Vection Technologies Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity:	Vection Technologies Ltd
ACN:	614 814 041
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	14.9%	to	12,560
Loss from ordinary activities after tax attributable to the owners of Vection Technologies Ltd	down	58.7%	to	(3,730)
Loss for the half-year attributable to the owners of Vection Technologies Ltd	down	58.7%	to	(3,730)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $3,730,000 (31 December 2023: $9,035,000).

Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

Supplementary information
This report should be read in conjunction with the Annual Financial Report of the Company for the year ending 30 June 2024 and any public announcements made by the Company since that date.

3. Net tangible assets

	31 Dec 2024 $'000	31 Dec 2023 $'000
Net assets	8,109	10,954
Less: Intangibles	(23,785)	(20,813)
Less: Right-of-use (ROU) assets	(67)	(227)
Add: Lease liabilities - current	72	195
Add: Lease liabilities - non-current	10	77
Net tangible assets	(15,661)	(9,814)

	2024 Number	2023 Number
Number of ordinary shares on issue	1,350,480,845	1,126,588,969

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(1.16)	(0.87)

4. Control gained over entities

Not applicable.

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5. Loss of control over entities

Not applicable.

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6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

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7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Currently all accounting policies of the Group are consistent with those adopted by its ultimate holding company, Vection Technologies Ltd.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report, which includes a paragraph addressing a material uncertainty related to going concern, is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Vection Technologies Ltd for the half-year ended 31 December 2024 is attached.

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12. Signed

Signed ______________________________ Date: 28 February 2025

Mr Gianmarco Biagi
Managing Director and CEO

Vection Technologies Ltd

ACN 614 814 041

Interim Report - 31 December 2024

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 half-year ended 31 December 2024.

Directors

The following persons were Directors of Vection Technologies Ltd during the whole of the financial half-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 Umberto (Bert) Mondello	Non-Executive Director
Mr Marco Landi	Independent Non-Executive Chairman (appointed on 20 January 2025)
Mr Cameron Petricevic	Independent Non-Executive Director (appointed on 20 January 2025)
Mr Gianmarco Orgnoni	Non-Executive Director (transitioning of long serving on 20 January 2025)

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 half-year.

Review of operations

Financial performance

For the half-year ended 31 December 2024 ('1H FY25'), the loss for the Group after providing for income tax was $3,744,000 (31 December 2023 ('1H FY24'): $9,108,000).

The loss for the Group after providing for income tax and non-controlling interest amounted to $3,730,000 (31 December 2023: $9,035,000).

Revenue

The Group reported revenue from operating activities in the period of $12,560,000 (1H FY24: $10,929,000), up 14.9% versus the previous corresponding period ('PCP').

EBITDA

The Group's EBITDA was a loss of $2,341,000 (1H FY24: EBITDA loss of $7,479,000). Underlying EBITDA (Non-IFRS) was a profit of $55,000 (1H FY24: Underlying EBITDA loss of $4,226,000) in 1H FY25 and excludes the impairment of assets, share-based payments expense and non-operating items in relation to the cost-reduction program.

An impairment charge of $92,000 has been taken at 31 December 2024 in respect of expected credit losses (31 December 2023: $2,859,000 in respect impairment of intangible assets of $2,352,000 and expected credit losses of $507,000).

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.

	1H FY25 $'000	1H FY24 $'000	Variance $'000	Variance %
Revenue	12,560	10,929	1,631	15%
Other income and interests revenue	393	555	(162)	(29%)
Total revenue	12,953	11,484	1,469	13%
Total expenses	(16,772)	(20,534)	3,762	(18%)
Loss before income tax expense	(3,819)	(9,050)	5,231	(58%)

	1H FY25 $'000	1H FY24 $'000	Variance $'000	Variance %
Loss before income tax expense	(3,819)	(9,050)	5,231	(58%)
Add: Depreciation and amortisation expense	1,225	1,137	88	8%
Add: Finance costs	257	456	(199)	(44%)
Less: Interest revenue	(4)	(22)	18	(82%)
EBITDA	(2,341)	(7,479)	5,138	(69%)
Share-based payments expense	1,186	394	792	201%
Impairment of assets	92	2,859	(2,767)	(97%)
Acquisition costs	539	-	539	-
Non-operating cost-reduction program	579	-	579	-
Underlying EBITDA (non-IFRS)	55	(4,226)	4,281	(101%)

The directors consider that the Group will continue as a going concern, as explained in note 2 to the financial statements.

