,642
Australian capital losses	149	149
Australian CGT assets	171	171
Australian taxable temporary differences	139	220
Total deferred tax assets not recognised	5,829	5,182

The tax benefits of the above deferred tax assets will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised.

(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation; and

(iii) no changes in income tax legislation adversely affecting the Group in realizing the benefit from the deduction for the losses.

Note 8. Income tax (continued)

	2024 $'000	2023 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Other intangibles (software and development costs)	1,319	627
Deferred tax liability	1,319	627
Movements:		
Opening balance	627	616
Credited to profit or loss	(16)	-
Additions through business combinations (note 24)	702	-
Adjustment from prior periods	6	11
Closing balance	1,319	627

Note 9. Cash and cash equivalents

	2024 $'000	2023 $'000
Current assets		
Cash at bank	7,602	11,359

Note 10. Trade and other receivables

	2024 $'000	2023 $'000
Current assets		
Trade receivables	11,696	12,026
Less: Allowance for expected credit losses	(189)	(231)
	11,507	11,795
Other receivables	2,102	1,352
Prepayments	1,296	501
	3,398	1,853
	14,905	13,648

Allowance for expected credit losses
The Group has recognised a loss of $nil (2023: $23,000) in profit or loss in respect of the expected credit losses for the year ended 2024.

Note 10. Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
	%	%	$'000	$'000	$'000	$'000
Not overdue	-	-	8,810	8,825	-	-
0 to 3 months overdue	-	-	1,010	1,997	-	-
3 to 6 months overdue	-	-	89	26	-	-
Over 6 months overdue	10.59%	19.59%	1,787	1,178	189	231
			11,696	12,026	189	231

Movements in the allowance for expected credit losses are as follows:

	2024 $'000	2023 $'000
Opening balance	231	179
Additional provisions recognised	-	52
Receivables written off during the year as uncollectable	(42)	-
Closing balance	189	231

Note 11. Inventories

	2024 $'000	2023 $'000
Current assets		
Raw materials and consumables - at cost	-	189
Work in progress - at cost	1,339	40
Finished goods - at cost	-	447
	1,339	676

Note 12. Intangibles

	2024 $'000	2023 $'000
Non-current assets		
Goodwill - at cost	13,431	8,682
Less: Impairment	(1,734)	(973)
	11,697	7,709
Intellectual property - at cost	2,825	2,825
Less: Impairment	(1,892)	(1,892)
	933	933
Customer relationships - at cost	833	-
Less: Accumulated amortisation	(128)	-
	705	-
Other intangible assets (software and development costs) - at cost	15,207	10,473
Less: Accumulated amortisation	(3,275)	(2,242)
Less: Impairment	(3,629)	(1,251)
	8,303	6,980
	21,638	15,622

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $'000	Intellectual property $'000	Customer relationships $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2022	8,671	2,811	-	5,545	17,027
Additions	-	13	-	2,668	2,681
Exchange differences	11	1	-	(3)	9
Impairment of assets	(973)	(1,892)	-	(318)	(3,183)
Amortisation expense	-	-	-	(912)	(912)
Balance at 30 June 2023	7,709	933	-	6,980	15,622
Additions	-	-	-	3,666	3,666
Additions through business combinations (note 24)	4,704	-	833	1,974	7,511
Exchange differences	45	-	-	(1)	44
Impairment of assets	(761)	-	-	(2,378)	(3,139)
Amortisation expense	-	-	(128)	(1,938)	(2,066)
Balance at 30 June 2024	11,697	933	705	8,303	21,638

Allocation of goodwill to Groups of Cash-Generating Units (CGUs)
Previously, the CGUs had been identified and grouped in accordance with the acquisition made; in other words, each business acquired was identified as a separate CGU. Any identified goodwill on acquisition was also allocated to the respective business acquired. However, Vection has now considered grouping its CGUs into two main CGUs instead, based on the geographical location of the respective entities within the Group, being Europe, Middle East, Africa and America ('EMEA') and Asia-Pacific ('APAC').

Note 12. Intangibles (continued)

In line with their strategy Vection has started to group its historical acquisitions (Vection Italy, S.r.l, Mindesk S.r.l, Blank Canvas Studios (Aus) Pty Ltd, JMC Group S.r.l, and more recently during the year; Invrsion S.r.l.) based on the technologies provided. The European entities had been more focused on the provision of Integrated XR technologies while the Australian entities had been focused more on the provision of 3D, ICT, and IoT Services.

Previous CGUs

The basis for this grouping was because each business that was acquired, generated independent cash flows and was considered that each entity on its own, was the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, in accordance with AASB 136.

