

Vection Technologies Ltd

ABN 93 614 814 041

Annual Report - 30 June 2026

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Directors	Mr Gianmarco Biagi (Chairman) Mr Lorenzo Biagi Mr Jacopo Merli Mr Umberto (Bert) Mondello Mr Cameron Petricevic
Company secretary	Mr Derek Hall
Registered office and principal place of business	Level 5 20 Bond Street Sydney, NSW 2000 Telephone +61 8 6558 1894
Share register	AUTOMIC REGISTRY SERVICES Level 5, 191 St Georges Terrace, Perth, WA 6000 Telephone (08) 9324 2099
Auditor	Hall Chadwick WA Audit Pty Ltd 283 Rokeby Rd, Subiaco WA 6008
Solicitors	Steinepreis Paganin Level 14, QV1 Building 250 St Georges Terrace PERTH WA 6000
Stock exchange listing	Vection Technologies Ltd shares are listed on the Australian Securities Exchange (ASX code: VR1)
Website	https://vection-technologies.com
Corporate Governance Statement	The Directors and management are committed to conducting the business of Vection Technologies Ltd in an ethical manner and in accordance with the highest standards of corporate governance. Vection Technologies Ltd has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Group's Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed and ASX Appendix 4G are released to the ASX on the same day the Annual Report is released. The Corporate Governance Statement and Corporate Governance Compliance Manual can be found on the Group's website at https://vection-technologies.com

Dear Shareholders,

FY26 was the year Vection's results reached an inflection point. After a FY25 of disciplined execution, revenue in FY26 grew to approximately \$42 million, up 13% on the circa \$37 million of the prior period, while Adjusted EBITDA rose to \$3.8 million almost seven times the FY25 result and the Company generated its first positive full-year operating cash flow. The question is no longer whether our model works, but how quickly we can scale it.

Two Growth Engines at Full Scale

FY26 saw two distinct commercial engines establish themselves at scale: multi-year programmes in defence, for example generating structured order flow over several years, and our **Algho** AI platform, which secured contracts across more than ten enterprise verticals during the year. Our **\$22.3 million** framework with a NATO-approved partner, signed in September 2025, remains the largest contract in the Company's history and has already generated a first order of \$7.8 million in October 2025, in addition to \$7.7 million of defence orders secured in July 2025 and, in February 2026, the first commercial delivery of our proprietary FEDRA (Far Edge Data Retention Appliance) worth \$2.2 million, opening a new high-margin product category. In March 2026 we also renewed, in partnership with Dell Technologies, a \$1.64 million annual recurring revenue agreement with a national security sector partner.

On Algho, the first quarter of the year was particularly strong, with approximately \$9.7 million of new contracts between a \$4.0 million AI and XR framework and \$5.7 million of projects secured through our exclusive R&D partnership. In the following months the platform continued to expand into new sectors from agritech to cybersecurity, from healthcare to public administration, through to water utilities, rail transport and hospitality for approximately \$5.5 million of further contracts, and in June 2026 we closed the year with \$5.6 million, including a \$3.3 million order for an Accessibility Kiosk designed for airports and government offices.

An Expanding Ecosystem

On 9 April 2026 we completed the acquisition of **Digital Experience Labs (DXLabs)**, an Australian digital transformation and enterprise automation company with clients in government and insurance, which has already contributed positively to the Group's pre-tax profit from the acquisition date and for which we are developing cross-selling opportunities across our entire technology platform, bringing FY26 pro-forma revenue to approximately \$45.5 million. Consistent with our discipline in focusing resources on higher-margin activities, in July 2026 we also completed the divestment of our non-core subsidiary Blank Canvas Studio, for proceeds of approximately \$0.8 million.

Vection has long been a provider of Enterprise AI & spatial computing solutions built on an integrated ecosystem, and FY26 confirms this market positioning, on the back of the investments made and the returns delivered to our customers.

Market Positioning – Why We Win:

Vection today holds a strong position in Enterprise AI & spatial computing solutions, building on our heritage in **INTEGRATEDXR®**. Vection specialises in supporting enterprises and government agencies in implementing AI and XR systems to underpin the digital transformation of their processes. Our large target customers are also reached with the support of major commercial partners, while for small and medium-sized businesses we rely on our direct sales force, delivering:

- **Fast deployment** on existing infrastructure.
- **Cross-vertical scalability** through repeatable templates.
- **Recurring revenue** with a clear return on investment for the customer.

Our alliances with Dell Technologies (Titanium Partner, the programme's highest tier), Retelit, Accenture, Xerox, NTT DATA and Amazon extend our global reach without requiring significant capital investment, demonstrating the scalability of our model.

Financial Performance

FY26 results, as reported in the Appendix 4E, confirm this commercial discipline. Revenue came in at approximately \$42 million, up 13% on FY25. Adjusted EBITDA rose to \$3.8 million (+596%) and Underlying EBITDA to \$6.0 million (+178%), reflecting the expansion of gross margin and the operating leverage generated as our platform investment and commercial network including partnerships with major national and international enterprise companies continue to mature. Operating cash flow was positive at \$959 thousand, the first positive full-year result in the Company's history (FY25: -\$3.3 million), while customer receipts grew 21.9% to \$41.5 million. Net loss narrowed sharply by 19.4% to \$7.5 million (FY25: \$9.3 million), which also includes an extraordinary charge of over \$3 million in share-based payments expense underscoring a trajectory toward profitability as the platform continues to scale on the back of commercial partnerships and technology investment. Central to

this growth is the Group's now well-established and experienced management team, which operates with a high degree of delegated authority and autonomy: COO Jacopo Merli, leading sales and operations; Chief Innovation Officer Ernesto Di Iorio, leading R&D; CFO Virgilio Picca; Group Controller Maria Romanelli; APAC CEO Luis Nejo; and CMO Antonella Caputi with oversight and support from the Australian team: Company Secretary Derek Hall, and independent directors Cameron Petricevic and Bert Mondello, the latter particularly active on investor relations, together with director Lorenzo Biagi, who leads M&A activity and supports the Board and a number of internal committees. Also instrumental was the work of our legal advisers at K&L Gates LLP and our auditors at Deloitte and Hall Chadwick.

The balance sheet strengthened significantly: net assets more than doubled to \$33.9 million (+157% on the \$13.2 million reported in FY25), the cash position rose to \$9.3 million (+\$6.2 million) and total borrowings fell by approximately \$3.0 million to \$16.0 million, despite the completion of two acquisitions during the year. Net financial position stood at \$6.7 million, equal to 1.78 times Adjusted EBITDA, and net tangible assets per share improved by 75%, from -1.60 to -0.41 cents.

The \$21 million institutional placement completed in September 2025 funded the expansion of the defence programme, the development and scalability of our platforms, the strengthening of our commercial organisation and the acquisition of DXLabs, placing the Company in the strongest balance sheet position in its history heading into FY27, while maintaining strict discipline in the management of debt and capital.

Events Subsequent to the End of the Period

Commercial momentum continued beyond year-end. In July 2026 we signed an order worth approximately \$3.2 million with **Retelit Digital Services**, which certified Algho as its enterprise AI platform, installing it at the DC Avalon 3 data centre to serve corporate and public sector clients, including the banking sector, together with a three-year, \$7.5 million framework agreement with **URBANnext SA**, a Swiss company that will use and commercialise Algho across smart city, urban infrastructure and public services applications, with a minimum annual commitment of \$2.5 million. In August 2026 we also received \$1.2 million in non-repayable government grants supporting our research and development programmes in AI, extended reality, digital health and inclusive AI. In total, since the end of the period we have already contracted over \$10.6 million of new value, with further orders and deliveries expected throughout FY27.

Relocation of the registered office to Sydney.

Completed the divestment of Blank Canvas.

Looking Ahead

We enter FY27 with a significant contracted pipeline, a strengthened balance sheet and two growth engines defence and Algho AI now operating at commercial scale, including in the healthcare and retail sectors. Our priorities for the year are clear: continue converting the defence framework into delivered revenue; accelerate the rollout of Algho AI across European, Asia-Pacific and US markets, backed by our direct sales network and collaboration with major industrial partners; fully integrate DXLabs to generate an EBITDA contribution in the APAC region; and continue improving cash conversion from an increasingly solid earnings base.

The audited annual report and the related Appendix 4E will be released in the coming weeks, following completion of the audit process.

Thank you for your continued support and trust in Vection.

Kind regards,



Gianmarco Biagi

Managing Director & Chairman

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Vection Technologies Ltd (referred to hereafter as the 'Company', 'parent entity' or 'Vection') and the entities it controlled at the end of, or during, the year ended 30 June 2026.

Directors

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

Mr Gianmarco Biagi	Chairman - Managing Director and CEO (appointed as Chairman on 30 January 2026)
Mr Lorenzo Biagi	Executive Director
Mr Jacopo Merli	Executive Director and COO
Mr Umberto (Bert) Mondello	Non-Executive Director
Mr Cameron Petricevic	Independent Non-Executive Director
Mr Marco Landi	Independent Non-Executive Chairman (resigned on 30 January 2026)

Principal activities

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

Dividends

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

Review of operations

Financial performance

For the financial year ended 30 June 2026 ('FY26'), the loss for the Group after providing for income tax was \$7,445,000 (30 June 2025 ('FY25'): \$8,856,000).

The loss for the Group after providing for income tax and non-controlling interest amounted to \$7,517,000 (FY25: \$9,322,000).

Revenue

The Group reported revenue from operating activities in the period of \$39,825,000 (FY25: \$36,003,000), up 10.6% versus the previous corresponding period ('PCP').

EBITDA

The Group's EBITDA was a loss of (\$1,899,000) (FY25: EBITDA loss of (\$2,875,000)). Underlying EBITDA was a profit of \$6,011,000 (FY25: Underlying EBITDA profit of \$2,161,000) in FY26 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 \$1,326,000 has been taken at 30 June 2026 in respect of expected credit losses of trade receivables (FY25: \$615,000). In FY26, there was impairment charge for intangible assets of \$490,000 (FY25: \$nil).

Earnings before interest, taxation, depreciation, and amortisation ('EBITDA'), Adjusted EBITDA and Underlying EBITDA are financial measures that the Australian Accounting Standards do not prescribe.

EBITDA, Adjusted EBITDA and Underlying EBITDA represent the Group's underlying earnings from its operations. They are determined by adjusting the statutory net loss before tax for items that are non-cash or non-operating in nature. The Directors consider EBITDA, Adjusted EBITDA and Underlying EBITDA to represent the core earnings of the Group. The table below reconciles net loss before tax, EBITDA, Adjusted EBITDA and Underlying EBITDA.