Highlights for the Half-Year

The first half of FY25 was marked by significant advancements in Artificial Intelligence ('AI') and Extended Reality ('XR') solutions, strategic acquisitions, and new market opportunities. The Company's achievements are built on the strong foundation established in FY24, which included notable acquisitions, significant contract wins, and an evolving organisational framework that streamlines the delivery of complex solutions across multiple sectors.

1. Foundations from FY24

   1.1. Acquisitions and Product Evolution
   In FY24, Vection acquired Invrsion (ASX: 7 June 2023) and MYR (ASX: 8 August 2023), enhancing its 3D, XR, and AI expertise in retail, fashion, and spatial computing. During this period, the company also upgraded solutions such as ShelfZone (2.0), X-RHEA, Enworks, and 3DFrame. These actions established a scalable product framework, enabling Vection to manage deployments across the healthcare, defence, real estate, and fashion sectors.

   1.2. High-Value Contracts and Organisational Realignment
   Prior to FY25, Vection secured significant projects, including a $4.9m cybersecurity contract (ASX: 12 February 2024) and a $500k XR naval solution (ASX: 19 April 2024). These agreements highlighted the Company's ability to manage advanced enterprise and government needs. Building on that success, Vection established vertical operating groups and reorganised its sales structure to expedite lead generation, efficiently integrate new partnerships, and effectively respond to diverse market demands.

2. Key developments in 1H25

   2.1. Integration of Generative AI: The Digital Box (TDB)
   In FY25 Vection announced the proposed acquisition of The Digital Box ('TDB'), a generative AI specialist, in tandem with a $2m equity raising (ASX: 29 August 2024). This proposed integration is expected to bring TDB's 'Algho' AI platform into Vection's ecosystem, leveraging the AI groundwork completed in the prior year and boosting cross-selling opportunities in sectors such as education and healthcare:

   - Education: A $3.6m XR software agreement with Cometa (ASX: 10 October 2024) provided immersive solutions to 500 Italian high schools.
   - Healthcare: A $1.6m contract with Brexia Med (ASX: 1 November 2024) streamlined patient screening, underscoring the adaptability of AI-driven XR in clinical environments.

2.2. Partnerships with Dell and KIOSK Embedded Systems

Vection expanded its industry presence by partnering with Dell Technologies (ASX: 21 October 2024), securing an initial sale of $0.5m for the Algho AI platform along with an additional $0.5m Dell Algho Appliance deal (ASX: 15 November 2024). These collaborations introduced Vection's AI-powered maintenance capabilities to industrial markets and validated the company's readiness to scale solutions across enterprise networks.

A $0.7m contract with KIOSK Embedded Systems (ASX: 20 November 2024) implemented Algho Avatar technology into patented kiosk designs. This project highlighted the flexibility of Vection's AI-XR tools, which can be customised for various applications ranging from industrial supply chains to user-facing commercial services.

2.3. Healthcare Pilots and Retail Deployments

On 17 December 2024, Massachusetts General Hospital launched a clinical pilot using Katherine, a 3D virtual assistant powered by Algho, to streamline data collection in paediatric cardiology. Additionally, Vection began working with Natuzzi and Nestlé (ASX: 9 December 2024) to deliver XR solutions for immersive furniture design and shelf optimisation, illustrating how the same product ecosystem could be adapted for retail and consumer engagement.

2.4. Financial and Operational Milestones

Vection reported $12.6m revenue for 1H25, an increase of 14.9% compared to the corresponding period in FY24.

2.5. EMEA Expansion

The $1.6m distribution agreement with SolidWorld (ASX: 20 December 2024) covered the Company's full software suite 3DFrame, Mindesk, Enworks, MYR, ShelfZone, and Algho expanding Vection's presence in the EMEA region. This initiative aligned with the global distribution roadmap initiated in FY24 and showcased the integrated capabilities designed to serve clients at scale.

