

30 August 2024, Australia

## ASX RELEASE

# VECTION REPORTS UNAUDITED FY24 RESULTS

### UNAUDITED FINANCIAL HIGHLIGHTS:

- FY24 Total Revenue of ~\$34m, up 31% vs pcp.
- Net cash from operating activities of ~\$2m up 126% from ~\$(7)m in FY23.
- FY24 EBITDA of ~\$(4)m up by 53% vs \$(10)m pcp (inclusive non-cash impairment and share-based of \$2m).
- FY24 underlying EBITDA (non-IFRS) of ~\$(0.8)m up by 45% vs \$(1.5)m pcp.
- Borrowings down by ~\$4m (33%) from 30 June 2023 to ~\$9m at 30 June 2024.
- Cash of ~\$8m at 30 June 2024.

### OPERATIONAL HIGHLIGHTS:

- Focus on market expansion and client relationships across nine industrial sectors.
- Strategic acquisitions and partnerships, including Invrision and MYR. (ASX: 7 June 2023, 8 August 2023)
- Generative AI Acquisition of TDB, adding \$10m in revenue and \$1m in EBITDA on unaudited FY24 basis. (ASX: 29 August 2024)
- Expansion of INTEGRATEDXR<sup>®</sup> ecosystem to various industrial sectors, with AI enhancements.
- Technological advancements, including ShelfZone 2.0, X-RHEA, 3DFrame, and Enworks.
- High-value contracts secured, reinforcing market position and driving revenue growth.
- Organisational restructuring and corporate governance enhancements

### OVERVIEW:

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), ("Vection" or the "Company"), the INTEGRATEDXR<sup>®</sup> company, today released its financial results for the year ended 30 June 2024.

#### Managing Director Gianmarco Biagi highlighted:

*"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 Invrision S.r.l. and MYR have significantly bolstered our offerings in the fashion and retail sectors. These moves align with our vision to*

#### ■ VECTION TECHNOLOGIES LTD

ASX:VR1; OTC:VCTNY | ACN: 614 814 041

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#### ■ WEBSITE

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#### ■ REGISTERED OFFICE

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Scarborough Beach Road,  
Osborne Park WA 6017 - Australia

*integrate 3D and mixed reality solutions, creating a robust **INTEGRATEDXR**® 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 upgraded our remote assistance tools with advanced hardware, incorporating enhanced spatial computing capabilities to improve our service offerings significantly."*

#### **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, customise solutions, and offer rapid assistance. Proximity fosters agility, cultural alignment, and synergistic collaborations. This localised 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. Total revenue rose to ~\$34 million, up 31% versus pcp. Our cash position remained strong throughout the year, with cash and cash equivalents totalling ~\$8 million."*

*Following the period's end, we announced the proposed acquisition of The Digital Box (TDB), representing 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*

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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 Q2 FY25, pending customary closing conditions." (ASX: 29 August 2024)

#### 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:

"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."

"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."

#### UNAUDITED FINANCIAL PERFORMANCE HIGHLIGHTS:

FY24 total revenue of ~\$34m was up 31% vs pcp.

Vection reported an EBITDA loss of ~\$(4)m after a ~\$1m impairment and ~\$1m share-based payment, vs ~\$(10)m in Pcp.

Net operating cashflow of ~\$2m before net investment in intangible of ~\$(3)m and net financing cashflow of ~\$(3)m (repayment of borrowings).

Borrowings of ~\$9m at 30 June 2024, down 33% from 30 June 2023. The Company had a closing cash balance of ~\$8m and net assets of ~\$10m at 30 June 2024.

Other financial liabilities of ~\$6m relate to a non-cash liability related to 1 performance right, which will convert into up to 62M shares issued as consideration of the acquisition of Invrision Srl. (25 September 2023)

Trade and other payables of \$19m include accruals for \$5m.

#### OUTLOOK:

Looking ahead to FY25, Vection is strategically poised to seize emerging market opportunities and leverage cutting-edge technological advancements. The company's robust end-to-end spatial computing ecosystem is designed to foster sustained growth, significantly enhance customer value, and solidify our global leader

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position. By continuously innovating and refining our solutions, we aim to provide superior, immersive experiences that meet the evolving needs of our diverse clientele. With a clear strategic vision and a commitment to operational excellence, we can deliver substantial long-term value to our shareholders. We will focus on expanding our market presence, developing strategic partnerships, and driving technological innovation to support our growth objectives in the coming fiscal year.