	Carrying value	
2023	**Goodwill $'000**	**Intellectual property $'000**
Vection Italy	850	933
Mindesk Group	2,627	-
Blank Canvas	490	-
JMC Group	3,742	-
	7,709	933

Current CGUs

Due to the change in Vection's product offering and how cash flow is being generated and monitored CGU's have now been grouped by region and therefore CGUs going forward are:

- Australia (APAC);
- Italy/Europe (EMEA); and
- U.S.A. (immaterial).

The Australian (APAC) CGU will include Blank Canvas and the European (EMEA) CGU will include Vection Italy, Mindesk Group and JMC Group. America has been included in EMEA as it's immaterial at this stage.

	Carrying value	
2024	**Goodwill $'000**	**Intellectual property $'000**
EMEA	11,207	933
APAC	490	-
	11,697	933

Goodwill and other intangibles assets impairment testing

The recoverable amounts of the identified CGUs and other intangible assets have been assessed using the higher of 'fair value less cost of disposal' (FVLCD) and its 'value in use' (VIU) using a discounted cash flow model, based on a five to seven year project period together with a terminal value approved by management. The forecast budget process was developed based on revenue expectations on existing customer contracts along with ongoing opportunities.

Key assumptions

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the discounted cash flow models as at 30 June 2024:

	EMEA	APAC
Pre-tax discount rate	16.34%	21.09%
Terminal value growth rate	2.00%	2.00%

Note 12. Intangibles (continued)

Management believes the above-projected revenue growth rate is reasonable based on the following factors:
(i) New salespeople hired in the local market;
(ii) Cisco partnership creating increased opportunities across product suite;
(iii) Tenders already in the pipeline which, if won will create further visibility; and
(iv) Client opportunities are currently being negotiated.

Based on the above, no goodwill impairment expense was recorded other than in relation to EMEA CGU of $761,000, since the recoverable amounts of other CGUs exceeded the carrying amounts. In determining the other intangible assets impairment, management have concluded that the carrying amount of software within the EMEA CGU exceed its recoverable amount and resulted in an impairment of $2,378,000.

Sensitivity
As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill and other indefinite life intangible assets. Should these judgements and estimates not occur the resulting goodwill and other intangible assets carrying amount may decrease. Sensitivity analysis has been performed by adjusting underlying assumptions unfavourably by 10%. The analysis indicated that material headroom exists in the value-in-use calculations for APAC CGU.

Following the impairment loss recognised in the Group's EMEA CGU, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption may lead to further impairment.

Note 13. Trade and other payables

	2024 $'000	2023 $'000
Current liabilities		
Trade payables	14,116	7,495
Sundry creditors and accruals	5,237	3,474
	19,353	10,969

Refer to note 17 for further information on financial instruments.

Note 14. Borrowings

	2024 $'000	2023 $'000
Current liabilities		
Bank loans	7,338	8,114
Insurance premium funding	165	-
	7,503	8,114
Non-current liabilities		
Bank loans	1,370	2,194
	8,873	10,308

Refer to note 17 for further information on financial instruments.

Note 14. Borrowings (continued)

Bank loans - the terms of the borrowings are as follow:

Entity	Bank	Type of facility	Interest rate %	Expiry date	Balance $'000
Vection Italy	Banco BPM	Bank loan *	1.25%	6 June 2026	9
Vection Italy	Intesa San Paolo	Bank loan **	1.75%	9 June 2026	115
Vection Italy	Intesa San Paolo	Invoice finance	8.20%	short-term	256
Vection Italy	Intesa San Paolo	Invoice finance	3.12%	short-term	406
Vection Health	Intesa San Paolo	Invoice finance	5.57%	short-term	40
JMC	Banco BPM	Bank loan **	1.25%	13 August 2026	755
JMC	MPS	Bank loan **	0.45%	31 October 2026	638
JMC	Dell Financial	Bank loan ***		May 2026	363
JMC	IFIS per digital	Factoring	7.70%	short-term	346
JMC	UNICREDIT	Invoice finance	5.90%	short-term	1,722
JMC	MPS	Invoice finance	3.60%	short-term	2,792
JMC	Intesa San Paolo	Invoice finance	4.11%	short-term	653
Xinntex	Banco BPM	Bank loan **	1.40%	11 March 2027	231
Invrsion	BPER	Invoice finance	4.42%	short-term	104
Invrsion	BNL	Bank loan	7.23%	30 June 2026	195
Various	Various	Credit cards	-	short-term	83
					8,708

* Fixed rate
** Variable rate
*** There are four financing facilities at 3 years each and at interest rate of 1.99%, 1.99% 4.39% and 13.08%, respectively.