3. Events occurred after period end

3.1. Defence Contracts and Partnerships

On 6 January 2025, Vection secured a $1.8m defence contract award with a repeat customer, demonstrating reliability in mission-critical deployments. On 13 January 2025, the Company entered an XR distribution agreement with Synergy in Bulgaria. It partnered with DigiLens Inc. to integrate Vection's XR applications into ARGO smart glasses, reinforcing its commitment to spatial computing innovation. Additional Algho AI sales worth $0.5m (ASX: 22 January 2025) contributed to Vection's recurring revenue stream.

3.2. Leadership Changes and Strategic Focus

Vection announced key Board changes on 20 January 2025, welcoming Mr. Marco Landi, former worldwide President of Apple Computer, as Independent Non-Executive Chair, and Mr. Cameron Petricevic as Independent Non-Executive Director. These appointments introduced technology leadership, global growth expertise, and capital markets experience. Mr. Gianmarco Orgnoni stepped down from the Board after providing long-term support during Vection's earlier expansion phases.

On 10 February 2025, Vection achieved Dell Titanium Partner Status, reflecting the technical proficiency, revenue growth, and market influence necessary to access top-tier benefits within Dell's global partner program.

3.3. New Commercial Agreements

On 12 February 2025, Vection announced a three-year, up-to-$575k partnership with Assicurazioni Generali, deploying AI and XR solutions for client engagement and training. A $0.7m, three-year Enworks XR deal with TotalPlay in Mexico (ASX: 17 February 2025) extended the Company's presence into Latin America's telecom market, and a $0.6m distribution agreement with EnginSoft (ASX: 20 February 2025) expanded coverage in Italy, France, and Germany. On 24 February 2025, Vection unveiled a $0.6m SaaS deal with Augmentalix in France, providing AI/XR solutions to enterprise and industrial users.

Outlook

Vection plans to continue scaling its AI-driven XR solutions, aiming to offer subscription-based models to an expanding international client base. Strategic alliances, such as those with Dell, Synergy, and DigiLens are set to accelerate the adoption of generative AI, 3D visualisation, and immersive capabilities across healthcare, defence, retail, and manufacturing. The Board's recent additions bring global leadership and capital markets insight that aligns with Vection's growth trajectory.

By building on a now-proven ability to deploy advanced AI and XR tools in complex settings, Vection is well positioned to capture opportunities where data-driven innovation, user interactivity, and operational efficiency converge. The company remains focused on delivering shareholder value through scalable technology offerings, strategic partnerships, and ongoing enhancements to its INTEGRATED**XR**Ò ecosystem.

Significant changes in the state of affairs

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 The Digital Box S.p.A. ('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.

On 17 January 2025, the Company announced the successful settlement of its acquisition of a generative artificial intelligence (AI) company, TDB enhancing its AI and XR capabilities, disclosed initially on 29 August 2024. 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 the settlement date, the Company issued 143,175,278 fully paid shares as consideration for the acquisition of TDB, which were approved by shareholders on 28 October 2024.

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

Matters subsequent to the end of the financial half-year

Other than the settlement of the TDB acquisition on 17 January 2025 as disclosed in the previous section, no other matter or circumstance has arisen since 31 December 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.

Principal 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 were detailed in the Annual Report at 30 June 2024. Those risks have been assessed up to the reporting date with no significant changes noted since then.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors

Mr Gianmarco Biagi	Mr Jacopo Merli
Managing Director and CEO	Executive Director and COO

28 February 2025

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vection Technologies Ltd for the half-year ended 31 December 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 review; and