	2026 \$'000	2025 \$'000	Change \$'000	Change %
Revenue	39,825	36,003	3,822	11%
Other income and interest revenue	2,293	1,128	1,165	103%
Fair value remeasurement on contingent consideration	4,746	-	4,746	-
Total revenue and other income	46,864	37,131	9,733	26%
Total expenses	(53,952)	(45,890)	(8,062)	18%
Loss before income tax expense	(7,088)	(8,759)	1,671	(19%)

	2026 \$'000	2025 \$'000	Change \$'000	Change %
Loss before income tax expense	(7,088)	(8,759)	1,671	(19%)
<i>Add back/(deduct):</i>				
Depreciation and amortisation expense	7,201	4,624	2,577	56%
Finance costs	2,346	1,269	1,077	85%
Interest revenue	(59)	(9)	(50)	556%
Impairment on remeasurement of disposal group held for sale	447	-	447	-
Fair value remeasurement on contingent consideration	(4,746)	-	(4,746)	-
EBITDA (non-IFRS)	(1,899)	(2,875)	976	(34%)
Share-based payments expense	3,862	2,803	1,059	38%
Impairment of trade receivables	1,326	615	711	116%
Impairment of intangible assets	490	-	490	-
Adjusted EBITDA (non-IFRS)	3,779	543	3,236	596%
Acquisitions costs	1,513	739	774	105%
Non-operating and restructuring costs	719	879	(160)	(18%)
Underlying EBITDA (non-IFRS)	6,011	2,161	3,850	178%

Highlights for the Full-Year

FY26 was the year Vection Technologies' results reached an inflection point. After a FY25 of disciplined execution, FY26 delivered scale, expanding margins and the first positive full-year operating cash flow in the Company's history.

We have proven that our strategy of combining artificial intelligence with spatial computing is not only commercially relevant but is also winning multi-year contracts with some of the world's largest organisations, from defence to government.

Financial Progress:

- **Revenue:** \$42 million reported (+13% YoY), with pro-forma revenue of approximately \$45.5 million including a full year of DXLabs. Growth was driven by the defence programme and the Algho AI platform, complemented by the adoption of enterprise and retail solutions.
- **EBITDA:** Adjusted EBITDA of \$3.8 million (+596% on FY25), a step-change that demonstrates the operating leverage and scalability of our model. Underlying EBITDA of \$6.0 million (+178%); statutory EBITDA of -\$1.9 million.
- **Net Loss After Tax:** -\$7.5 million, an improvement on FY25's -\$9.3 million, confirming the trajectory toward profitability.
- **Balance Sheet:** Net assets more than doubled to \$33.9 million (FY25: \$13.2 million).
- **Cash:** \$9.3 million at 30 June 2026 (FY25: \$3.1 million), with a further \$10.6 million of new contracts signed shortly after year-end.
- **Operating Cash Flow:** the first positive full-year result in the Company's history, at +\$959 thousand (FY25: -\$3.3 million).

Strategic Achievements – Consolidating an AI-First Ecosystem

The acquisition of Digital Experience Labs (DXLabs), completed on 9 April 2026, strengthened our presence in Australia with enterprise clients in the government and insurance sectors, already contributing \$390 thousand to the Group's pre-tax profit from the acquisition date. We are developing cross-selling opportunities between DXLabs and our entire Enterprise AI & spatial computing solutions platform.

Our earlier acquisitions (The Digital Box/Algho, Invrsion, MYR) and organic R&D investment have strengthened our capabilities in defence, retail, fashion and industry. The result is a modular, AI-driven ecosystem for Enterprise AI & spatial computing solutions that can be deployed globally, at scale.

Commercial Momentum:

- **Defence:** our multi-year, \$22.3 million framework with a NATO-approved partner (scalable to \$29.5 million, signed in September 2025) brought the overall defence programme to over \$30 million in cumulative orders, including \$7.7 million in July 2025, a first order of \$7.8 million in October 2025 and, in February 2026, the first commercial delivery of our proprietary FEDRA device, worth \$2.2 million.
- **AI Distribution (Algho):** contracts across more than ten enterprise verticals, including \$9.7 million in the first quarter (framework with Omnicom Group and R&D partnership), \$5.5 million across new verticals between October 2025 and March 2026, and \$5.6 million in the fourth quarter, including a \$3.3 million order for an Accessibility Kiosk designed for airports and government offices.
- **National Security:** renewal, in partnership with Dell Technologies, of a \$1.64 million annual recurring revenue (ARR) agreement with a national security and law enforcement sector partner (March 2026).
- **Non-Core Divestment:** completed in July 2026, the sale of Blank Canvas Studio, confirming our discipline in concentrating resources on our core AI-based business.
- **Post-Period Expansion:** over \$10.6 million of new contracted value since year-end, including the \$3.2 million agreement with Retelit Digital Services (certifying Algho as its enterprise AI platform) and the three-year, \$7.5 million framework with URBANnext SA for smart city applications, as well as \$1.2 million in non-repayable government grants for our R&D programmes in AI, extended reality, digital health and inclusive AI.

Leadership & Execution:

Beyond Chairman & MD Gianmarco Biagi, central to our growth is the now well-established experience of the management team leading the Group, which operates with a high degree of delegated authority and autonomy, comprising:

- COO Jacopo Merli, leading sales and operations,
- Chief Innovation Officer Ernesto Di Iorio, leading R&D,
- CFO Virgilio Picca,
- Group Controller Maria Romanelli,
- APAC CEO Luis Nejo,
- CMO Antonella Caputi,
- with oversight and support from the Australian team:
- Company Secretary Derek Hall,
- Independent directors Cameron Petricevic and Bert Mondello, particularly active on investor relations, together with director Lorenzo Biagi, who leads M&A activity and supports the Board and a number of internal committees.
- Also instrumental was the work of our legal advisers at K&L Gates LLP and our auditors at Deloitte and Hall Chadwick.

Market Positioning – Why We Win:

Vection today holds a strong position in Enterprise AI & spatial computing solutions, building on our heritage in **INTEGRATEDXR®**. Vection specialises in supporting enterprises and government agencies in implementing AI and XR systems to underpin the digital transformation of their processes. Our large target customers are also reached with the support of major commercial partners, while for small and medium-sized businesses we rely on our direct sales force, delivering:

- Fast deployment on existing infrastructure.
- Cross-vertical scalability through repeatable templates.
- Recurring revenue with a clear return on investment for the customer.

Our alliances with Dell Technologies (Titanium Partner, the programme's highest tier), Retelit, Accenture, Xerox, NTT DATA and Amazon extend our global reach without requiring significant capital investment, demonstrating the scalability of our model.

Outlook for FY27 – From Scale to Profitability:

FY26 validated our strategy. FY27 is about converting frameworks into predictable revenue streams and embedding AI across every solution.

Priorities:

- Convert the defence framework into a predictable annual revenue stream.
- Accelerate the rollout of Algho AI across European, Asia-Pacific and US markets.
- Fully integrate DXLabs to generate an EBITDA contribution in the APAC region.
- Further improve cash conversion from an increasingly solid earnings base.

With multi-year visibility, expanding ARR and a strengthened balance sheet, Vection is well positioned to continue delivering sustainable value in FY27.

Significant changes in the state of affairs

On 25 July 2025 and 1 August 2025, the Company issued a total of 2,000,000 ordinary shares with an exercise price of \$0.018 from the exercised of listed options.

On 18 August 2025, the Company issued a total of 37,450,000 ordinary shares with an exercise price of \$0.050 in lieu of payment for consulting services and to employees in lieu to salaries, fees and bonuses, as approved by shareholders at the AGM held on 18 August 2025.

On 12 September 2025, the Company issued a total of 7,831,450 ordinary shares through the exercise of options with an exercise price of \$0.018.

On 29 September 2025, Vection announced that it had received firm commitments from institutional, sophisticated and professional investors for a placement to raise \$21M with the issue of 350M fully paid ordinary shares at a price of \$0.06. New shares from the raise commenced trading on 6 October 2025.

On 29 September 2025, Vection announced that it had executed a binding agreement to acquire 100% of the shares in Australian digital automation business Digital Experience Labs Pty Ltd (DXLabs). Consideration for the EBIT positive business is shares to the value of \$2.1M upfront with deferred consideration of shares to the value of up to a further \$2.1M, on achievement of milestones.

Vection's subsidiary The Digital Box S.p.A. ('TDB') is currently subject to an Italian 'out-of-court' restructuring instrument called a 'composizione negoziata per la soluzione della crisi di impresa' or 'negotiated settlement of the business crisis' (CNC). This is not an insolvency procedure and is accessible exclusively to companies in financial distress that have a reasonable chance of approving and implementing a restructuring plan to maintain the existing business continuity. Using the framework of the CNC, the Company intends to negotiate a tax settlement agreement with tax authorities for partial or deferred payment of tax debts. If there is a positive outcome from the CNC, the Company will gain better terms on repayment or partial credit of TDB's existing debts. If unsuccessful, there no significant impact aside from the costs of application. The CNC was filed with Italian authorities on 29 September 2025.

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

Matters subsequent to the end of the financial year

On 31 July 2026, the Company issued 10,198,250 ordinary shares to creditors and employees in lieu of payments for services and bonuses.

On 31 July 2026, the Company completed a sale agreement of one subsidiary (Blank Canvas Studios (Aus) Pty Ltd) classifying the assets for disposal as held for sale. Refer to note 12 for further details.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

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

Material business risks

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

Risk	Risk Management Mitigation
Potential risks associated with external technologies.	The Group relies on third-party off-the-shelf technologies, alongside its proprietary solutions, to support its INTEGRATEDXR® offering. These external technologies may be susceptible to issues beyond the Group's control, such as becoming obsolete or experiencing version conflicts. Such concerns could hinder the Group's ability to effectively upgrade and maintain its technology, potentially impacting its ability to serve customers. Moreover, the licensing conditions and pricing imposed by third-party providers may prove unsustainable or impractical, potentially necessitating the Group to seek alternative solutions or develop in-house options. However, there is no certainty that the Group would be able to do so in a smooth and uninterrupted manner if the need

Risk	Risk Management Mitigation
	arises.
Establishing and maintaining strategic relationships.	Success for the Group hinges on maintaining existing strategic relationships and establishing new ones with industry and technology leaders. However, the ability to sustain or establish these crucial connections remains uncertain.
Dependence on third-party providers.	Several of the Group's technology solutions are designed to work with various external platforms, networks, systems, devices, and hardware. Any changes to these external elements could favour competing products or negatively impact the functionality of the Group's offerings, potentially leading to financial consequences.
Sales cycle variability.	Fluctuations in the timing of sales could cause significant swings in the Group's sales and financial performance. The duration of the sales cycle and product implementation schedule are influenced by various factors, including client nature and size, and complex decision-making processes, making predictions difficult.
Effective management of growth.	As the Group strives to gain market acceptance in new markets, it may need to expand its operations. However, its current systems, procedures, and resources may not be sufficient to support such growth. Consequently, difficulties in managing expansion or inadequate upgrades to systems and infrastructure could arise.
Data security and hosting risks.	The Group stores data in its own systems and with various third-party service providers and hosting facilities. These facilities are susceptible to damage, outages, and cybersecurity threats, potentially resulting in data corruption, theft, or loss. While the Group is implementing comprehensive cybersecurity measures, a cybersecurity incident could have severe consequences, including reputational damage and increased costs.
Currency fluctuations.	The Group's financial results may be influenced by currency fluctuations and volatility due to its operations and revenue being in different currencies.
Regulatory challenges.	The Group's products and services may encounter varying regulatory environments in different jurisdictions. Compliance with complex and evolving regulations may pose challenges.
Multi-jurisdictional risks.	As the Group expands its business to new markets, it becomes exposed to a range of multi-jurisdictional risks, including labour practices, environmental issues, contract enforcement difficulties, and changes in legal and regulatory landscapes.
Economic conditions impact.	General economic conditions, tax reforms, interest and inflation rate fluctuations, and currency exchange rate changes may adversely affect the Group's activities and funding capabilities.
Inflationary pressures on technology prices, labour, and business conditions.	Like any other industry, the technology sector is not immune to inflationary pressures that can affect prices, labour costs, and overall business conditions. As inflation rises, the cost of technology components and equipment may increase, impacting the Group's expenses on hardware and software. Additionally, labour costs may rise due to increased wages and benefits, potentially affecting the Group's operational costs. Inflation can also impact other aspects of the business, such as transportation, raw materials, and utility expenses.
Market conditions and share price volatility.	Share market conditions can be influenced by several factors, including the economic outlook, interest rates, inflation rates, exchange rates, and investor sentiment, regardless of the Group's operating performance.