Insurance premium funding
The facility, used to fund the Group's insurance premiums, has a term of 12 months and is repaid in monthly instalments.

Assets pledged as security
The bank loans are secured by first mortgages over the Group's assets.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2024 $'000	2023 $'000
Total facilities		
Bank loans	14,830	10,308
Used at the reporting date		
Bank loans	8,708	10,308
Unused at the reporting date		
Bank loans	6,122	-

Note 15. Issued capital

	2024 Shares	2023 Shares	2024 $'000	2023 $'000
Ordinary shares - fully paid	1,126,588,969	1,126,588,969	46,592	46,592

Note 15. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2022	1,109,924,294		44,611
Shares issued in lieu of salary	25 November 2022	2,419,355	$0.052	126
Vesting of performance rights	25 November 2022	12,597,806	$0.052	1,260
Shares buyback held by subsidiaries	25 November 2022	(6,352,487)		(13)
Shares issued in recognition of meeting milestones as approved by shareholders	1 December 2022	2,867,529	$0.050	218
Vesting of performance rights	31 December 2022	5,132,472		390
Balance	30 June 2023	1,126,588,969		46,592
Balance	30 June 2024	1,126,588,969		46,592

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back during the current year.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 16. Reserves

	2024 $'000	2023 $'000
Share-based payments reserve	4,407	7,435
Foreign currency reserve	(13)	(214)
	4,394	7,221

Note 16. Reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share-based payments $'000	Foreign currency $'000	Total $'000
Balance at 1 July 2022	11,084	(603)	10,481
Foreign currency translation	-	389	389
Performance rights	(3,649)	-	(3,649)
Balance at 30 June 2023	7,435	(214)	7,221
Foreign currency translation	-	201	201
Share-based payment	163	-	163
Performance rights vested/lapsed	(320)	-	(320)
Options expired	(2,871)	-	(2,871)
Balance at 30 June 2024	4,407	(13)	4,394

Note 17. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and Indian Rupee ('INR'). Foreign exchange risk arises from transactions undertaken in foreign currencies, the translation of foreign currency monetary assets and liabilities and from the translations into Australian dollars of the results and net assets of overseas operations.

Note 17. Financial instruments (continued)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
US dollars	16	-	(242)	-
Euros	19,962	21,370	(26,167)	(12,954)
INR	2	50	-	(86)
	19,980	21,420	(26,409)	(13,040)

The following sensitivity is based on a 10% movement of EUR and INR against the AUD and the effect on the net profit or loss and equity of the Group for the period to 30 June 2024 and 30 June 2023, with all other variables held constant:

	AUD strengthened			AUD weakened		
2024	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Euros, USD and INR	10%	(643)	(450)	10%	643	450

	AUD strengthened			AUD weakened		
2023	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Euros and INR	10%	838	587	10%	(838)	(587)

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
As at and during the year ended on the reporting date, the Group had no significant interest-bearing assets or liabilities other than liquid funds on deposit. As such, the Group’s income, and operating cash flows (other than interest income from funds on deposit and interest expense on the facility loan) are substantially independent of changes in market interest rates. The Group’s exposure to interest rate risk for each class of financial assets and liabilities is set out below:

As at the reporting date, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	2024		2023	
	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	4.69%	7,602	3.85%	11,359
Interest rate swaps	-	23	-	56
Bank loans	3.77%	(8,873)	1.29%	(10,308)
Net exposure to cash flow interest rate risk		(1,248)		1,107

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Note 17. Financial instruments (continued)

Group sensitivity
At 30 June 2024, if interest rates had changed by +/- 100 basis points from the year-end with all other variables held constant, the loss for the year would have been $12,480 lower/higher (2023: $11,070 higher/lower), as a result of a lower/higher interest income from cash and cash equivalents.

Credit risk
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers. For banks and financial institutions, only independently rated parties with a minimum of 'A' are accepted. The Group trades only with recognised, trustworthy third parties. It is the Group's policy to perform credit verification procedures in relation to any customer's financial position and any past experience to set individual risk limits as determined by the Board.