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

RSM AUSTRALIA

Perth, WA
Dated: 28 February 2025

MATTHEW BEEVERS
Partner

Vection Technologies Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	31 Dec 2024 $'000	31 Dec 2023 $'000
Revenue	4	12,560	10,929
Other income		389	533
Interest revenue calculated using the effective interest method		4	22
Expenses			
Changes in inventories		(68)	168
Variable cost of sales		(8,026)	(9,184)
Employee benefits expense		(3,160)	(3,641)
Consulting and professional fees		(733)	(1,104)
Depreciation and amortisation expense		(1,225)	(1,137)
Impairment of assets	5	(92)	(2,859)
Share based payments	16	(1,186)	(394)
Other expenses	5	(2,025)	(1,927)
Finance costs	5	(257)	(456)
Total expenses		(16,772)	(20,534)
Loss before income tax benefit/(expense)		(3,819)	(9,050)
Income tax benefit/(expense)		75	(58)
Loss after income tax benefit/(expense) for the half-year		(3,744)	(9,108)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		15	477
Other comprehensive income for the half-year, net of tax		15	477
Total comprehensive income for the half-year		(3,729)	(8,631)
Loss for the half-year is attributable to:			
Non-controlling interest		(14)	(73)
Owners of Vection Technologies Ltd		(3,730)	(9,035)
		(3,744)	(9,108)
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		(14)	(73)
Owners of Vection Technologies Ltd		(3,715)	(8,558)
		(3,729)	(8,631)
		Cents	Cents
Basic earnings per share	15	(0.296)	(0.802)
Diluted earnings per share	15	(0.296)	(0.802)

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

Vection Technologies Ltd
Consolidated statement of financial position
As at 31 December 2024

	Note	31 Dec 2024 $'000	Restated* 30 Jun 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		3,112	7,602
Trade and other receivables	6	10,603	14,351
Inventories		1,288	1,339
Total current assets		15,003	23,292
Non-current assets			
Intangibles assets	7	23,785	21,717
Property, plant and equipment		494	536
Right-of-use assets		67	135
Financial assets	13	27	52
Total non-current assets		24,373	22,440
Total assets		39,376	45,732
Liabilities			
Current liabilities			
Trade and other payables	8	12,486	19,353
Contract liabilities		-	165
Borrowings	9	8,841	7,503
Lease liabilities		72	145
Employee benefits		123	100
Income tax payable		453	391
Total current liabilities		21,975	27,657
Non-current liabilities			
Borrowings	9	1,251	1,370
Lease liabilities		10	18
Employee benefits		856	725
Deferred tax liabilities		1,316	1,319
Other financial liabilities	13	5,859	5,562
Total non-current liabilities		9,292	8,994
Total liabilities		31,267	36,651
Net assets		8,109	9,081
Equity			
Issued capital	10	49,129	46,592
Reserves	11	2	4,394
Accumulated losses		(40,160)	(41,057)
Equity attributable to the owners of Vection Technologies Ltd		8,971	9,929
Non-controlling interest		(862)	(848)
Total equity		8,109	9,081

**Restated refer to note 17*

Vection Technologies Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

	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 half-year	-	-	(9,035)	(73)	(9,108)
Other comprehensive income for the half-year, net of tax	-	477	-	-	477
Total comprehensive income for the half-year	-	477	(9,035)	(73)	(8,631)
Transactions with owners in their capacity as owners:					
Vesting/lapsed of performance rights	-	394	-	-	394
Balance at 31 December 2023	46,592	8,092	(42,946)	(784)	10,954

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2024	46,592	4,394	(40,582)	(848)	9,556
Adjustment for correction of error (note 17)	-	-	(475)	-	(475)
Balance at 1 July 2024 - restated	46,592	4,394	(41,057)	(848)	9,081
Loss after income tax benefit for the half-year	-	-	(3,730)	(14)	(3,744)
Other comprehensive income for the half-year, net of tax	-	15	-	-	15
Total comprehensive income for the half-year	-	15	(3,730)	(14)	(3,729)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 10)	2,537	-	-	-	2,537
Share-based payments (note 11)	-	220	-	-	220
Performance rights lapsed	-	(1,702)	1,702	-	-
Options expired	-	(2,925)	2,925	-	-
Balance at 31 December 2024	49,129	2	(40,160)	(862)	8,109