Environmental regulation

The Group is not currently subject to any significant environmental regulation under Australian Commonwealth or State law. However, the following disclosure standard will soon become effective.

AASB S2 'Climate-related Disclosures' sets out specific climate related disclosures. It applies to entities required to prepare and lodge a financial report with ASIC under Chapter 2M and is effective for different entities based on certain criteria. This mandatory sustainability reporting may be applicable to the Company for the first time for the year ending 30 June 2028.

Information on Directors

Name:	Mr Gianmarco Biagi
Title:	Chairman, Managing Director and CEO
Qualifications:	MEng
Experience and expertise:	Mr Gianmarco Biagi is a former CEO of important multinational manufacturing groups and General manager of an important Italian group leader in luxury furniture. He has been President of Settepuntonove Srl since 2018, a holding company of industrial investments in the sector of new technologies, furniture, automotive and of services. He holds institutional role as President of AIQ, UMIQ Board President at Confindustria Emilia and National Councillor at AISOM. Previously he held the position of President of the furniture and wood sector at Unindustria Bologna and of Media Industry President at Unindustria Bologna and President of the FXO consortium.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Shares held indirectly and 50% with Mr Lorenzo Biagi Officine 8k Srl (Director-related entity) 327,556,186 ordinary shares Settepuntonove Srl (Director-related entity): 38,600,000 ordinary shares (54%) VR Tech SRL (Director-related entity): 3,000,000 ordinary shares
Interests in options:	None
Interests in rights:	7,000,000 performance rights
Name:	Mr Lorenzo Biagi
Title:	Executive Director
Qualifications:	
Experience and expertise:	Mr Lorenzo Biagi is an experienced company manager in the private sector, with extensive knowledge in virtual reality technology, sales, and cost control management. While managing corporate development processes for more than 11 years, Mr Biagi has implemented new procedures and technologies helping make the companies he worked for and with, leaders in innovation.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Shares held indirectly and 50% with Mr Gianmarco Biagi Officine 8k Srl (Director-related entity): 327,556,186 ordinary shares Settepuntonove Srl (Director-related entity): 38,600,000 ordinary shares (46%) VR Tech SRL (Director-related entity): 3,000,000 ordinary shares
Interests in options:	None
Interests in rights:	5,600,000 performance rights
Name:	Mr Jacopo Merli
Title:	Executive Director and COO
Qualifications:	MEng
Experience and expertise:	Mr Jacopo Merli is the founder and CEO of JMC Group, acquired by Vection Technologies during 2021. During the last ten years, Mr Merli expanded JMC's focus as an OEM partner for a \$100b tech hardware giant within mission-critical sectors including military, telco, and broadcasting, becoming, in 2019, one of their global suppliers. During his university career in aerospace engineering, Mr Merli joined as a consultant to the Italian branch of a NASDAQ-listed world leader in the design, manufacture and marketing of high-performance analog, mixed-signal and digital signal processor ("DSP") and integrated circuits ("ICs") acquiring key knowledge of large company management processes.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	107,401,912 ordinary shares held directly
Interests in options:	None
Interests in rights:	7,000,000 performance rights

Name: Mr Umberto (Bert) Mondello
Title: Non-Executive Director
Qualifications: LLB
Experience and expertise: Mr Bert Mondello is an experienced public company director, corporate advisor, and technology expert with 20 years of experience across both the private and public sectors. Mr Mondello has widespread experience spanning retail and institutional sectors and extensive knowledge of marketing communications and investor relations. With deep-rooted expertise across multiple technology sectors, Mr Mondello has provided strategic corporate advice and mentoring to several private and public organisations internationally across multiple industries. He holds a Bachelor of Law from the University of Notre Dame, Australia.

Other current directorships: Chair of Streamplay Studio Limited (ASX: SP8)
Former directorships (last 3 years): Stakk Limited (ASX: SKK)
Interests in shares: Indomain Enterprises Pty Ltd (Director-related entity): 12,500,000 ordinary shares
Interests in options: None
Interests in rights: None

Name: Mr Cameron Petricevic
Title: Independent Non-Executive Director
Qualifications: Mr Cameron Petricevic is a qualified Actuary (AIAA), holds a Bachelor of Commerce (Actuarial) and a Bachelor of Engineering (Electrical) from the University of Melbourne, with First Class Honours. He is also a Graduate of the Australian Institute of Company Directors (GAICD) and founder/treasurer of Brimbank ToRCH, a Royal Children's Hospital auxiliary charity.

Experience and expertise: Mr Cameron Petricevic has spent over 20 years in the financial industry as an experienced Board member of both private and public companies. He has extensive investment banking experience, including mergers & acquisitions, valuations, initial public offerings and portfolio management coupled with growing early stage companies.

He has held previous roles at AXA Asia Pacific (acquired by AMP), Acorn Capital and as a Partner at Kentgrove Capital.

Other current directorships: RocketBoots Limited (ASX: ROC), Infinity Mining Limited (ASX: IMI) and the Chair of Butn Limited (ASX: BTN).
Former directorships (last 3 years): None
Interests in shares: 1,000,000 ordinary shares
Interests in options: 20,000,000 options
Interests in rights: None

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

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

Company secretary

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

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2026, and the number of meetings attended by each Director were:

	Full Board *	
	Attended	Held
Mr Gianmarco Biagi	12	12
Mr Lorenzo Biagi	12	12
Mr Jacopo Merli	12	12
Mr Umberto (Bert) Mondello	9	12
Mr Marco Landi	5	7
Mr Cameron Petricevic	12	12

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

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

Remuneration report (audited)

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

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

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to KMP

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

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

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

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-executive Directors' remuneration

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

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

Executive director and senior management remuneration

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

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

The executive remuneration and reward framework has four components:

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

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

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

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

The short-term incentives ('STI') program is designed to incentivise and reward executives for the achievement of the Group's annual financial, operational and strategic objectives. STI outcomes are determined based on performance against predetermined measures for the relevant financial year.

The long-term incentives ('LTI') program is designed to align the interests of executives with those of shareholders and support the achievement of the Group's long-term strategic objectives. LTI awards are provided in the form of share-based payments, including performance rights and other equity instruments, and are subject to applicable performance and/or service conditions over the relevant vesting period.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments is dependent on defined performance targets being met. The remaining portion of cash bonus and incentive payments is at the discretion of the Board.

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

Use of remuneration consultants

The Group did not engage the use of a remuneration consultant during the financial year ended 30 June 2026.

Voting and comments made at the Company's 2025 Annual General Meeting ('AGM')

At the 2025 AGM, 97.1% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2025. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

The KMP of the Group consisted of the following Directors of Vection Technologies Ltd:

- Mr Gianmarco Biagi
- Mr Lorenzo Biagi
- Mr Jacopo Merli
- Mr Umberto (Bert) Mondello
- Mr Cameron Petricevic
- Mr Marco Landi

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments Equity-settled	Equity-settled	
	Cash salary and fees	Cash bonus*	Non-monetary	Super-annuation	Long service leave	Shares	Options/performance rights	Total
2026	\$	\$	\$	\$	\$	\$	\$	\$
Non-Executive Directors:								
Mr Umberto (Bert) Mondello	106,000	-	-	-	-	330,400	-	436,400
Mr Cameron Petricevic	88,750	-	-	-	-	47,200	480,000	615,950
Mr Marco Landi**	25,000	-	-	-	-	-	-	25,000
Executive Directors:								
Mr Lorenzo Biagi	307,200	-	-	-	-	641,920	-	949,120
Mr Jacopo Merli	234,628	184,882	-	-	-	802,400	-	1,221,910
Other KMP:								
Mr Gianmarco Biagi	384,000	-	-	-	-	802,400	-	1,186,400
	1,145,578	184,882	-	-	-	2,624,320	480,000	4,434,780

* Short-term incentives based on target performance (1% turnover excluding inter-companies) on JMC Group and Xintex.

** Mr Marco Landi resigned on 30 January 2026.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments Equity-settled	Share-based payments Equity-settled	Total
	Cash salary and fees \$	Cash bonus* \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Shares \$	Options/ performance rights \$	
2025								
<i>Non-Executive Directors:</i>								
Mr Umberto (Bert) Mondello	102,000	-	-	-	-	-	-	102,000
Mr Marco Landi**	50,000	-	-	-	-	-	-	50,000
Mr Cameron Petricevic**	33,500	-	-	-	-	-	-	33,500
<i>Executive Directors:</i>								
Mr Gianmarco Orgnoni ***	49,687	-	-	-	-	-	-	49,687
Mr Jacopo Merli	257,629	199,146	-	-	-	668,973	-	1,125,748
Mr Lorenzo Biagi	127,200	-	-	-	-	-	-	127,200
<i>Other KMP:</i>								
Mr Gianmarco Biagi	384,000	-	-	-	-	-	-	384,000
	1,004,016	199,146	-	-	-	668,973	-	1,872,135

* Short-term incentives based on target performance (1% turnover excluding inter-companies) on JMC Group and Xintex.

** Mr Marco Landi and Mr Cameron Petricevic were appointed on 20 January 2025.

*** Mr Gianmarco Orgnoni resigned on 19 January 2025.

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2026	2025	2026	2025	2026	2025
<i>Non-Executive Directors:</i>						
Mr Umberto (Bert) Mondello	24%	100%	-	-	76%	-
Mr Cameron Petricevic	14%	100%	-	-	86%	-
Mr Marco Landi	100%	100%	-	-	-	-
<i>Executive Directors:</i>						
Mr Lorenzo Biagi	32%	100%	-	-	68%	-
Mr Jacopo Merli	19%	23%	15%	18%	66%	59%
Mr Gianmarco Orgnoni	-	100%	-	-	-	-
<i>Other KMP:</i>						
Mr Gianmarco Biagi	32%	100%	-	-	68%	-

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

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2026	2025	2026	2025
<i>Executive Directors:</i>				
Mr Jacopo Merli	100%	100%	-	-

Service agreements

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

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

- Term of agreement – ongoing subject to annual review and the Company's constitution.
- Non-Executive Directors' Fees of up to \$100,000 per annum including statutory superannuation (If applicable). Excluding separately constituted sub-committee fees.
- There is a 3-month notice period stipulated to terminate the contract by either party. The maximum aggregate amount of fees that can be paid to non-executive directors is currently fixed at \$300,000 with any change in this amount subject to approval by shareholders at the Annual General Meeting. The Company does not have a Director's Retirement Scheme in place at present.

Details of individual agreements with executive directors are as follows:

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

Name:	Mr Lorenzo Biagi
Title:	Executive Director
Agreement commenced:	12 April 2019
Term of agreement:	Until terminated in accordance with the agreement.
Details:	• Remuneration: \$15,600 per month. • Period of notice for termination/resignation: Three months' written notice by the consultant. Three months' written notice by the Company. • Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months' fees in lieu of notice.