Liquidity risk
Prudent liquidity risk management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Group is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Group has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules. The Group manages liquidity risk by continuously monitoring the forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2024	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	14,116	-	-	-	14,116
Sundry creditors and accruals	-	5,237	-	-	-	5,237
Contingent consideration	-	5,562	-	-	-	5,562
Interest-bearing - variable						
Bank loans	3.77%	7,338	1,128	242	-	8,708
Insurance premium funding	11.95%	165	-	-	-	165
Interest-bearing - fixed rate						
Lease liability	2.47%	145	18	-	-	163
Total non-derivatives		32,563	1,146	242	-	33,951
Derivatives						
Interest rate swaps	-	(23)	-	-	-	(23)
Total derivatives		(23)	-	-	-	(23)

Note 17. Financial instruments (continued)

2023	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade payables	-	7,495	-	-	-	7,495
Sundry creditors and accruals	-	3,474	-	-	-	3,474
Interest-bearing - variable						
Bank loans	1.29%	8,114	1,063	1,131	-	10,308
Interest-bearing - fixed rate						
Lease liability	2.47%	222	173	-	-	395
Total non-derivatives		19,305	1,236	1,131	-	21,672
Derivatives						
Interest rate swaps	-	(56)	-	-	-	(56)
Total derivatives		(56)	-	-	-	(56)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 18. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares	-	-	-	-
Listed equity shares at fair value to profit or loss ('FVTPL')	29	-	-	29
Interest rate swap (derivative financial instruments)	-	-	23	23
Total assets	29	-	23	52
Liabilities				
Contingent consideration - rights to be issued (note 24)	-	-	5,562	5,562
Total liabilities	-	-	5,562	5,562

2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Listed equity shares at fair value to profit or loss ('FVTPL')	28	-	-	28
Interest rate swap (derivative financial instruments)	-	-	56	56
Total assets	28	-	56	84

Note 18. Fair value measurement (continued)

There were no transfers between levels during the financial year.

The Australian listed equity shares are held for trading at fair value through profit or loss $21,906 (2023: $18,621). The fair value has been determined directly by reference to published price quotations in an active market for identical securities. They are deemed to be level 1 securities in accordance with the AASB 13 fair value measurement hierarchy and hence there is no subjectivity in relation to their value.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Due to the nature of contingent consideration and derivative financial instruments, these have been categorised as Level 3.

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured based on the likelihood of the rights' performance hurdles being met during the periods. The fair value of contingent consideration is calculated on the expected future cash outflows. Generally, the contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract.

Interest rate swaps fair value is determined by the present value of future cash flows based on the forward exchange rates at the reporting date.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Contingent consideration $'000	Interest rate swap $'000	Total $'000
Balance at 1 July 2022	-	-	-
Gains recognised in profit or loss	-	56	56
Balance at 30 June 2023	-	56	56
Losses recognised in profit or loss	-	(33)	(33)
Additions through business combinations (note 24)	5,562	-	5,562
Balance at 30 June 2024	5,562	23	5,585

The level 3 assets and liabilities unobservable inputs and sensitivity have been measured based on the likelihood of the performance hurdles being met during the periods.

Note 19. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel ('KMP') of the Group is set out below:

	2024 $	2023 $
Short-term employee benefits	1,358,420	1,038,474
Post-employment benefits	6,618	-
Share-based payments	508,950	917,464
	1,873,988	1,955,938

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, and other firms:

	2024 $	2023 $
Audit services - RSM Australia Partners		
Audit or review of the financial statements	85,100	75,300
Other services - RSM Australia Partners		
Tax services	13,000	11,000
Preparation of the tax return	13,000	6,000
	26,000	17,000
	111,100	92,300
Audit services - other firms		
Audit of subsidiary financial statements	193,171	77,525

Note 21. Contingent liabilities and commitments

The Company had no contingent liabilities and commitments as at 2024 (2023: $nil).

Note 22. Related party transactions

Parent entity
Vection Technologies Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to KMP are set out in note 19 and the remuneration report included in the Directors' report.

Note 22. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	2024 $	2023 $
Sale of services:		
Sale of services to KMP (c)	38,936	1,483
Other income:		
Other income from KMP (a)	488,385	23,726
Payment for other expenses:		
Other service costs to KMP (b) (d)	253,331	265,672

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2024 $	2023 $
Current receivables:		
Trade receivables from KMP (c)	703,952	159,647
Current payables:		
Trade payables to KMP (b) (d)	13,273	91,048

(a) The Company's subsidiary Vection Italy Srl received services from companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi.
(b) The Company's subsidiary Vection Italy Srl paid to companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for service provided.
(c) The Company's subsidiary Vection Italy Srl received services from companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for service provided.
(d) The Company's subsidiaries paid to acquire services to companies and individual associated with Mr Jacopo Merli.