**AUTHORISATION:**

This ASX release is authorised by the Board of Directors of Vection Technologies Limited.

**ENDS****INVESTOR RELATIONS CONTACT DETAILS:****Gianmarco Biagi - Managing Director (Europe Based)**

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Phone: +39 051 014 2248

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**ABOUT VECTION TECHNOLOGIES:**

Vection Technologies is a growing enterprise-focused company that helps businesses bridge the physical and digital worlds. We help organisations leverage their 3D data via powerful extended reality (XR) interfaces that foster collaboration and learning, grow sales and more.

Vection Technologies is listed on the Australian Securities Exchange (ASX) with ticker code **VR1**, and trades on the U.S. over-the-counter (OTC) markets under the symbol **VCTNY**.

For more information, please visit: [www.vection-technologies.com](http://www.vection-technologies.com)

**FORWARD-LOOKING STATEMENTS:**

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Vection Technologies' current expectations, estimates and projections about the industry in which Vection Technologies operates, and beliefs and assumptions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, guidance, or outlook on future earnings, distributions, financial position, or performance are also forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of Vection Technologies, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-

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looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Vection Technologies only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Vection Technologies has no obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

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## 1. Company details

Name of entity:	Vection Technologies Ltd
ABN:	93 614 814 041
Reporting period:	For the year ended 30 June 2024
Previous period:	For the year ended 30 June 2023

## 2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	30.2% to	32,994
Loss from ordinary activities after tax attributable to the owners of Vection Technologies Ltd	down	21.3% to	(8,514)
Loss for the year attributable to the owners of Vection Technologies Ltd	down	21.3% to	(8,514)

### Dividends

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

### Supplementary information

This Appendix 4E - Preliminary final report is lodged with Australian Securities Exchange ('ASX') under Listing Rule 4.3A. This report is to be read in conjunction with any public announcements made by the Company for further commentary on the results for the year ended 30 June 2024, in accordance with continuous disclosures of the Corporations Act 2001 and ASX.

### Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$8,514,000 (30 June 2023: \$10,821,000).

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.

	2024 \$'000	2023 \$'000	Change \$'000	Change %
Revenue	32,994	25,332	7,662	30%
Other income and interest revenue	1,463	968	495	51%
Total revenue	<u>34,457</u>	<u>26,300</u>	<u>8,157</u>	31%
Total expenses	<u>(42,772)</u>	<u>(37,268)</u>	<u>(5,504)</u>	15%
Loss before income tax expense	<u><u>(8,315)</u></u>	<u><u>(10,968)</u></u>	<u><u>2,653</u></u>	(24%)

	2024 \$'000	2023 \$'000	Change \$'000	Change %
Loss before income tax expense	(8,315)	(10,968)	2,653	(24%)
Add: Depreciation and amortisation expense	2,786	1,217	1,569	129%
Add: Finance costs	976	240	736	307%
Less: Interest revenue	(25)	(212)	187	(88%)
EBITDA	<u>(4,578)</u>	<u>(9,723)</u>	<u>5,145</u>	<u>(53%)</u>
Share-based payments expense	903	1,860	(957)	(51%)
Impairment of assets	787	3,205	(2,418)	(75%)
Acquisitions costs	981	-	981	-
Non-operating and discontinued costs	<u>1,083</u>	<u>3,156</u>	<u>(2,073)</u>	<u>(66%)</u>
Underlying EBITDA (non-IFRS)	<u><u>(824)</u></u>	<u><u>(1,502)</u></u>	<u><u>678</u></u>	<u><u>(45%)</u></u>

### 3. Net tangible assets

	2024 \$'000	2023 \$'000
Net assets	11,644	19,191
Less: Intangibles	(23,470)	(15,463)
Less: Right-of-use (ROU) assets	(135)	(322)
Add: Lease liabilities - current	145	211
Add: Lease liabilities - non-current	18	164
Net tangible assets	<u><u>(11,798)</u></u>	<u><u>3,781</u></u>
	<b>Number of shares 2024</b>	<b>Number of shares 2023</b>
Number of ordinary shares on issue	1,126,588,969	1,126,588,969
	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u><u>(1.05)</u></u>	<u><u>0.34</u></u>

### 4. Control gained over entities

Name of entities (or group of entities)	Invrision Srl
Date control gained	25 September 2023

Refer to note 8 'Business combinations' for further details.