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

Vection Technologies Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	31 Dec 2024 $'000	31 Dec 2023 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,107	14,910
Payments to suppliers and employees (inclusive of GST)		(19,234)	(18,441)
Interest received		4	22
Interest paid		(257)	(456)
Government grants incentive		170	-
Income taxes (paid)/refund		(139)	227
Net cash used in operating activities		(4,349)	(3,738)
Cash flows from investing activities			
Payments for property, plant and equipment		(214)	(767)
Payments for intangibles		(3,026)	(1,094)
Net cash used in investing activities		(3,240)	(1,861)
Cash flows from financing activities			
Proceeds from issue of shares	10	2,000	-
Share issue transaction costs		(132)	-
Proceeds from borrowings		7,513	7,471
Repayment of borrowings		(6,426)	(8,058)
Repayment of lease liabilities		(24)	(68)
Net cash from/(used in) financing activities		2,931	(655)
Net decrease in cash and cash equivalents		(4,658)	(6,254)
Cash and cash equivalents at the beginning of the financial half-year		7,602	11,359
Effects of exchange rate changes on cash and cash equivalents		168	87
Cash and cash equivalents at the end of the financial half-year		3,112	5,192

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 half-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 28 February 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, 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 material impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

The following Accounting Standards effective for the current half-year that is most relevant to the Group is set-out below:

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.

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 amendments did not impact the classification of the Group's borrowings.

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

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 six months ended 31 December 2024, the Group incurred a loss after tax of $3,744,000 (31 December 2023: $9,108,000), showing a significant improvement compared to the previous period. This result reflects the effectiveness of the actions taken to increase sales and reduce costs. As at 31 December 2024, the Group's current liabilities exceed its current assets by $6,972,000; the net asset remain positive of $8,109,000. However, the total liabilities have significantly reduction compared to the previous year, decreasing from $36,651,000 to $31,267,000, reflecting an improved position.

Equally important is the significant improvement in EBITDA, which moved from ($7,479,000) last year to ($2,341,000).

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 minimization measures, either recently implemented or to be implanted in coming months.

Should the Group not achieve the matters above, this gives rise to a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern.

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 3. 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 half-year ended 31 December 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.

Operating segment information

31 Dec 2024	EMEA $'000	APAC $'000	Total $'000
Revenue			
Sales to external customers	10,563	1,997	12,560
Other revenue	393	-	393
Total revenue	10,956	1,997	12,953
EBITDA	(209)	(854)	(1,063)
Depreciation and amortisation	(1,076)	(149)	(1,225)
Impairment of assets	(92)	-	(92)
Share-based payments expense	-	(1,186)	(1,186)
Finance costs	(225)	(32)	(257)
Interest revenue	-	4	4
Loss before income tax benefit	(1,602)	(2,217)	(3,819)
Income tax benefit			75
Loss after income tax benefit			(3,744)
Assets			
Segment assets	35,469	25,951	61,420
Intersegment eliminations			(22,044)
Total assets			39,376
Liabilities			
Segment liabilities	37,417	10,776	48,193
Intersegment eliminations			(16,926)
Total liabilities			31,267

Note 3. Operating segments (continued)

31 Dec 2023 - Restated	EMEA $'000	APAC $'000	Total $'000
Revenue			
Sales to external customers	9,730	1,199	10,929
Other revenue	533	22	555
Total revenue	10,263	1,221	11,484
EBITDA	(1,799)	(2,427)	(4,226)
Depreciation and amortisation	(1,031)	(106)	(1,137)
Impairment of assets	(2,859)	-	(2,859)
Share-based payments expense	-	(394)	(394)
Finance costs	(429)	(27)	(456)
Interest revenue	2	20	22
Loss before income tax expense	(6,116)	(2,934)	(9,050)
Income tax expense			(58)
Loss after income tax expense			(9,108)

30 June 2024 - Restated*	EMEA $'000	APAC $'000	Total $'000
Assets			
Segment assets	37,634	25,934	63,568
Intersegment eliminations			(17,836)
Total assets			45,732
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

**Restated refer to note 17*

Note 4. Revenue

	31 Dec 2024 $'000	31 Dec 2023 $'000
Revenue from contracts with customers	12,560	10,929

Note 4. Revenue (continued)

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

	31 Dec 2024 $'000	31 Dec 2023 $'000
Major product lines		
INTEGRATEDXR® solutions and services	12,560	10,929
Geographical regions		
EMEA represents the geographical area composed by Europe, Middle East, Africa and America.	10,563	9,730
APAC represents the geographical area composed by Australia and the Asia-Pacific region.	1,997	1,199
	12,560	10,929
Timing of revenue recognition		
Goods transferred at a point in time	10,563	9,937
Services transferred over time	1,997	992
	12,560	10,929