Loans to/from related parties
Loan of $177,115 was provided to Mr Jacopo Merli. This loan is fully repayable at an interest rate of 5%. The loan is to be repaid by 30 June 2025.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2024 $'000	2024 $'000
Loss after income tax	(20,534)	(3,941)
Total comprehensive income	(20,534)	(3,941)

Note 23. Parent entity information (continued)

Statement of financial position

	Parent	
	2023 $'000	30 June 2023 $'000
Total current assets	1,908	4,927
Total non-current assets	9,586	20,858
Total assets	11,494	25,785
Total current liabilities	2,590	7,656
Total non-current liabilities	-	-
Total liabilities	2,590	7,656
Equity		
Issued capital	46,592	46,592
Share-based payments reserve	4,408	7,435
Accumulated losses	(42,096)	(35,898)
Total equity	8,904	18,129

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policy information
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Business combinations

Invrsion Srl
On 25 September 2023, the Company issued 1 performance right, which will convert into up to 62M shares on achievement of milestones, as consideration of the acquisition of Invrsion Srl ('the Business'). The Business operates in the virtual reality market and is a prominent technology company specialising in 3D and mixed reality solutions for the fashion, retail, consumer goods and real estate sectors, which was acquired to enhance the Company's position as a leader in the integrated-extended reality ('**XR**') technology space, providing customers with innovative XR solutions and unlocking new organic growth opportunities. Since the 31 December 2023 interim financial report, management has obtained a final fair value assessment of the consideration transferred and the net identifiable assets acquired. This has resulted in the fair value of the consideration transferred to be $5,562,000 at the acquisition date, and the following identifiable intangible assets identified: software of $1,974,000 and customer relationships of $833,000, and a related deferred tax liability of $702,000. The goodwill of $4,704,000 represents the expected synergies from merging this business with the wider Vection Group. The acquired Business contributed revenues of $983,458 and loss after tax of $709,268 to the Group for the period from 25 September 2023 to 30 June 2024. If the acquisition occurred on 1 July 2023, the contributions for the year ended 30 June 2024 would have been revenues of $1,430,104 and loss after tax of $956,045.

The consideration transferred is represented by the performance right, which converts into fully paid ordinary shares in VR1 ('**Shares**') subject to Matteo Esposito ('**Invrsion CEO**') remaining employed until 30 June 2026 ('**Performance Right**').

The terms of the contingent consideration are as follows:
Vection will issue one Performance Right which will convert into a number of shares that is equal to the lesser of:

(i) The total of:
  a) 0.95 times the audited revenue for the Business for the financial year ending 30 June 2023;
  b) 2 times the audited revenue for the Business for the financial year ending 30 June 2024;
  c) 2 times the audited revenue for the Business for the financial year ending 30 June 2025; and
  d) 1.5 times the audited revenue for the Business for the financial year ending 30 June 2026;

and
(ii) EUR 4,000,000;

divided by the greater of $0.10 and the volume-weighted average price ('VWAP') 10 days prior of the revenue results being announced to the market. The FX rate will be at the average RBA rate, capped at EUR1 to AUD1.55.

The Performance Right will only convert into shares if alternatively;
- Matteo Esposito (Invrsion CEO) remains employed or engaged by Invrsion S.r.l. or Vection until 30 June 2026; or
- Matteo Esposito ceases employment with Invrsion S.r.l. but is not a bad leaver.

Taking into an assessment of the range of possible outcomes noted above, the fair value of the above contingent consideration has been determined as $5,562,000. The fair values of the consideration transferred and identifiable net assets acquired is final as at 30 June 2024.

Note 24. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	4
Trade and other receivables	452
Plant and equipment	54
Intangible asset identified – Software	1,974
Intangible asset identified – Customer relationships	833
Trade and other payables	(1,073)
Employee benefits	(85)
Deferred tax liability	(702)
Borrowings	(599)
Net assets acquired	858
Goodwill	4,704
Acquisition-date fair value of the total consideration transferred	5,562
Representing:	
Right issued as consideration	5,562

Note 25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2024 %	Ownership interest 2023 %
Sell Lease Property Pty Ltd	Australia	100.00%	100.00%
Vection Consulting Pty Ltd	Australia	100.00%	100.00%
Vection Australia Pty Ltd	Australia	100.00%	100.00%
ServTech Global PH Inc	Philippines	100.00%	100.00%
Vection India Private Limited	India	100.00%	100.00%
Vection Italy Srl	Italy	100.00%	100.00%
Mindesk Inc	United States of America	100.00%	100.00%
Mindesk Srl	Italy	100.00%	100.00%
Blank Canvas Studio (Aus) Pty Ltd	Australia	100.00%	100.00%
JMC Group Srl	Italy	100.00%	100.00%
Vection Global Services Srl	Italy	100.00%	100.00%
Vection EMEA Srl	Italy	100.00%	100.00%
Vection Health Srl *	Italy	60.00%	60.00%
Xinntex Srl **	Italy	100.00%	100.00%
JMC AMEA Limited **	United Arab Emirates	70.00%	70.00%
Invrsion Srl ***	Italy	100.00%	-
Invrsion Inc ***	United States of America	100.00%	-

* Vection Health Srl is the subsidiary of Vection Italy Srl. The non-controlling interest hold 40% of the voting rights of Vection Health Srl.