Name:	Mr Jacopo Merli
Title:	Executive Director and Chief Operating Officer
Agreement commenced:	1 December 2022
Term of agreement:	Until terminated in accordance with the agreement.
Details:	• Remuneration: \$19,552 per month. • Period of notice for termination/resignation: Three months' written notice by the consultant. Three months' written notice by the Company. • Details of remuneration entitlement on termination: Payment of fees up to the date of termination or payment of three months' fees in lieu of notice.

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

Share-based compensation

Issue of shares

Details of shares issued to Directors and other KMP as part of compensation during the year ended 30 June 2026 are set out below:

Name	Date	Shares	Issue price	\$
Mr Gianmarco Biagi	3 October 2025	17,000,000	\$0.047	802,400
Mr Lorenzo Biagi	3 October 2025	13,600,000	\$0.047	641,920
Mr Jacopo Merli	3 October 2025	17,000,000	\$0.047	802,400
Mr Umberto (Bert) Mondello	3 October 2025	7,000,000	\$0.047	330,400
Mr Cameron Petricevic	3 October 2025	1,000,000	\$0.047	47,200

Options

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

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date
Mr Cameron Petricevic	20,000,000	27 November 2025	11 November 2027	\$0.018	\$0.024

Options granted carry no dividend or voting rights.

Grant of options as approved by Shareholders at the AGM held on 27 November 2025. No options have been exercised during the year.

Values of options over ordinary shares granted for Directors and other KMP as part of compensation during the year ended 30 June 2026 are set out below:

Name	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of options for the year %
Mr Cameron Petricevic	480,000	-	-	78%

Performance rights

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

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Share price hurdle for vesting	Fair value per right at grant date
Mr Gianmarco Biagi	24,000,000	18 August 2025	10 October 2025	18 August 2030	\$0.000	\$0.000
Mr Lorenzo Biagi	19,200,000	18 August 2025	10 October 2025	18 August 2030	\$0.000	\$0.000
Mr Jacopo Merli	24,000,000	18 August 2025	10 October 2025	18 August 2030	\$0.000	\$0.000
Mr Umberto (Bert) Mondello	7,000,000	18 August 2025	10 October 2025	18 August 2030	\$0.000	\$0.000
Mr Cameron Petricevic	1,000,000	18 August 2025	10 October 2025	18 August 2030	\$0.000	\$0.000
Mr Marco Landi	2	15 January 2025	-	16 July 2026	\$0.038	\$45,677.000

Performance rights granted carry no dividend or voting rights.

The Company granted the performance rights to the following Directors:

Recipients	Class A	Class B	Class C	Total
Gianmarco Biagi	5,666,667	5,666,667	5,666,666	17,000,000
Lorenzo Biagi	4,533,334	4,533,333	4,533,333	13,600,000
Jacopo Merli	5,666,667	5,666,667	5,666,666	17,000,000
Cameron Petricevic	333,333	333,333	333,334	1,000,000
Bert Mondello	2,333,333	2,333,333	2,333,334	7,000,000
Total	18,533,334	18,533,333	18,533,333	55,600,000
Fair Value	\$885,893	\$874,773	\$863,653	\$2,624,319

Recipients	Class D	Class E	Class F	Class G	Total
Gianmarco Biagi	1,750,000	1,750,000	1,750,000	1,750,000	7,000,000
Lorenzo Biagi	1,400,000	1,400,000	1,400,000	1,400,000	5,600,000
Jacopo Merli	1,750,000	1,750,000	1,750,000	1,750,000	7,000,000
Total	4,900,000	4,900,000	4,900,000	4,900,000	19,600,000
Fair Value	\$235,200	\$235,200	\$235,200	\$235,200	\$940,800

Each Performance Right converts into 1 fully paid ordinary share upon vesting and will expire five years from the date of issue. The terms and conditions applicable to each class of Performance Rights are outlined below:

Class A performance rights

18,533,334 performance rights each converting into shares on a one for one basis upon the Company achieving an average market capitalisation of A\$80 million or more over a 5-trading day period.

Class B performance rights

18,533,333 performance rights each converting into shares on a one for one basis upon the Company achieving an average market capitalisation of A\$100 million or more over a 5-trading day period.

Class C performance rights

18,533,333 performance rights each converting into shares on a one for one basis upon the Company achieving an average market capitalisation of A\$120 million or more over a 5-trading day period.

Class D performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY1 of the 2025/2026 financial year being equal to or greater than A\$1,000,000.

Class E performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY2 of the 2025/2026 financial year being equal to or greater than A\$2,000,000.

Class F performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY1 of the 2026/2027 financial year being equal to or greater than A\$2,000,000.

Class G performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY2 of the 2026/2027 financial year being equal to or greater than A\$3,500,000.

Values of performance rights over ordinary shares granted, vested and lapsed for Directors and other KMP as part of compensation during the year ended 30 June 2026 are set out below:

Name	Value of rights granted during the year \$	Value of rights vested during the year \$	Value of rights lapsed during the year \$	Remuneration consisting of rights for the year %
Mr Gianmarco Biagi	1,138,401	(802,400)	-	68%
Mr Lorenzo Biagi	910,719	(641,920)	-	68%
Mr Jacopo Merli	1,138,401	(802,400)	-	66%
Mr Umberto (Bert) Mondello	330,400	(330,400)	-	75%
Mr Cameron Petricevic	47,200	(47,200)	-	8%

Additional information

The earnings of the Group for the five years to 30 June 2026 are summarised below:

	2026 \$'000	2025 \$'000	2024 \$'000	2023 \$'000	2022 \$'000
Sales revenue	39,825	36,003	32,838	25,332	17,218
Loss after income tax	(7,445)	(8,856)	(9,999)	(11,023)	(7,100)

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

	2026	2025	2024	2023	2022
Share price at financial year end (\$)	0.020	0.037	0.018	0.042	0.070
Basic earnings per share (cents per share)	(0.350)	(0.654)	(0.875)	(2.399)	(0.610)

Additional disclosures relating to KMP

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Mr Gianmarco Biagi *	169,278,093	17,000,000	-	-	186,278,093
Mr Lorenzo Biagi *	169,278,093	13,600,000	-	-	182,878,093
Mr Jacopo Merli	90,401,912	17,000,000	-	-	107,401,912
Mr Umberto (Bert) Mondello	5,500,000	7,000,000	-	-	12,500,000
Mr Cameron Petricevic	-	1,000,000	-	-	1,000,000
Mr Marco Landi **	8,701,019	-	-	(8,701,019)	-
	<u>443,159,117</u>	<u>55,600,000</u>	<u>-</u>	<u>(8,701,019)</u>	<u>490,058,098</u>

* Indirect shareholding as a result of a relevant interest in VR Tech SRL, Officine 8K Srl and Settepuntonove Srl, which are the registered holders of these securities.

** Shareholding as at date of resignation on 30 January 2026.

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Mr Cameron Petricevic	-	20,000,000	-	-	20,000,000
	<u>-</u>	<u>20,000,000</u>	<u>-</u>	<u>-</u>	<u>20,000,000</u>

Performance rights holding

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

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Mr Gianmarco Biagi	-	24,000,000	(17,000,000)	-	7,000,000
Mr Lorenzo Biagi	-	19,200,000	(13,600,000)	-	5,600,000
Mr Jacopo Merli	-	24,000,000	(17,000,000)	-	7,000,000
Mr Umberto (Bert) Mondello	-	7,000,000	(7,000,000)	-	-
Mr Cameron Petricevic	-	1,000,000	(1,000,000)	-	-
Mr Marco Landi *	2	-	-	(2)	-
	<u>2</u>	<u>75,200,000</u>	<u>(55,600,000)</u>	<u>(2)</u>	<u>19,600,000</u>

* Performance rights as at date of resignation on 30 January 2026.

Loans to KMP and their related parties

During the previous year, a loan of \$177,115 was provided to Mr Jacopo Merli. This loan is fully repayable at an interest rate of 5%. The loan was settled against a bonus received for achievement of performance targets of \$846,088 and the remaining \$668,673 was settled by shares during the year ended 30 June 2025. There were no other loans to or from related parties at the current reporting date.

Other transactions with KMP and their related parties

The Group may enter into agreements for services rendered with individuals (or an entity that is associated with the individuals) during the ordinary course of business.

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

Director	Transaction	Transaction value		Outstanding balance receivable/ (payable)	
		2026 \$	2025 \$	2026 \$	2025 \$
Mr Gianmarco Biagi and Mr Lorenzo Biagi	Other revenue (a)	-	-	-	496,411
	Other service cost (b)	89,027	17,894	(32,052)	(100,198)
	Revenue from services (c)	6,147	10,062	331,596	241,430
Mr Jacopo Merli	Other service cost (d)	150,640	226,898	(11,444)	(189,473)

- (a) The Company's subsidiary Vection Italy Srl received payments for services it provided to companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi.
- (b) The Company's subsidiary Vection Italy Srl paid companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for services received.
- (c) The Company's subsidiary Vection Italy Srl provided services to companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for which an amount is receivable at year end.
- (d) The Company's subsidiaries paid to acquire services from companies and individual associated with Mr Jacopo Merli.

This concludes the remuneration report, which has been audited.

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
28 October 2024	11 November 2027	\$0.018	204,073,889
6 May 20025	11 November 2027	\$0.018	128,983,334
27 November 2025	11 November 2027	\$0.018	20,000,000
19 June 2026	11 November 2027	\$0.018	2,000,000
18 August 2025	18 August 2027	\$0.030	2,000,000
13 October 2025	13 October 2028	\$0.040	10,000,000
			<u>367,057,223</u>

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

Shares under performance rights

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

Grant date	Expiry date	Exercise price	Number under rights
18 September 2025	18 September 2030	\$0.000	19,600,000

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

Shares issued on the exercise of options

The following ordinary shares of Vection Technologies Ltd were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
28 October 2024	\$0.018	1,000,000
28 October 2024	\$0.018	1,000,000
28 October 2024	\$0.018	7,831,450
28 October 2024	\$0.018	9,150,661
28 October 2024	\$0.018	17,900,000
28 October 2024	\$0.018	110,000
		<u>36,992,111</u>

Shares issued on the exercise of performance rights

The following ordinary shares of Vection Technologies Ltd were issued during the year ended 30 June 2026 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
10 October 2025	\$0.000	55,600,000
15 January 2025	\$0.025	23,561,801
		<u>79,161,801</u>

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Hall Chadwick WA Audit Pty Ltd

There are no officers of the Company who are former partners of Hall Chadwick WA Audit Pty Ltd.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

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

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

On behalf of the Directors



Mr Gianmarco Biagi
Managing Director and Chairman



Mr Jacopo Merli
Executive Director and COO

30 September 2026

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Vection Technologies Ltd and its controlled entities for the year ended 30 June 2026, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully



HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF FCA
Director

Dated this 30th day of September 2026
Perth, Western Australia

Vection Technologies Ltd
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2026



	Note	2026 \$'000	Restated* 2025 \$'000
Revenue	6	39,825	36,003
Other income	7	2,234	1,119
Interest revenue calculated using the effective interest method		59	9
Fair value remeasurement on contingent consideration	18	4,746	-
Expenses			
Changes in inventories		(1,020)	(309)
Variable cost of sales		(12,857)	(18,827)
Employee benefits expense		(10,460)	(8,161)
Consulting and professional fees		(7,210)	(2,897)
Depreciation and amortisation expense	8	(7,201)	(4,624)
Impairment of trade receivables	8	(1,326)	(615)
Impairment of intangible assets	8	(490)	-
Share-based payments	8,30	(3,862)	(2,803)
Other expenses	8	(6,733)	(6,385)
Finance costs	8	(2,346)	(1,269)
Impairment on remeasurement of disposal group held for sale	12	(447)	-
Total expenses		(53,952)	(45,890)
Loss before income tax expense		(7,088)	(8,759)
Income tax expense	9	(357)	(97)
Loss after income tax expense for the year		(7,445)	(8,856)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(82)	178
Other comprehensive income for the year, net of tax		(82)	178
Total comprehensive income for the year		(7,527)	(8,678)
Loss for the year is attributable to:			
Non-controlling interest		72	466
Owners of Vection Technologies Ltd		(7,517)	(9,322)
		(7,445)	(8,856)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		72	466
Owners of Vection Technologies Ltd		(7,599)	(9,144)
		(7,527)	(8,678)
		Cents	Cents
Earnings per share for loss attributable to the owners of Vection Technologies Ltd			
Basic earnings per share	29	(0.350)	(0.654)
Diluted earnings per share	29	(0.350)	(0.654)

* Refer to note 4 for detailed information on Restatement of comparatives.