Note 5. Expenses

	31 Dec 2024 $'000	31 Dec 2023 $'000
Loss before income tax includes the following specific expenses:		
Impairment of assets		
Goodwill	-	761
Software patents and development costs	-	1,591
Expected credit losses	92	507
Total impairment of assets	92	2,859
Other expenses		
Advertising and marketing expenses	188	561
Corporate and administrative expenses	1,165	1,099
Rent expenses	333	394
Net foreign exchange loss/(gain)	42	(127)
Losses on remeasurement of financial liabilities at fair value	297	-
	2,025	1,927
Finance costs		
Interest and finance charges paid/payable on borrowings	253	324
Interest and finance charges paid/payable on lease liabilities	4	132
Finance costs expensed	257	456
Share-based payments expense		
Vesting of performance rights relating to business combination	846	140
Director performance rights expense	220	254
Issued shares to employees	120	-
Total share-based payments expense	1,186	394

Note 6. Trade and other receivables

	31 Dec 2024 $'000	Restated* 30 Jun 2024 $'000
Current assets		
Trade receivables	7,408	11,142
Less: Allowance for expected credit losses	(393)	(189)
	7,015	10,953
Other receivables	2,514	2,102
Prepayments	1,074	1,296
	3,588	3,398
	10,603	14,351

**Restated refer to note 17*

Note 7. Intangibles

	31 Dec 2024 $'000	Restated* 30 Jun 2024 $'000
Non-current assets		
Goodwill - at cost	13,431	13,431
Less: Impairment	(1,734)	(1,734)
	11,697	11,697
Intellectual property - at cost	2,825	2,825
Less: Impairment	(1,892)	(1,892)
	933	933
Customer contracts - at cost	833	833
Less: Accumulated amortisation	(211)	(128)
	622	705
Other intangible assets (software and development costs) - at cost	17,844	15,286
Less: Accumulated amortisation	(3,682)	(3,275)
Less: Impairment	(3,629)	(3,629)
	10,533	8,382
	23,785	21,717

**Restated refer to note 17*

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

	Goodwill $'000	Intellectual property $'000	Customer relationships $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2024	11,697	933	705	8,382	21,717
Additions	-	-	-	3,026	3,026
Amortisation expense	-	-	(83)	(875)	(958)
Balance at 31 December 2024	11,697	933	622	10,533	23,785

Note 7. Intangibles (continued)

Goodwill and other intangible assets impairment testing

As at 31 December 2024, the Group has undertaken a review for indicators of significant impairment since 30 June 2024 to determine whether a more detailed impairment test is required. As a consequence of this review, detailed impairment testing was undertaken with respect to the Australia ('APAC') and Italy/Europe ('EMEA') CGUs. 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.

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

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 31 December 2024:

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

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 and other intangible assets impairment expense was recorded, since the recoverable amounts of other CGUs exceeded the carrying amounts.

Sensitivity

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 EMEA and APAC CGU.

Note 8. Trade and other payables

	31 Dec 2024 $'000	30 Jun 2024 $'000
Current liabilities		
Trade payables	6,732	14,116
Sundry creditors and accruals	5,754	5,237
	12,486	19,353

Note 9. Borrowings

	31 Dec 2024 $'000	30 Jun 2024 $'000
Current liabilities		
Bank loans	8,779	7,338
Insurance premium funding	62	165
	8,841	7,503
Non-current liabilities		
Bank loans	1,251	1,370
	10,092	8,873