** Xinntex Srl and JMC AMEA Ltd are subsidiaries of JMC Group Srl. The non-controlling interest hold 36% and 30% of the voting rights respectively. On 29 June 2023 JMC Group Srl acquired the non-controlling interest of Xinntex Srl.

*** Acquired during the year, on 25 September 2023. Refer to note 24 for further details.

Note 26. Reconciliation of loss after income tax to net cash from/(used in) operating activities

	2024 $'000	2023 $'000
Loss after income tax expense for the year	(9,999)	(11,023)
Adjustments for:		
Depreciation and amortisation	2,331	1,217
Impairment of assets	3,139	3,182
Net gain on disposal of property, plant and equipment	(485)	-
Share-based payments	163	1,860
Finance costs	-	(56)
Credit loss allowances	-	39
Gain on investment	-	12
Business acquisition cost	-	7
Change in operating assets and liabilities:		
Increase in trade and other receivables	(805)	(7,478)
Decrease/(increase) in inventories	(663)	665
Decrease in other operating assets	32	-
Increase in trade and other payables and provisions	7,297	4,100
Increase in contract liabilities	165	-
Decrease in deferred tax liabilities	(10)	(3)
Increase in employee benefits	124	-
Net cash from/(used in) operating activities	1,289	(7,478)

Note 27. Changes in liabilities arising from financing activities

	Bank loans $'000	Insurance premium funding $'000	Leases liabilities $'000	Total $'000
Balance at 1 July 2022	3,614	-	481	4,095
Net cash from/(used in) financing activities	6,694	-	(3)	6,691
Other changes	-	-	(103)	(103)
Balance at 30 June 2023	10,308	-	375	10,683
Net cash (used in)/from financing activities	(1,814)	165	(212)	(1,861)
Changes through business combinations (note 24)	599	-	-	599
Other changes	(385)	-	-	(385)
Balance at 30 June 2024	8,708	165	163	9,036

Note 28. Earnings per share

	2024 $'000	2023 $'000
Loss after income tax	(9,999)	(11,023)
Non-controlling interest	137	202
Loss after income tax attributable to the owners of Vection Technologies Ltd	(9,862)	(10,821)

Note 28. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,126,588,969	451,116,632
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,126,588,969	451,116,632

	$ Cents	$ Cents
Basic earnings per share	(0.875)	(2.399)
Diluted earnings per share	(0.875)	(2.399)

32,500,000 (2023: 59,006,452) options and 13,100,000 (2023: 23,295,611) performance rights over ordinary shares are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 2024. These options and performance rights could potentially dilute basic earnings per share in the future.

Note 29. Share-based payments

Shares are granted under the Long Term Incentive Plan ('LTIP'), which has been established by the Group. Subject to the ASX listing rules and under the terms of the LTIP, the Board may grant options and/or performance rights (options with a zero exercise price and performance conditions) to eligible participants (‘awards’). Each award granted represents a right to receive one share once the award vests and is exercised by the relevant participant. The vesting of the options are contingent upon various Company performance and term-of-service metrics.

No performance rights were granted during the financial year ended 30 June 2024. The share based payment expense recognised during the period in profit or loss was $163,000 (2023: $1,860,000).

Options
Options are issued to employees under the Company’s LTIP, vesting upon the achievement of performance and term-of service related criteria.

Set out below are summaries of options granted under the plan:

	Number of options 2024	Weighted average exercise price 2024	Number of options 2023	Weighted average exercise price 2023
Outstanding at the beginning of the financial year	59,006,452	$0.098	59,006,452	$0.098
Expired	(26,506,452)	$0.110	-	$0.000
Outstanding at the end of the financial year	32,500,000	$0.250	59,006,452	$0.098
Exercisable at the end of the financial year	32,500,000	$0.250	59,006,452	$0.098

Performance rights
Performance rights are issued to directors and corporate advisor under the Company’s LTIP for nil consideration, vesting upon the achievement of performance and term-of-service related criteria.