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

	Note	2026 \$'000	Restated* 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents	10	9,313	3,104
Trade and other receivables	11	31,232	29,035
Inventories		1,592	1,698
		42,137	33,837
Assets of disposal groups classified as held for sale	12	2,177	-
Total current assets		44,314	33,837
Non-current assets			
Intangible assets	13	43,647	41,471
Property, plant and equipment		637	923
Right-of-use assets		445	-
Financial assets		109	109
Total non-current assets		44,838	42,503
Total assets		89,152	76,340
Liabilities			
Current liabilities			
Trade payables		10,502	15,731
Sundry creditors and accruals		16,680	14,819
Borrowings	14	5,084	7,915
Lease liabilities		148	-
Employee benefits		474	742
Income tax payable		-	248
		32,888	39,455
Liabilities directly associated with assets classified as held for sale	12	1,380	-
Total current liabilities		34,268	39,455
Non-current liabilities			
Borrowings	14	10,948	11,067
Lease liabilities		464	-
Employee benefits		3,119	3,124
Deferred tax liabilities	9	2,143	1,860
Other financial liabilities	18	4,280	7,602
Total non-current liabilities		20,954	23,653
Total liabilities		55,222	63,108
Net assets		33,930	13,232
Equity			
Issued capital	15	81,776	54,565
Reserves	16	5,696	4,764
Accumulated losses		(53,496)	(45,979)
Equity attributable to the owners of Vection Technologies Ltd		33,976	13,350
Non-controlling interest		(46)	(118)
Total equity		33,930	13,232

* Refer to note 4 for detailed information on restatement of comparatives.

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 2024	46,592	4,386	(41,284)	(848)	8,846
(Loss)/profit after income tax expense for the year	-	-	(9,322)	466	(8,856)
Other comprehensive income for the year, net of tax	-	178	-	-	178
Total comprehensive income for the year (restated*)	-	178	(9,322)	466	(8,678)
<i>Transactions with owners in their capacity as owners:</i>					
Issued share capital, net of transaction cost (note 15)	7,973	-	-	264	8,237
Share-based payment (note 16)	-	1,152	-	-	1,152
Options expired (note 16)	-	(2,925)	2,925	-	-
Performance rights expired (note 16)	-	(1,702)	1,702	-	-
Other reserve (note 16)	-	3,675	-	-	3,675
Balance at 30 June 2025 (restated*)	54,565	4,764	(45,979)	(118)	13,232

* Refer to note 4 for detailed information on restatement of comparatives.

	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2025	54,565	4,764	(45,979)	(118)	13,232
(Loss)/profit after income tax expense for the year	-	-	(7,517)	72	(7,445)
Other comprehensive income for the year, net of tax	-	(82)	-	-	(82)
Total comprehensive income for the year	-	(82)	(7,517)	72	(7,527)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	27,013	-	-	-	27,013
Share-based payments (note 16)	-	1,149	-	-	1,149
Options exercised (note 16)	198	(198)	-	-	-
Performance rights granted (note 16)	-	2,687	-	-	2,687
Performance rights vested (note 16)	-	(2,624)	-	-	(2,624)
Balance at 30 June 2026	81,776	5,696	(53,496)	(46)	33,930

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

	Note	2026 \$'000	2025 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		41,537	34,079
Payments to suppliers and employees (inclusive of GST)		(38,269)	(36,201)
Interest received		59	9
Interest paid		(2,085)	(873)
Income taxes paid		(283)	(299)
Net cash from/(used in) operating activities	26	959	(3,285)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	24	516	(167)
Payment for expenses relating to acquisitions		(1,186)	(402)
Payments for property, plant and equipment		(235)	(559)
Payments for intangible assets	13	(8,708)	(6,601)
Proceeds from disposal of business		300	-
Net cash used in investing activities		(9,313)	(7,729)
Cash flows from financing activities			
Proceeds from issue of shares, net of issue transaction costs		19,055	5,538
Proceeds from exercise of share options		666	-
Proceeds from borrowings		10,955	14,857
Repayment of borrowings		(14,842)	(14,059)
Repayment of lease liabilities		(612)	(163)
Repayment of insurance financing		(13)	(65)
Net cash from financing activities		15,209	6,108
Net increase/(decrease) in cash and cash equivalents		6,855	(4,906)
Cash and cash equivalents at the beginning of the financial year		3,104	7,652
Effects of exchange rate changes on cash and cash equivalents		(586)	358
Cash and cash equivalents at the end of the financial year	10	9,373	3,104

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

Note 1. General information

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

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

Level 5
20 Bond Street
Sydney, NSW 2000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2026. The Directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

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

New or amended Accounting Standards and Interpretations adopted

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

The following Accounting Standard has been adopted from 1 July 2025:

- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

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 activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2026, the Group recorded a net loss after tax of \$7,445,000 (30 June 2025: \$8,856,000), and net cash inflows from operating activities of \$959,000 (30 June 2025: outflow of \$3,285,000). At 30 June 2026, the Group had cash and cash equivalents of \$9,313,000 (30 June 2025: \$3,104,000); net assets of \$33,930,000 (30 June 2025: \$13,232,000) and net current assets of \$10,046,000 (30 June 2025: net current liabilities of \$5,618,000).

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 minimisation 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 and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts in these financial statements.

Note 2. Material accounting policy information (continued)

Vection subsidiary's, The Digital Box S.p.A. ('TDB'), is currently subject to an Italian 'out-of-court' restructuring instrument called a 'composizione negoziata per la soluzione della crisi di impresa' or 'negotiated settlement of the business crisis' (CNC). This is not an insolvency procedure and is accessible exclusively to companies in financial distress that have a reasonable chance of approving and implementing a restructuring plan to maintain the existing business continuity. Using the framework of the CNC, the Company intends to negotiate a tax settlement agreement with tax authorities for partial or deferred payment of tax debts. With the recent placement, funding and a letter of support will be put in place for TDB to assist if required. As of today's date, there are no claims or demands from any TDB creditor.

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.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vection Technologies Ltd ('Company' or 'parent entity') as at 30 June 2026 and the results of all subsidiaries for the year then ended. Vection Technologies Ltd and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

Note 2. Material accounting policy information (continued)

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

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

Operating segments

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

Foreign currency translation

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

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

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

Rendering of services

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

Interest

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

Note 2. Material accounting policy information (continued)

Other revenue

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

Income tax

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

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

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

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

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

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

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Note 2. Material accounting policy information (continued)

Inventories

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

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

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets

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

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

Financial assets at amortised cost

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

Impairment of financial assets

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

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

The loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 2. Material accounting policy information (continued)

Property, plant and equipment

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

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

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

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

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

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

Right-of-use assets

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

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

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

Intangible assets

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

Goodwill

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

Intellectual property

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

Note 2. Material accounting policy information (continued)

Customer relationships

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

Research and development

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

Software

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

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

Finance costs

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

Lease liabilities

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

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

Note 2. Material accounting policy information (continued)

Provisions

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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

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

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

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

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

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

Note 2. Material accounting policy information (continued)

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

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

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

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

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

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

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

Note 2. Material accounting policy information (continued)

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

Comparatives

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations. The main standards are listed below:

- AASB 18 Presentation and Disclosure in Financial Statements (effective from 1 January 2027)
- AASB 2014-10 Sale or contribution of assets between investor and its associate or joint venture (effective from 1 January 2028)

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Allowance for expected credit losses

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

Fair value measurement hierarchy

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

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

Goodwill and other indefinite life intangible assets

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Business combinations

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

Note 4. Restatement of comparatives

Correction of error

In December 2025, Vection discovered that a certain liability from the TDB acquisition was recorded during the period ended 30 June 2025. 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 and consolidated statement of profit or loss and other comprehensive income.

	30 June 2025 Reported \$'000	Adjustment \$'000	30 June 2025 Restated \$'000
<i>Statement of financial position</i>			
Sundry creditors and accruals	14,121	698	14,819
Accumulated losses:	(45,281)	(698)	(45,979)
(Loss)/profit after income tax expense for the year	(8,158)	(698)	(8,856)
Total comprehensive income for the year	(7,980)	(698)	(8,678)
<i>Statement of profit or loss and other comprehensive income</i>			
Other expenses	(5,687)	(698)	(6,385)
Loss after income tax expense for the year	(8,158)	(698)	(8,856)

Note 5. Operating segments

Identification of reportable operating segments

The Board monitors its operations based on region. The Board (who is identified as the Chief Operating Decision Maker ('CODM')) has determined that the Group's segment information is based on two geographic locations being Europe, Middle East, Africa and America ('EMEA') and Asia-Pacific ('APAC').

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

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

Types of products and services

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

EMEA	Integrated XR
APAC	3D Services, ICT and IoT

Intersegment transactions

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

Intersegment receivables, payables and loans

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

Major customers

During the year ended 30 June 2026, approximately \$8,179,000 (21%) (2025: \$7,970,000 (22%)) of the Group's external revenue was derived from sales to a major European partner and distributor to customers in the defence sector, through the different services provided.