### 5. Loss of control over entities

Not applicable.

## 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 are in the process of being audited and an unqualified opinion is expected to be issued. The auditor's report will include a paragraph addressing a material uncertainty related to going concern.

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## 11. Attachments

### *Details of attachments (if any):*

The Unaudited Preliminary Financial Report of Vection Technologies Ltd for the year ended 30 June 2024 is attached.

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## 12. Signed

Signed  \_\_\_\_\_

Date: 30 August 2024

Mr Gianmarco Biagi  
Managing Director and CEO

# **Vection Technologies Ltd**

**ABN 93 614 814 041**

## **Unaudited Preliminary Financial Report - 30 June 2024**

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	Note	2024 \$'000	2023 \$'000
<b>Revenue</b>	2	32,994	25,332
Other income		1,438	756
Interest revenue calculated using the effective interest method		25	212
<b>Expenses</b>			
Changes in inventories		341	(564)
Variable cost of sales		(24,634)	(18,716)
Employee benefits expense		(6,712)	(5,820)
Consulting and professional fees		(2,014)	(2,065)
Depreciation and amortisation expense		(2,786)	(1,217)
Impairment of assets	3	(787)	(3,205)
Share-based payments	3	(903)	(1,860)
Other expenses	3	(4,301)	(3,581)
Finance costs	3	(976)	(240)
Total expenses		(42,772)	(37,268)
<b>Loss before income tax expense</b>		(8,315)	(10,968)
Income tax expense		(336)	(55)
<b>Loss after income tax expense for the year</b>		(8,651)	(11,023)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		201	389
Other comprehensive income for the year, net of tax		201	389
<b>Total comprehensive income for the year</b>		(8,450)	(10,634)
Loss for the year is attributable to:			
Non-controlling interest		(137)	(202)
Owners of Vection Technologies Ltd		(8,514)	(10,821)
		(8,651)	(11,023)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		-	-
Owners of Vection Technologies Ltd		(8,450)	(10,634)
		(8,450)	(10,634)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9	(0.756)	(2.399)
Diluted earnings per share	9	(0.756)	(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
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,602	11,359
Trade and other receivables	4	13,952	13,648
Inventories		2,317	676
Total current assets		23,871	25,683
<b>Non-current assets</b>			
Intangibles assets	5	23,470	15,463
Property, plant and equipment		536	550
Right-of-use assets		135	322
Financial assets		52	84
Total non-current assets		24,193	16,419
<b>Total assets</b>		48,064	42,102
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	6	19,351	10,969
Borrowings	7	7,503	8,114
Lease liabilities		145	211
Employee benefits		100	72
Income tax payable		391	16
Total current liabilities		27,490	19,382
<b>Non-current liabilities</b>			
Borrowings	7	1,370	2,194
Lease liabilities		18	164
Employee benefits		725	544
Deferred tax liabilities		617	627
Other financial liabilities	8	6,200	-
Total non-current liabilities		8,930	3,529
<b>Total liabilities</b>		36,420	22,911
<b>Net assets</b>		11,644	19,191
<b>Equity</b>			
Issued capital		46,592	46,592
Reserves		5,454	7,221
Accumulated losses		(39,554)	(33,911)
Equity attributable to the owners of Vection Technologies Ltd		12,492	19,902
Non-controlling interest		(848)	(711)
<b>Total equity</b>		11,644	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)
<i>Transactions with owners in their capacity as owners:</i>					
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	<u>46,592</u>	<u>7,221</u>	<u>(33,911)</u>	<u>(711)</u>	<u>19,191</u>

	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	-	-	(8,514)	(137)	(8,651)
Other comprehensive income for the year, net of tax	-	201	-	-	201
Total comprehensive income for the year	-	201	(8,514)	(137)	(8,450)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	903	-	-	903
Options expired	-	(2,871)	2,871	-	-
Balance at 30 June 2024	<u>46,592</u>	<u>5,454</u>	<u>(39,554)</u>	<u>(848)</u>	<u>11,644</u>