Note 29. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

	Number of rights 2024	Weighted average exercise price 2024	Number of rights 2023	Weighted average exercise price 2023
Outstanding at the beginning of the financial year	23,295,611	$0.000	85,893,417	$0.000
Vested	-	$0.000	(11,377,791)	$0.000
Lapsed	(10,195,611)	$0.000	(51,220,015)	$0.000
Outstanding at the end of the financial year	13,100,000	$0.000	23,295,611	$0.000
Exercisable at the end of the financial year	-	$0.000	-	$0.000

Note 30. Events after the reporting period

On 27 July 2024, the Group acquired the technological assets of L'azienda MYR S.r.l. ('MYR') for approximately Euros 399,000.

On 29 August 2024, the Group acquired a generative artificial intelligence (AI) company, The Digital Box ('TDB') enhancing its AI and XR capabilities. The acquisition's initial enterprise value is circa $12m, with circa 157m (circa $1.5m) in newly issued shares payable at settlement. Up to circa 55m Vection shares will be issued if TDB achieves sales and EBITDA objectives and balance sheet valuation targets one year post acquisition.

On 5 September 2024, the Company issued 200,000,000 of ordinary fully paid shares at $0.10 ($2m placement as per announced of 29 August 2024). 157,014,000 shares and 34 performance rights to be issued to vendors of TDB and advisors to the transaction, subject to approval by shareholders. 270,000,000 listed options at $0.018 were issued to participants in a placement and the manager to the issue.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Vection Technologies Ltd	Body Corporate	Australia	-	Australia
Sell Lease Property Pty Ltd	Body Corporate	Australia	100.00%	Australia
Vection Consulting Pty Ltd	Body Corporate	Australia	100.00%	Australia
Vection Australia Pty Ltd	Body Corporate	Australia	100.00%	Australia
ServTech Global PH Inc	Body Corporate	Philippines	100.00%	Philippines
Vection India Private Limited	Body Corporate	India	100.00%	India
Vection Italy Srl	Body Corporate	Italy	100.00%	Italy
Mindesk Inc	Body Corporate	United States of America	100.00%	United States of America
Mindesk Srl	Body Corporate	Italy	100.00%	Italy
Blank Canvas Studio (Aus) Pty Ltd	Body Corporate	Australia	100.00%	Australia
JMC Group Srl	Body Corporate	Italy	100.00%	Italy
Vection Global Services Srl	Body Corporate	Italy	100.00%	Italy
Vection EMEA Srl	Body Corporate	Italy	100.00%	Italy
Vection Health Srl	Body Corporate	Italy	60.00%	Italy
Xinntex Srl	Body Corporate	Italy	100.00%	Italy
JMC AMEA Limited	Body Corporate	United Arab Emirates	70.00%	United Arab Emirates
Invrsion Srl	Body Corporate	Italy	100.00%	Italy
Invrsion Inc	Body Corporate	United States of America	100.00%	United States of America

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the Consolidated Entity Disclosure Statement is true and correct.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Gianmarco Biagi
Managing Director and CEO

Mr Jacopo Merli
Executive Director and COO

30 September 2024

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VECTION TECHNOLOGIES LTD

Opinion

We have audited the financial report of Vection Technologies Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2, which indicates that the Group incurred a net loss of $9,798,000 for the year ended 30 June 2024 and had net current liabilities of $3,811,000 as at 30 June 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Revenue from customers Refer to Note 5 in the financial statements	
Revenue from customers for the year ended 30 June 2024 was $32,828,000. The primary revenue source is Integrated XR sales to customers. Revenue was considered a key audit matter because it is a significant account balance in the statement of profit or loss and other comprehensive income and the process of revenue recognition involves multiple revenue streams for services or products rendered.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Obtaining an understanding of each of the revenue sources and the process for determining and recognising revenue; • On a sample basis, testing revenue recorded to supporting documentation; • Testing a sample of revenue transactions before and after the reporting date to assess whether revenue is recognised in the correct financial period; • Assessing the work performed by component auditors with respect to revenue recognised by the respective Group's component entities; and • Assessing the disclosures in the financial statements.