Note 5. Operating segments (continued)

Operating segment information

	EMEA \$'000	APAC \$'000	Total \$'000
2026			
Revenue			
Sales to external customers	33,465	6,360	39,825
Other income	2,206	28	2,234
Interest revenue	-	59	59
Fair value remeasurement on contingent consideration	4,746	-	4,746
Total revenue and other income	40,417	6,447	46,864
EBITDA	6,227	(2,448)	3,779
Depreciation and amortisation	(6,701)	(500)	(7,201)
Impairment of trade receivables	(1,326)	-	(1,326)
Impairment of intangible assets	-	(490)	(490)
Share-based payments expense	-	(3,862)	(3,862)
Finance costs	(1,417)	(929)	(2,346)
Interest revenue	-	59	59
Fair value remeasurement on contingent consideration	4,746	-	4,746
Impairment on remeasurement of disposal group held for sale	-	(447)	(447)
Profit/(loss) before income tax expense	1,529	(8,617)	(7,088)
Income tax expense			(357)
Loss after income tax expense			(7,445)
Assets			
Segment assets	79,348	25,829	105,177
Intersegment eliminations			(16,025)
Total assets			89,152
Liabilities			
Segment liabilities	74,559	11,378	85,937
Intersegment eliminations			(30,715)
Total liabilities			55,222

Note 5. Operating segments (continued)

2025	EMEA \$'000	APAC \$'000	Total \$'000
Revenue			
Sales to external customers	31,808	4,195	36,003
Other income	1,117	2	1,119
Interest revenue	1	8	9
Total revenue and other income	<u>32,926</u>	<u>4,205</u>	<u>37,131</u>
EBITDA	2,568	(2,025)	543
Depreciation and amortisation	(4,612)	(12)	(4,624)
Impairment of assets	-	(615)	(615)
Share-based payments expense	-	(2,803)	(2,803)
Finance costs	(1,199)	(70)	(1,269)
Interest revenue	1	8	9
Loss before income tax expense	<u>(3,242)</u>	<u>(5,517)</u>	<u>(8,759)</u>
Income tax expense			(97)
Loss after income tax expense			<u>(8,856)</u>
Assets			
Segment assets	<u>79,521</u>	<u>13,797</u>	93,318
Intersegment eliminations			(16,978)
Total assets			<u>76,340</u>
Liabilities			
Segment liabilities	<u>73,907</u>	<u>9,068</u>	82,975
Intersegment eliminations			(19,867)
Total liabilities			<u>63,108</u>

Note 6. Revenue

	2026 \$'000	2025 \$'000
Revenue from contracts with customers	39,825	36,003

Disaggregation of revenue

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

	2026 \$'000	2025 \$'000
<i>Major product lines</i>		
INTEGRATEDXR® solutions and services	39,825	36,003
<i>Geographical regions</i>		
EMEA represents the geographical area composed by Europe, Middle East, Africa and America.	33,465	31,808
APAC represents the geographical area composed by Australia and the Asia-Pacific region.	6,360	4,195
	39,825	36,003
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	18,053	18,477
Services transferred over time	21,772	17,526
	39,825	36,003

Note 7. Other income

	2026 \$'000	2025 \$'000
Net foreign exchange gain/(loss)	58	(387)
Other income	2,176	1,506
Other income	2,234	1,119

Note 8. Expenses

	2026 \$'000	Restated 2025 \$'000
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	12,857	18,827
<i>Depreciation</i>		
Plant and equipment	-	1
Office and computer equipment	351	346
Buildings right-of-use assets	148	-
Total depreciation	499	347
<i>Amortisation</i>		
Customer relationships	375	236
Other intangibles (software and development costs)	6,327	4,041
Total amortisation	6,702	4,277
Total depreciation and amortisation	7,201	4,624
Impairment of intangible assets - goodwill held for sale (note 13)	490	-
Impairment of trade receivables (note 11)	1,326	615
<i>Other expenses</i>		
Advertising and marketing expenses	1,194	1,029
Corporate and administrative expenses	4,546	4,521
Rent expenses	993	835
Total other expenses	6,733	6,385
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	2,023	837
Interest and finance charges paid/payable on lease liabilities	56	36
Fair value movement on contingent consideration in business acquisition (note 18)	267	396
Finance costs expensed	2,346	1,269
<i>Share-based payments expense</i>		
Vesting of performance rights relating to business combination	2,781	1,396
Director performance rights expenses	1,081	1,407
Total share-based payments expense	3,862	2,803

Note 9. Income tax

	2026 \$'000	2025 \$'000
<i>Income tax expense</i>		
Current tax	362	121
Deferred tax - origination and reversal of temporary differences	(5)	-
Adjustment recognised for prior periods	-	(24)
Aggregate income tax expense	357	97
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(7,088)	(8,759)
Tax at the statutory tax rate of 25%	(1,772)	(2,190)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	1,010	1,177
	(762)	(1,013)
Adjustment recognised for prior periods	-	(24)
Current year tax losses not recognised	1,119	1,134
Income tax expense	357	97

The Directors estimate that the potential future income tax benefits carried forward but not brought to account at year end at the Australian corporate tax rate of 25% (2025: 25%) in relation Australian companies are made up as follows:

	2026 \$'000	2025 \$'000
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Australian revenue losses	6,978	5,773
Australian capital losses	149	149
Australian CGT assets	117	171
Australian taxable temporary differences	7,516	216
Total deferred tax assets not recognised	14,760	6,309

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

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deduction for the losses to be realised.
- the Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in income tax legislation adversely affecting the Group in realizing the benefit from the deduction for the losses.

Note 9. Income tax (continued)

	2026 \$'000	2025 \$'000
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Other intangibles (software and development costs)	2,143	1,860
Deferred tax liability	2,143	1,860
Movements:		
Opening balance	1,860	1,319
Credited to profit or loss	(5)	-
Additions through business combinations (note 24)	291	590
Adjustment from prior periods	(3)	(49)
Closing balance	2,143	1,860

Note 10. Cash and cash equivalents

	2026 \$'000	2025 \$'000
<i>Current assets</i>		
Cash at bank	9,313	3,104
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	9,313	3,104
Cash and cash equivalents - classified as held for sale	60	-
Balance as per statement of cash flows	9,373	3,104

Note 11. Trade and other receivables

	2026 \$'000	2025 \$'000
<i>Current assets</i>		
Trade receivables	26,593	22,551
Less: Allowance for expected credit losses	(2,058)	(758)
	24,535	21,793
Other receivables	5,181	4,801
Prepayments	1,516	2,441
	6,697	7,242
	31,232	29,035

Allowance for expected credit losses

The Group has recognised a loss of \$1,326,000 (2025: \$615,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2026.

Note 11. Trade and other receivables (continued)

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2026 %	2025 %	2026 \$'000	2025 \$'000	2026 \$'000	2025 \$'000
Not overdue	-	-	13,297	16,708	-	-
0 to 3 months overdue	-	-	8,851	2,044	-	-
3 to 6 months overdue	-	-	1,862	182	-	-
Over 6 months overdue	79.64%	20.96%	2,584	3,617	2,058	758
			<u>26,594</u>	<u>22,551</u>	<u>2,058</u>	<u>758</u>

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

	2026 \$'000	2025 \$'000
Opening balance	758	189
Additional provisions recognised	1,326	615
Additions through business combinations	-	488
Receivables written off during the year as uncollectable	(26)	(534)
Closing balance	<u>2,058</u>	<u>758</u>

Note 12. Assets of disposal groups classified as held for sale

On 2 March 2026, Vection Technologies Ltd ('the Seller') entered into a sale agreement for Blank Canvas Studios (Aus) Pty Ltd ('the Company') with Paul Brent Clayton ('the Buyer'), which was completed on 31 July 2026. Total consideration for the disposal amounted to \$796,676, consisting of \$300,000 received in June 2026, deferred consideration of \$200,000 and 2 loans receivable of \$150,000 and \$146,676 with specific conditions, to be collected in instalments between 30 September 2026 and 31 December 2027.

Carrying amounts of assets and liabilities disposed

	2026 \$'000
Cash and cash equivalents	60
Trade and other receivables	792
Other current assets	78
Property, plant and equipment	181
Intangibles (gross of impairment)	1,513
Total assets	<u>2,624</u>
Trade and other payables	710
Accrued expenses	420
Employee benefits	250
Total liabilities	<u>1,380</u>
Net assets	<u>1,244</u>

Note 12. Assets of disposal groups classified as held for sale (continued)

Details of the disposal

	2026 \$'000
Total sale consideration	797
Carrying amount of net assets disposed	(1,244)
Impairment on remeasurement of disposal group held for sale before income tax	(447)
Impairment on remeasurement of disposal group held for sale after income tax	(447)
Total assets (gross of impairment)	2,624
Impairment on remeasurement of disposal group held for sale	(447)
Total assets (net of impairment)	2,177

Note 13. Intangible assets

	2026 \$'000	2025 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	30,064	28,505
Less: Impairment	(1,734)	(1,734)
	28,330	26,771
Intellectual property - at cost	3,333	2,825
Less: Impairment	(1,892)	(1,892)
	1,441	933
Customer relationships - at cost	2,751	1,591
Less: Accumulated amortisation	(745)	(371)
	2,006	1,220
Other intangible assets (software and development costs) - at cost	26,954	22,524
Less: Accumulated amortisation	(11,455)	(6,348)
Less: Impairment	(3,629)	(3,629)
	11,870	12,547
	43,647	41,471

Note 13. Intangible assets (continued)

	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	-	-	-	6,601	6,601
Additions through business combinations (note 24)	15,074	-	756	1,605	17,435
Exchange differences	-	-	(5)	-	(5)
Amortisation expense	-	-	(236)	(4,041)	(4,277)
Balance at 30 June 2025	26,771	933	1,220	12,547	41,471
Additions	-	-	-	8,708	8,708
Additions through business combinations (note 24)	2,049	508	1,162	-	3,719
Classified as held for sale	(490)	-	-	(1,513)	(2,003)
Exchange differences	-	-	(1)	(1,545)	(1,546)
Amortisation expense	-	-	(375)	(6,327)	(6,702)
Balance at 30 June 2026	28,330	1,441	2,006	11,870	43,647

Allocation of goodwill and intellectual property to Groups of Cash-Generating Units (CGUs)

Vection considered grouping its CGUs based on the geographical location of the respective entities within the Group, being Europe, Middle East, Africa and America ('EMEA') and Asia-Pacific ('APAC').

The current CGUs are as follows:

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

The Australian (APAC) CGU included Blank Canvas, which was classified as held for sale in the current year, and the European (EMEA) CGU include Vection Italy, Mindesk Group and JMC Group. America has been included in EMEA as it's immaterial at this stage.

	Carrying value Goodwill \$'000	Carrying value Intellectual property \$'000
2026		
EMEA	26,281	933
APAC	2,049	508
	<u>28,330</u>	<u>1,441</u>
2025		
EMEA	26,281	933
APAC	490	-
	<u>26,771</u>	<u>933</u>

Note 13. Intangible assets (continued)

Goodwill and other intangible assets impairment testing

As at 30 June 2026, the Group has undertaken a review for indicators of significant impairment to determine whether a detailed impairment test is required for finite life intangible assets. 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). The recoverable amounts were determined under the VIU method, applying a discounted cash flow model, based on a five to seven year project period together with a terminal value approved by management. The forecast budget process was developed based on revenue expectations on existing customer contracts along with ongoing opportunities.

Key assumptions

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the discounted cash flow models as at 30 June 2026:

	EMEA 2026	APAC 2026	EMEA 2025	APAC 2025
Pre-tax discount rate	16.32%	19.07%	17.91%	21.06%
Terminal value growth rate	3.00%	3.90%	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 or other intangible assets impairment expense was recorded since the recoverable amounts of the CGUs exceeded the carrying amounts. Except for the goodwill transferred to classified as held for sale which was fully impaired at disposal by \$490,000 and recognised as impairment of intangible assets in the statement of profit or loss and other comprehensive income. Refer to note 12 for further details.

Sensitivity

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

Note 14. Borrowings

	2026 \$'000	2025 \$'000
Current liabilities		
Borrowings	4,997	7,815
Insurance premium funding	87	100
	5,084	7,915
Non-current liabilities		
Borrowings	10,948	11,067
	16,032	18,982

Refer to note 17 for further information on financial instruments.