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%	19 May 2026	15
Vection Italy	Intesa San Paolo	Bank loan **	1.75%	9 June 2026	82
Vection Italy	BPER	Invoice finance	5.10%	short-term	48
Vection Italy	Intesa San Paolo	Invoice finance	9.48%	short-term	535
Vection Italy	Intesa San Paolo	Invoice finance	10.26%	short-term	182
Mindesk	Smart & Start	Bank loan	-	30 November 2034	615
JMC	Banco BPM	Bank loan **	1.25%	13 August 2026	616
JMC	MPS	Bank loan **	0.45%	31 October 2026	548
JMC	Dell Financial	Bank loan ***	5.27%	4 January 2027	325
JMC	MPS	Bank loan	1.30%	31 August 2027	794
JMC	Unicredit	Invoice finance	9.80%	short-term	1,660
JMC	MPS	Invoice finance	5.63%	short-term	3,013
JMC	Intesa San Paolo	Invoice finance	8.72%	short-term	998
Xinntex	Banco BPM	Bank loan **	1.40%	11 March 2027	198
Invrsion	Intesa San Paolo	Bank loan	7.23%	5 March 2034	126
Invrsion	Intesa San Paolo	Invoice finance	6.70%	short-term	15
Invrsion	Sgraffetto	Bank loan	5.00%	short-term	182
Various	Various	Credit cards		short-term	78
					10,030

* 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.

Note 9. Borrowings (continued)

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

	31 Dec 2024 $'000	30 Jun 2024 $'000
Total facilities		
Bank loans	14,264	14,830
Used at the reporting date		
Bank loans	10,030	8,708
Unused at the reporting date		
Bank loans	4,234	6,122

Note 10. Issued capital

	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 $'000	30 Jun 2024 $'000
Ordinary shares - fully paid	1,350,480,845	1,126,588,969	49,129	46,592

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2024	1,126,588,969		46,592
Issue of shares	5 September 2024	200,000,000	$0.01	1,868
Issue of shares as remuneration	29 November 2024	23,891,876	$0.02	669
Balance	31 December 2024	1,350,480,845		49,129

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.

Options issued during the period
On 11 November 2024, the Company issued 270,000,000 listed options at exercise price of $0.018 and expiry on 11 November 2027 (free-attaching options), being 200,000,000 as part of the capital raised under the placement announced on ASX on 5 September 2024 for the acquisition of TDB and 70,000,000 as broker options. Refer to note 17 for further details.

Note 11. Reserves

	31 Dec 2024 $'000	30 Jun 2024 $'000
Share-based payments reserve	-	4,407
Foreign currency reserve	2	(13)
	2	4,394

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

	Share-based payments $'000	Foreign currency $'000	Total $'000
Balance at 1 July 2024	4,407	(13)	4,394
Foreign currency translation	-	15	15
Share-based payment	220	-	220
Performance rights lapsed	(1,702)	-	(1,702)
Options expired	(2,925)	-	(2,925)
Balance at 31 December 2024	-	2	2

Note 12. Dividends

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

Note 13. 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

31 Dec 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Listed equity shares at fair value to profit or loss ('FVTPL')	27	-	-	27
Total assets	27	-	-	27
Liabilities				
Contingent consideration - rights to be issued	-	-	5,859	5,859
Total liabilities	-	-	5,859	5,859

Note 13. Fair value measurement (continued)

30 Jun 2024	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
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	-	-	5,562	5,562
Total liabilities	-	-	5,562	5,562

There were no transfers between levels during the financial half-year.

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, it have been categorised as Level 3.

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of business 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.

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

	Contingent consideration $'000	Interest rate swap $'000	Total $'000
Balance at 1 July 2024	5,562	23	5,585
Losses/(gains) recognised in profit or loss	297	(23)	274
Balance at 31 December 2024	5,859	-	5,859

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 14. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2024 (30 June 2024: $nil).

Note 15. Earnings per share

	31 Dec 2024 $'000	31 Dec 2023 $'000
Loss after income tax	(3,744)	(9,108)
Non-controlling interest	14	73
Loss after income tax attributable to the owners of Vection Technologies Ltd	(3,730)	(9,035)

Note 15. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,259,134,795	1,126,588,969
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,259,134,795	1,126,588,969

	Cents	Cents
Basic earnings per share	(0.296)	(0.802)
Diluted earnings per share	(0.296)	(0.802)

Nil (2023: 32,500,000) options and nil (2023: 23,295,612) performance rights over ordinary shares under the Group's Long Term Incentive Plan and 270,000,000 listed options have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the half-year ended 31 December 2024. These options could potentially dilute basic earnings per share in the future.