	Note	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		36,201	19,866
Payments to suppliers and employees (inclusive of GST)		(32,924)	(27,258)
Interest received		25	212
Interest paid		(976)	(240)
Income taxes paid		(346)	(58)
Net cash from/(used in) operating activities		1,980	(7,478)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(168)	(404)
Payments for intangibles	5	(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		(3,349)	(3,088)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		15,532	9,258
Repayment of borrowings		(18,088)	(2,563)
Repayment of lease liabilities		(212)	(3)
Net cash (used in)/from financing activities		(2,768)	6,692
Net decrease in cash and cash equivalents		(4,137)	(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		380	364
Cash and cash equivalents at the end of the financial year		7,602	11,359

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

## Note 1. 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 2024.

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

	EMEA \$'000	APAC \$'000	Total \$'000
<b>2024</b>			
<b>Revenue</b>			
Sales to external customers	29,146	3,848	32,994
Other revenue	1,409	54	1,463
<b>Total revenue</b>	<b>30,555</b>	<b>3,902</b>	<b>34,457</b>
<b>EBITDA</b>	681	(3,569)	(2,888)
Depreciation and amortisation	(2,553)	(233)	(2,786)
Impairment of assets	(787)	-	(787)
Share-based payments expense	-	(903)	(903)
Finance costs	(920)	(56)	(976)
Interest revenue	2	23	25
<b>Loss before income tax expense</b>	<b>(3,577)</b>	<b>(4,738)</b>	<b>(8,315)</b>
Income tax expense			(336)
<b>Loss after income tax expense</b>			<b>(8,651)</b>
<b>Assets</b>			
Segment assets	39,373	26,442	65,815
Intersegment eliminations			(17,751)
<b>Total assets</b>			<b>48,064</b>
<b>Liabilities</b>			
Segment liabilities	37,526	11,149	48,675
Intersegment eliminations			(12,255)
<b>Total liabilities</b>			<b>36,420</b>

**Note 1. Operating segments (continued)**

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

**Note 2. Revenue**

	2024 \$'000	2023 \$'000
Revenue from contracts with customers	<u>32,994</u>	<u>25,332</u>

*Disaggregation of revenue*

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

	2024 \$'000	2023 \$'000
<i>Major product lines</i>		
<b>INTEGRATEDXR®</b> solutions and services	<u>32,994</u>	<u>25,332</u>
<i>Geographical regions</i>		
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	3,848	4,105
	<u>32,994</u>	<u>25,332</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	29,982	25,092
Services transferred over time	3,012	240
	<u>32,994</u>	<u>25,332</u>

### Note 3. Expenses

	2024 \$'000	2023 \$'000
Loss before income tax includes the following specific expenses:		
<i>Impairment of assets</i>		
Goodwill	761	973
Intellectual property	-	1,892
Software and development costs	26	318
Expected credit losses	-	22
Total impairment of assets	787	3,205
<i>Other expenses</i>		
Advertising and marketing expenses	733	1,127
Corporate and administrative expenses	2,983	1,933
Rent expenses	585	419
Net foreign exchange losses	-	102
Total other expenses	4,301	3,581
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	976	240
Interest and finance charges paid/payable on lease liabilities	28,117	-
Finance costs expensed	29,093	240
<i>Share-based payments expense</i>		
Vesting of performance rights relating to business combination	394	1,225
Director performance rights expenses	509	509
Issued shares to employees	-	126
Total share-based payments expense	903	1,860

### Note 4. Trade and other receivables

	2024 \$'000	2023 \$'000
<i>Current assets</i>		
Trade receivables	10,743	12,026
Less: Allowance for expected credit losses	(189)	(231)
	10,554	11,795
Other receivables	2,102	1,352
Prepayments	1,296	501
	3,398	1,853
	13,952	13,648

Note 5. Intangibles

	2024 \$'000	2023 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	10,078	8,682
Less: Impairment	(1,734)	(973)
	<u>8,344</u>	<u>7,709</u>
Intellectual property - at cost	2,825	2,825
Less: Impairment	(1,892)	(1,892)
	<u>933</u>	<u>933</u>
Patents and licences - at cost	2,223	-
Less: Accumulated amortisation	(234)	-
	<u>1,989</u>	<u>-</u>
Other intangible assets (software and development costs) - at cost	17,105	10,473
Less: Accumulated amortisation	(3,624)	(2,401)
Less: Impairment	(1,277)	(1,251)
	<u>12,204</u>	<u>6,821</u>
	<u><u>23,470</u></u>	<u><u>15,463</u></u>