Key Audit Matter	How our audit addressed this matter
Carrying value of intangible assets Refer to Note 12 in the financial statements	
The Group has intangible assets of $21,638,000 as at 30 June 2024, comprising goodwill of $11,697,000 and other intangible assets of $9,941,000 The Group is required to test goodwill acquired in business combinations for impairment annually. In addition, the Group is required to assess at 30 June 2024 whether there is any indication that intangible assets may be impaired. If any such indication exists, the Group is required to estimate the recoverable amount of its other intangible assets. We determined this to be a key audit matter due to the extent of management judgement and estimates involved in: • Testing goodwill for impairment including determining the cash generating unit (**CGU**) to which the goodwill relates and determining the recoverable amount of the related CGU utilising a value in use model which includes assumptions such as revenue growth rate, discount rate and terminal value growth rate; • Assessing whether indicators of impairment are present in relation to the Group's other intangible assets; and • Where indicators of impairment are identified, determining the recoverable amount of the related intangible assets by utilising a value in use model which includes assumptions such as revenue growth rate and discount rates.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Critically evaluating management's assessment of whether impairment indicators for other intangible assets were present at 30 June 2024; • Considering the appropriateness of the value in use models applied by the Group to assess the carrying value of intangible assets. This included evaluating the work performed by management's expert and assessing the competency and objectivity of the expert; • Assessing the work performed by component auditors with respect to other intangible assets held within the respective Group's component entities; • Considering the Group's determination of their CGUs based on our understanding of the operations of the Group's business and how the identifiable CGUs generate independent cash inflows; • Considering the appropriateness of the value in use models applied by the Group to assess the carrying value of CGUs to which goodwill was allocated. This included evaluating the work performed by management's expert and assessing the competency and objectivity of the expert; • Challenging the Group's forecast cash flows, EBITDA margin and growth assumptions; • Considering the sensitivity of the models by varying key assumptions, such as forecast EBITDA margins, discount rate, within a reasonably possible range; • Working with our valuation specialists, we developed a discount rate range considered comparable using publicly available market data for comparable entities and assessed the integrity of the value in use models used; • Checked the mathematical accuracy of the impairment expenses recognised; and • Assessing the adequacy disclosures included in the financial statements.

Key Audit Matter	How our audit addressed this matter
Acquisition of Invrsion .S.r.l Refer to Note 24 in the financial statements	
On 25 September 2023, the Group acquired 100% of the shares and voting rights in Invrsion S.r.l., an Italian based technology company specialising in 3D and mixed reality solutions for the fashion, retail, consumer goods and real estate sectors. The acquisition has been accounted for as a business combination. The business combination accounting for this acquisition is a key audit matter due to its material nature, the related management estimates and judgements associated with the identification and measurement of the fair value of the purchase consideration and the assets and liabilities acquired.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with Australian Accounting Standards; • Reading the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting considerations; • Testing the determination of the fair value of consideration paid: • Assessing the methods, assumptions, and data utilised in determining the fair value of assets and liabilities acquired, including evaluating the work performed by management's experts and the competency and objectivity of the expert; and • Assessing the adequacy disclosures included in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in within the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Vection Technologies Ltd, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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MATTHEW BEEVERS
Partner

Perth, WA
Dated: 30 September 2024

The shareholder information set out below was applicable as at 31 August 2024.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	75	-
1,001 to 5,000	832	0.27
5,001 to 10,000	951	0.65
10,001 to 100,000	2,412	8.01
100,001 and over	772	91.07
	5,042	100.00
Holding less than a marketable parcel	40,518,114	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
OFFICINE 8K SRL	327,556,186	24.69
MR JACOPO MERLI	65,510,036	4.94
CDP VENTURE CAPITAL SGR SPA	54,252,406	4.09
PRIMO VENTURES SGR SPA	47,445,872	3.58
CITICORP NOMINEES PTY LTD	29,851,711	2.25
MR YALEI MENG	28,175,540	2.12
MR GABRIELE SORRENTO	18,200,000	1.37
MRS PATRICIA ANNE SCUDDS	12,400,000	0.93
MR PAUL BRENT CLAYTON	12,332,258	0.93
HTC VIVE INVESTMENT (BVI) CORP	11,179,911	0.84
TRADITIONAL SECURITIES GROUP PTY LTD <LPR FAMILY A/C>	10,490,041	0.79
MR CRAIG PEARSON	9,193,448	0.69
SETTEPUNTONOVE SRL	8,000,000	0.60
MR KIRIL RUVINSKY	7,788,629	0.59
MR MARCEL ANTHONY REUBEN <DEBMAR A/C>	7,244,850	0.55
MR ARTHUR BROMIDIS	7,000,000	0.53
MR MARX LIN	7,000,000	0.53
BNP PARIBAS NOMS PTY LTD	6,808,365	0.51
FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	6,282,023	0.47
INDOMAIN ENTERPRISES PTY LTD <U C MONDELLO FAMILY A/C>	5,500,000	0.41
	682,211,276	51.41

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares – $0.25, 3 December 2024	32,500,000	2
Performance rights over ordinary shares	13,100,000	6

The following person holds 20% or more of unquoted equity securities:

Name	Class	Number held
EVOLUTION CAPITAL PTY LTD	Options over ordinary shares issued	31,500,000

Substantial holders
Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
OFFICINE 8K SRL	327,556,186	24.69
MR JACOPO MERLI	65,510,036	4.94

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.