Note 16. 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 share rights were granted during the six months at 31 December 2024. The share based payment expense recognised during the period in profit or loss was $1,186,000 (2023: $394,000) and mainly relates to the vesting expense of prior period grants together with the issue of 23.9 million shares at an issue price of $0.028 per share to Mr. Jacopo Merli in relation to its remuneration.

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 31 Dec 2024	Weighted average exercise price 31 Dec 2024	Number of options 31 Dec 2023	Weighted average exercise price 31 Dec 2023
Outstanding at the beginning of the financial half-year	32,500,000	$0.25	59,006,452	$0.00
Expired	(32,500,000)	$0.00	(26,506,452)	$0.11
Outstanding at the end of the financial half-year	-	$0.00	32,500,000	$0.25
Exercisable at the end of the financial half-year	-	$0.00	32,500,000	$0.25

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. Refer to for further details on the performance rights granted during the half-year ended 31 December 2023.

Note 16. Share-based payments (continued)

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

	Number of rights 31 Dec 2024	Weighted average exercise price 31 Dec 2024	Number of rights 31 Dec 2023	Weighted average exercise price 31 Dec 2023
Outstanding at the beginning of the financial half-year	13,100,000	$0.00	23,295,611	$0.00
Granted	-	$0.00	1	$0.00
Lapsed	(13,100,000)	$0.00	-	$0.00
Outstanding at the end of the financial half-year	-	$0.00	23,295,612	$0.00
Exercisable at the end of the financial half-year	-	$0.00	-	$0.00

Note 17. Restatement of comparatives

Correction of error
In December 2024, Vection discovered that a certain sale transaction in its Italy operations was recognised and recorded during the period ended 30 June 2024, but the sale has not yet finalised. At 30 June 2024, the sales value was recorded in trade and other receivables. As a result, the consolidated statement of financial position and the consolidated statement of changes in equity are over estimated. This error has been corrected by restating each of the affected consolidated statement of financial position and statement of changes in equity line items for prior periods. The following table summarises the impact on Vection's consolidated statement of financial position.

	30 June 2024 Reported $'000	Adjustment $'000	30 June 2024 Restated $'000
Trade and other receivables	14,905	(554)	14,351
Intangible assets	21,638	79	21,717
Accumulated losses	(40,582)	(475)	(41,057)

Note 18. Events after the reporting period

On 17 January 2025, the Company announced the successful settlement of its acquisition of a generative artificial intelligence (AI) company, The Digital Box S.p.A. ('TDB') enhancing its AI and XR capabilities, disclosed initially on 29 August 2024. 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 the settlement date, the Company issued 143,175,278 fully paid shares as consideration for the acquisition of TDB, which were approved by shareholders on 28 October 2024.

The relevant disclosures for this business combination for the net assets acquired cannot be disclosed in these financial statements as the values are in the process of being determined. The values for the net assets acquired will be available for disclosure in the Group’s 2025 annual report.

Vection announced key Board changes on 20 January 2025, welcoming Mr. Marco Landi, former worldwide President of Apple Computer, as Independent Non-Executive Chair, and Mr. Cameron Petricevic as Independent Non-Executive Director. These appointments introduced technology leadership, global growth expertise, and capital markets experience. Mr. Gianmarco Orgnoni stepped down from the Board after providing long-term support during Vection’s earlier expansion phases.

On 31 January 2025, the Company issued 28,734,000 of ordinary fully paid shares at $0.018 per share after exercising options expiring on 11 November 2027 (announced on 6 February 2025).

No other matter or circumstance has arisen since 31 December 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(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

28 February 2025

RSM Australia Partners

Level 32 Exchange Tower, 2
The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF VECTION TECHNOLOGIES LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Vection Technologies Ltd, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vection Technologies Ltd is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity 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 annual 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 Vection Technologies Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the half-year financial report, which indicates that the consolidated entity incurred a net loss of $3.7 million, had net cash outflows from operating activities of $4.3 million and net cash outflows from investing activities of $3.2 million for the half-year ended 31 December 2024. As at 31 December 2024, the consolidated entity's current liabilities exceed it current assets by $7m. 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 consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors' for the Financial Report

The directors of Vection Technologies Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

RSM AUSTRALIA

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 28 February 2025