*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	Patent and licences \$'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	-	-	-	(1,071)	(1,071)
	<u>7,709</u>	<u>933</u>	<u>-</u>	<u>6,821</u>	<u>15,463</u>
Balance at 30 June 2023	7,709	933	-	6,821	15,463
Additions	-	-	-	3,666	3,666
Additions through business combinations (note 8)	1,351	-	2,223	3,873	7,447
Exchange differences	45	-	-	-	45
Impairment of assets	(761)	-	-	(26)	(787)
Amortisation expense	-	-	(234)	(2,130)	(2,364)
	<u>8,344</u>	<u>933</u>	<u>1,989</u>	<u>12,204</u>	<u>23,470</u>
Balance at 30 June 2024	<u><u>8,344</u></u>	<u><u>933</u></u>	<u><u>1,989</u></u>	<u><u>12,204</u></u>	<u><u>23,470</u></u>

As at 31 December 2023, goodwill impairment expense of \$761,000 and other intangibles impairment of \$1,565,000 was recorded for the Mindesk CGU.

As at 30 June 2024, the Group assessed whether there is any indication that an impairment loss recognised in prior periods other than goodwill may no longer exist or may have decreased. Since such indication existed, management estimated the recoverable amount of the Mindesk CGU and concluded that it had fully recovered and therefore the other intangible assets impairment of \$1,565,000 was reversed.

### Note 6. Trade and other payables

	2024 \$'000	2023 \$'000
<i>Current liabilities</i>		
Trade payables	14,116	10,212
Sundry creditors and accruals	5,235	757
	<u>19,351</u>	<u>10,969</u>

### Note 7. Borrowings

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

### Note 8. Business combinations

#### *Invrision 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 Invrision 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. The goodwill of \$1,351,000 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 ('Invrision 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;

### Note 8. Business combinations (continued)

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.

Schedule 3 of the Acquisition Agreement contains a copy of a separate Employment Agreement for Matteo Esposito.

Taking into an assessment of the range of possible outcomes noted above, the fair value of the above contingent consideration has been provisionally determined as \$6,200,000.

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 assets	6,096
Trade and other payables	(1,073)
Employee benefits	(85)
Borrowings	(599)
Net assets acquired	4,849
Goodwill	1,351
Acquisition-date fair value of the total consideration transferred	<u>6,200</u>
Representing:	
Right issued as consideration	<u>6,200</u>

The Business's assets and liabilities' fair value have been measured provisionally. If new information is obtained within one year of the date of the acquisition about facts and circumstances that existed at the date of acquisition resulting in adjustments to the amount above, the accounting for the acquisition will be revised.

### Note 9. Earnings per share

	2024 \$'000	2023 \$'000
Loss after income tax	(8,651)	(11,023)
Non-controlling interest	137	202
Loss after income tax attributable to the owners of Vection Technologies Ltd	<u>(8,514)</u>	<u>(10,821)</u>
	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	<u>1,126,588,969</u>	<u>451,116,632</u>
	\$ Cents	\$ Cents
Basic earnings per share	(0.756)	(2.399)
Diluted earnings per share	(0.756)	(2.399)

### Note 9. Earnings per share (continued)

32,500,000 (2023: 59,006,452) options and 23,295,611 (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 could potentially dilute basic earnings per share in the future.

### Note 10. 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, other than Invrision performance rights under business combination (refer note 8). The share based payment expense recognised during the period in profit or loss was \$903,000 (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	<u>32,500,000</u>	\$0.250	<u>59,006,452</u>	\$0.098
Exercisable at the end of the financial year	<u>32,500,000</u>	\$0.250	<u>59,006,452</u>	\$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. Refer to note 8 'Business combinations' for further details on the performance rights granted during the financial year ended 30 June 2024.

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
Granted (refer note 8)	1	\$0.000	-	\$0.000
Vested	-	\$0.000	(11,377,791)	\$0.000
Lapsed	-	\$0.000	(51,220,015)	\$0.000
Outstanding at the end of the financial year	<u>23,295,612</u>	\$0.000	<u>23,295,611</u>	\$0.000
Exercisable at the end of the financial year	<u>-</u>	\$0.000	<u>-</u>	\$0.000