Note 14. Borrowings (continued)

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

Type of facility	Interest rate	Expiry date	Balance \$'000
Current			
Bank loan	4%	Short-term	1,864
Invoice finance	various	Short-term	3,112
Credit cards	various	Short-term	21
			<u>4,997</u>
Non-current			
Bank loan	4%	2026-2035	8,738
Bonds	7%	2035	2,210
			<u>10,948</u>
Total			<u><u>15,945</u></u>

Insurance premium funding

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

Assets pledged as security

The bank loans are secured by first mortgages over the Group's assets.

Financing arrangements

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

	2026 \$'000	2025 \$'000
Total facilities Borrowings	16,341	29,454
Used at the reporting date Borrowings	15,945	18,882
Unused at the reporting date Borrowings	396	10,572

Loan covenants

The bank loans are not subject to financial covenants.

Note 15. Issued capital

	2026 Shares	2025 Shares	2026 \$'000	2025 \$'000
Ordinary shares - fully paid	<u>2,353,154,651</u>	<u>1,767,421,887</u>	<u>81,776</u>	<u>54,565</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2024	1,126,588,969		46,592
Issue of shares - placement	5 September 2024	200,000,000	\$0.010	2,000
Issue of shares as remuneration	29 November 2024	23,891,876	\$0.028	669
Issue of shares to vendor (as consideration of business combination)	15 January 2025	130,159,344	\$0.010	1,302
Issue of shares to consultant (as consideration of business combination)	15 January 2025	13,015,934	\$0.010	130
Exercise of listed options	31 January 2025	28,734,000	\$0.018	517
Issue of shares to employee in lieu of bonus - Italy	31 March 2025	6,385,696	\$0.027	172
Issue of shares to consultant - Italy	31 March 2025	1,779,400	\$0.027	48
Issue of shares - placement	29 April 2025	236,666,668	\$0.015	3,550
Exercise of listed options	18 June 2025	200,000	\$0.018	3
Issued capital cost				(418)
Balance	30 June 2025	1,767,421,887		54,565
Exercise of listed options	25 July 2025	1,000,000	\$0.018	18
Exercise of listed options	1 August 2025	1,000,000	\$0.018	18
Issue of shares to employee and consultants in lieu of bonus	18 August 2025	37,200,000	\$0.050	1,860
Issue of shares in lieu of payment for consulting services	18 August 2025	250,000	\$0.048	12
Exercise of listed options	12 September 2025	7,831,450	\$0.018	141
Exercise of listed options	29 September 2025	9,150,661	\$0.018	165
Conversion of performance rights	3 October 2025	55,600,000	\$0.000	2,624
Exercise of listed options	3 October 2025	17,900,000	\$0.018	322
Issue of shares - placement	6 October 2025	350,000,001	\$0.060	21,000
Exercise of listed options	4 December 2025	110,000	\$0.018	2
Issue of shares in lieu of cash settlement M&A	2 January 2026	426,333	\$0.031	13
Issue of shares to employee and consultants in lieu of bonus	30 January 2026	5,109,171	\$0.035	179
Issue of shares to vendor (as consideration of business combination)	9 April 2026	63,109,756	\$0.030	1,893
Issue of shares in lieu of payment for consulting services	9 April 2026	3,841,463	\$0.033	126
Conversion of performance rights - TDB	22 May 2026	23,561,801	\$0.025	589
Issue of shares to employee and consultants in lieu of bonus	19 June 2026	9,642,128	\$0.023	222
Issue capital cost				(1,973)
Balance	30 June 2026	<u>2,353,154,651</u>		<u>81,776</u>

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.

Note 15. Issued capital (continued)

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

Share buy-back

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

Capital risk management

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

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

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

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

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

The capital risk management policy remains unchanged from the 30 June 2025 Annual Report.

Note 16. Reserves

	2026 \$'000	2025 \$'000
Share-based payments reserve- Options	1,789	932
Share-based payments reserve - Performance rights	157	-
Foreign currency reserve	75	157
Other reserves	3,675	3,675
	<u>5,696</u>	<u>4,764</u>

Share-based payments reserve

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

Foreign currency reserve

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

Other reserves

This reserve is to recognise the difference in the value of shares issued in a business combination from the acquisition date to the date the shares were issued.

Note 16. Reserves (continued)

Movements in reserves

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

	Share-based payments Options \$'000	Share-based payments Performance rights \$'000	Foreign currency \$'000	Other \$'000	Total \$'000
Balance at 1 July 2024	4,407	-	(21)	-	4,386
Foreign currency translation	-	-	178	-	178
Share-based payment expense	1,152	-	-	-	1,152
Performance rights vested/lapsed	(1,702)	-	-	-	(1,702)
Options expired	(2,925)	-	-	-	(2,925)
Shares issued at business acquisition	-	-	-	3,675	3,675
Balance at 30 June 2025	932	-	157	3,675	4,764
Share-based payment expense	1,055	94	-	-	1,149
Options exercised	(198)	-	-	-	(198)
Performance rights granted	-	2,687	-	-	2,687
Performance rights vested	-	(2,624)	-	-	(2,624)
Foreign currency translation	-	-	(82)	-	(82)
Balance at 30 June 2026	1,789	157	75	3,675	5,696

Note 17. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

Note 17. Financial instruments (continued)

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

	Assets		Liabilities	
	2026	2025	2026	2025
	\$'000	\$'000	\$'000	\$'000
US dollars	243	1,993	(40)	(50)
Euros	34,152	56,985	(42,426)	(48,899)
INR	69	14	-	(10)
	34,464	58,992	(42,466)	(48,959)

The following sensitivity is based on a 10% movement of EUR and INR against the AUD and the effect on the net profit or loss and equity of the Group for the period to 30 June 2026 and 30 June 2025, with all other variables held constant:

		AUD strengthened			AUD weakened	
		Effect on	Effect on		Effect on	Effect on
2026	% change	profit before tax	equity	% change	profit before tax	equity
Euros, USD and INR	10%	(800)	(754)	10%	800	754
		AUD strengthened			AUD weakened	
		Effect on	Effect on		Effect on	Effect on
2025	% change	profit before tax	equity	% change	profit before tax	equity
Euros, USD and INR	10%	(1,003)	(702)	10%	1,003	702

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

As at the reporting date, the Group had the following variable rate borrowings and cash and cash equivalents outstanding:

	2026		2025	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Cash and cash equivalents	0.41%	9,313	0.19%	3,104
Bank loans	6.60%	(16,032)	5.00%	(18,982)
Net exposure to cash flow interest rate risk		(6,719)		(15,878)

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

Note 17. Financial instruments (continued)

Group sensitivity

At 30 June 2026, if interest rates had changed by +/- 100 basis points from the year-end with all other variables held constant, the loss for the year would have been \$67,190 lower/higher (2025: \$158,780 lower/higher), as a result of a lower/higher interest income from cash and cash equivalents.

Credit risk

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

Liquidity risk

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

Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
2026						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	10,502	-	-	-	10,502
Sundry creditors and accruals	-	16,680	-	-	-	16,680
Contingent consideration	-	4,280	-	-	-	4,280
<i>Interest-bearing - variable</i>						
Bank loans	6.60%	4,997	748	10,200	-	15,945
Insurance premium funding	5.49%	87	-	-	-	87
<i>Interest-bearing - fixed rate</i>						
Lease liability	-	148	148	316	-	612
Total non-derivatives		36,694	896	10,516	-	48,106

Note 17. Financial instruments (continued)

	Weighted average interest rate %	1 year or less \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
2025						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	15,731	-	-	-	15,731
Sundry creditors and accruals	-	14,819	-	-	-	14,819
Contingent consideration	-	7,602	-	-	-	7,602
<i>Interest-bearing - variable</i>						
Bank loans	5.00%	7,815	1,100	3,320	6,647	18,882
Insurance premium funding	11.95%	100	-	-	-	100
Total non-derivatives		46,067	1,100	3,320	6,647	57,134

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

Fair value of financial instruments

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

Note 18. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2026				
Assets				
Listed equity shares at fair value to profit or loss ('FVTPL')	43	-	-	43
Total assets	43	-	-	43
Liabilities				
Contingent consideration - rights to be issued	-	-	4,280	4,280
Total liabilities	-	-	4,280	4,280
2025				
Assets				
Listed equity shares at fair value to profit or loss ('FVTPL')	38	-	-	38
Total assets	38	-	-	38
Liabilities				
Contingent consideration - rights to be issued	-	-	7,602	7,602
Total liabilities	-	-	7,602	7,602

There were no transfers between levels during the financial year.

Note 18. Fair value measurement (continued)

The Australian listed equity shares are held for trading at fair value through profit or loss \$28,478 (2025: \$23,001). The fair value has been determined directly by reference to published price quotations in an active market for identical securities. They are deemed to be level 1 securities in accordance with the AASB 13 fair value measurement hierarchy and hence there is no subjectivity in relation to their value.

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

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

Valuation techniques for fair value measurements categorised within level 2 and level 3

Due to the nature of contingent consideration, it have been categorised as Level 3.

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

Level 3 assets and liabilities

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

	Contingent consideration \$'000
Balance at 1 July 2024	5,562
Additions through business combinations (note 24)	1,644
Fair value movement on contingent consideration in prior year business acquisition (note 8)	396
Balance at 30 June 2025	7,602
Additions through business combinations (note 24)	1,839
Fair value remeasurement on contingent consideration in current year business acquisition (DELP) (note 8)	261
Fair value remeasurement on contingent consideration in prior year business acquisition (Invrsion)	(4,746)
Fair value remeasurement on contingent consideration in prior year business acquisition (TDB)	(676)
Balance at 30 June 2026	4,280

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

Note 19. Key management personnel disclosures

Compensation

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

	2026 \$	2025 \$
Short-term employee benefits	1,330,460	1,203,162
Share-based payments	3,104,320	668,973
	4,434,780	1,872,135

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick WA Audit Pty Ltd, the auditor of the Company, and other firms:

	2026 \$	2025 \$
<i>Audit services - Hall Chadwick WA Audit Pty Ltd</i>		
Audit or review of the financial statements	114,500	67,000
<i>Audit services - other firms</i>		
Audit of subsidiary financial statements	244,117	152,922

Note 21. Contingent liabilities and commitments

The Group's Italian subsidiary, The Digital Box S.p.A., is subject to an Italian restructuring instrument (CNC) filed on 29 September 2025 to negotiate settlement of its debts (refer Directors' report). These liabilities are already recognised in full at the statement of financial position.

JMC Group S.r.l., a subsidiary of the Group, is subject to a VAT audit by the Italian tax authority covering the 2020 to 2025 financial years. The authority has issued preliminary findings for 2020 to 2024, which JMC, assisted by its legal and tax advisers, is contesting. At the date of this report, no formal assessment notice has been issued to date. Based on external legal advice received, the Group considers an outflow of resources possible but not probable i.e. highly unlikely and, accordingly, no provision has been recognised. It is not practicable at this stage to reliably estimate the amount or timing of any outflow.

The Company had no other contingent liabilities and commitments as at 30 June 2026 (2025: \$nil).

Note 22. Related party transactions

Parent entity

Vection Technologies Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 25.

Key management personnel

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

Transactions with related parties

The following transactions occurred with related parties:

	2026 \$	2025 \$
Sale of services:		
Sale of services to KMP (a)	6,147	10,062
Payment for other expenses:		
Other service costs to KMP (b) (c)	239,667	244,792

Note 22. Related party transactions (continued)

Receivable from and payable to related parties

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

	2026 \$	2025 \$
Current receivables:		
Trade receivables from KMP (a)	331,596	737,841
Current payables:		
Trade payables to KMP (b) (c)	43,496	289,671

- (a) The Company's subsidiary Vection Italy Srl provided services to companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for which an amount is receivable at year end.
- (b) The Company's subsidiary Vection Italy Srl paid companies associated with Mr Gianmarco Biagi and Mr Lorenzo Biagi for services received.
- (c) The Company's subsidiaries paid to acquire services from companies and individual associated with Mr Jacopo Merli.

Loans to/from related parties

During the previous year, a loan of \$177,115 was provided to Mr Jacopo Merli. This loan is fully repayable at an interest rate of 5%. The loan was settled against a bonus received for achievement of performance targets of \$846,088 and the remaining \$668,673 was settled by shares during the year ended 30 June 2025. There were no other loans to or from related parties at the current reporting date.

Other transactions with KMP

There are no other transactions with KMP and their related parties during the current financial year.

Terms and conditions

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

Note 23. Parent entity information

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

Statement of profit or loss and other comprehensive income

	2026 \$'000	Parent 2025 \$'000
Loss after income tax	(21,981)	(5,620)
Total comprehensive income	(21,981)	(5,620)

Note 23. Parent entity information (continued)

Statement of financial position

	2026 \$'000	Parent 2025 \$'000
Total current assets	5,472	2,429
Total non-current assets	17,433	12,416
Total assets	22,905	14,845
Total current liabilities	2,996	3,344
Total non-current liabilities	2,125	25
Total liabilities	5,121	3,369
Equity		
Issued capital	81,776	54,565
Share-based payments reserve - Performance rights	157	-
Share-based payments reserve- Options	1,789	-
Accumulated losses	(65,938)	(43,089)
Total equity	17,784	11,476

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2026 and 30 June 2025.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Business combinations

Acquisition during the 30 June 2026

Digital Experience Labs Pty Ltd ("DXLabs")

Digital Experience Labs Pty Ltd (DXLabs), founded in 2018, is an Australian digital automation and software development company. DXLabs provides no- and low-code automation, workflow automation and digital decisioning services to clients across the Insurance, Banking & Lending and Government sectors. The company partners with platforms including ServiceNow, Microsoft Power Platform and Decisions.

On 9 April 2026, Vection Technologies (VR1) entered into a Share Sale Agreement (SSA) to acquire 100% of the issued share capital in Digital Experience Labs Pty Ltd from Nejo Consulting Pty Ltd as trustee for the Nejo Family Trust.

The goodwill of \$2,049,000 represents the expected synergies from merging this business with the wider Vection Group. The acquired DXLabs entities contributed revenues of \$882,009 and loss after tax of \$448,238 to the Group for the period from 9 April 2026 to 30 June 2026. If the acquisition occurred on 1 July 2025, the contributions for the year ended 30 June 2026 would have been revenues of \$4,253,000 and loss after tax of \$1,372,000.

The acquisition accounting was provisional as at 30 June 2026.

Note 24. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	516
Trade receivables	416
Plant and equipment	129
Intellectual property	508
Customer relationships	1,162
Trade payables	(253)
Other payables	(43)
Deferred tax liability	(291)
Borrowings	(125)
Net assets assumed	2,019
Goodwill	2,049
Acquisition-date fair value of the total consideration transferred	4,068
Representing:	
Cash payable to vendor	336
Vection Technologies Ltd shares issued to vendor (note 15)	1,893
Contingent consideration (note 18)	1,839
	4,068
Cash used to acquire business, net of cash acquired:	
Vection Technologies Ltd Class A performance rights issued to vendor as consideration	4,068
Less: cash and cash equivalents	(516)
Less: payments to be made in future periods	(336)
Less: contingent consideration	(1,839)
Less: shares issued by Company as part of consideration (sellers)	(1,893)
Net cash received	(516)

Acquisition during the 30 June 2025

The Digital Box S.p.A.

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 and completed on 15 January 2025.

The acquisition's initial enterprise value was 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. Consideration of \$6,854,000 was paid on settlement and consisted of \$233,000 in cash; 130,159,344 ordinary shares in Vection (recognised at a fair value of \$4,977,000) and 36 performance rights (recognised at a fair value of \$1,644,000 as contingent consideration) which will be paid if certain financial thresholds are achieved for the acquisition of TDB.

The goodwill of \$15,074,000 represents the expected synergies from merging this business with the wider Vection Group. The acquired TDB entities contributed revenues of \$7,698,000 and profit after tax of \$914,000 to the Group for the period from 15 January 2025 to 30 June 2025. If the acquisition occurred on 1 July 2024, the contributions for the year ended 30 June 2025 would have been revenues of \$12,577,000 and loss after tax of \$568,000. Total acquisition costs expensed to profit and loss was \$739,000. The acquisition accounting was provisional as at 30 June 2025 and is now final as at 30 June 2026.

Note 24. Business combinations (continued)

The terms of the contingent consideration are as follows:

- a) 106,740,000 Vection shares, of which 90% (or 96,066,000 Vection shares) to be issued at completion and the balance within 60 days subject to a potential adjustment relating to TDB's actual net financial position on the date of completion (this condition was already achieved at 30 June 2025 as explained above, the issue of shares were higher than initial); and
- b) Performance rights that convert to up to 49,830,000 Vection shares comprising:
 - Class A performance rights that convert to up to 23,571,429 Vection shares subject to TDB achieving certain financial milestones for FY2025, such as; Sales of EUR 5,800,000 and EBITDA of EUR 616,000 with a tolerance margin of 30% (EBITDA) and 10% (Sales); and
 - Class B performance rights that convert to up to 26,258,571 Vection shares subject to: (i) the achievement of the Class A performance rights milestone by the end of the first fiscal year, and (ii) no write-downs relating to certain assets at the end of the first financial year after settlement.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	66
Trade and other receivables	9,755
Inventories	656
Financial assets	53
Plant and equipment	385
Intangible asset identified – Software	1,605
Intangible asset identified – Customer lists	756
Trade and other payables	(10,058)
Provision for income tax	(10)
Deferred tax liability	(590)
Employee benefits	(859)
Borrowings	(9,376)
Non-controlling interest	(603)
Net liabilities acquired	(8,220)
Goodwill	15,074
Acquisition-date fair value of the total consideration transferred	<u>6,854</u>
Representing:	
Cash paid or payable to vendor	233
Vection Technologies Ltd shares issued to vendor	4,977
Vection Technologies Ltd Class A performance rights issued to vendor as consideration	778
Vection Technologies Ltd Class B performance rights issued to vendor as consideration	866
	<u>6,854</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	6,854
Less: cash and cash equivalents	(66)
Less: shares issued by Company as part of consideration (at the acquisition date market value of \$0.038 per share)	(4,977)
Less: performance rights issued by Company as part of consideration	(1,644)
Net cash used	<u>167</u>

Note 25. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2026 %	2025 %
Vection Australia Pty Ltd	Australia	100.00%	100.00%
ServTech Global PH Inc	Philippines	100.00%	100.00%
Vection India Private Limited	India	100.00%	100.00%
Vection Italy Srl	Italy	100.00%	100.00%
Vection Technologies Americas Inc	United States of America	100.00%	100.00%
Mindesk Srl	Italy	100.00%	100.00%
Blank Canvas Studio (Aus) Pty Ltd **	Australia	100.00%	100.00%
JMC Group Srl	Italy	100.00%	100.00%
Vection Global Services Srl	Italy	100.00%	100.00%
Vection EMEA Srl	Italy	100.00%	100.00%
Vection Health Srl	Italy	60.00%	60.00%
Xinntex Srl	Italy	100.00%	100.00%
JMC AMEA Limited	United Arab Emirates	70.00%	70.00%
Invrision Srl	Italy	100.00%	100.00%
Invrision Inc	United States of America	100.00%	100.00%
The Digital Box S.p.A.	Italy	93.76%	93.76%
The Digital Box Inc.	United States of America	100.00%	100.00%
The Digital Box France	France	100.00%	100.00%
QuestIT S.r.l.	Italy	71.82%	71.82%
Digital Experience Labs Pty Ltd *	Australia	100.00%	-

* Acquired during the year, on 9 April 2026. Refer to note 24 for further details.

** Classified as held for sale during the year. Refer to note 12 for further details.

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

	2026 \$'000	Restated 2025 \$'000
Loss after income tax expense for the year	(7,445)	(8,856)
Adjustments for:		
Depreciation and amortisation	7,201	4,624
Impairment of trade receivables	1,326	615
Impairment of intangible assets	490	-
Share-based payments	3,862	2,803
Finance costs non-cash - fair value movement on contingent consideration	267	396
Fair value remeasurement on contingent consideration	(4,746)	-
Impairment on remeasurement of disposal group held for sale	447	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(5,128)	(5,729)
Decrease in inventories	106	297
Increase in other operating assets	(156)	(4)
Increase in trade payables and provisions	4,624	2,011
Decrease in contract liabilities	-	(165)
Increase/(decrease) in provision for income tax	142	(153)
Decrease in deferred tax liabilities	(8)	(49)
Increase/(decrease) in employee benefits	(23)	925
Net cash from/(used in) operating activities	959	(3,285)

Note 27. Non-cash investing and financing activities

	2026 \$'000	2025 \$'000
Shares issued to vendors (as consideration of business combinations) (note 15)	2,482	1,302
Shares issued to consultants (as consideration of business combinations) (note 15)	13	130
Shares issued as remuneration, in lieu of bonus, to consultants (note 15)	4,995	889
Loans to related parties	-	177
	7,490	2,498

Note 28. Changes in liabilities arising from financing activities

	Bank loans \$'000	Insurance premium funding \$'000	Leases liabilities \$'000	Total \$'000
Balance at 1 July 2024	8,708	165	163	9,036
Net cash from/(used in) financing activities	798	(65)	(163)	570
Changes through business combinations (note 24)	9,376	-	-	9,376
Balance at 30 June 2025	18,882	100	-	18,982
Net cash used in financing activities	(3,887)	(13)	(612)	(4,512)
Acquisition of leases	-	-	1,224	1,224
Changes through business combinations (note 24)	125	-	-	125
Other changes	825	-	-	825
Balance at 30 June 2026	15,945	87	612	16,644

Note 29. Earnings per share

	2026 \$'000	2025 \$'000
Loss after income tax	(7,445)	(8,856)
Non-controlling interest	(72)	(466)
Loss after income tax attributable to the owners of Vection Technologies Ltd	<u>(7,517)</u>	<u>(9,322)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2,146,000,628	1,424,741,725
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,146,000,628</u>	<u>1,424,741,725</u>
	\$ Cents	\$ Cents
Basic earnings per share	(0.350)	(0.654)
Diluted earnings per share	(0.350)	(0.654)

367,057,223 (2025: 370,049,334) options over ordinary shares, 19,600,000 (2025: 37) performance rights over ordinary shares under the Group's Long Term Incentive Plan and 355,057,223 listed options (2025: 370,049,334) have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2026. These options could potentially dilute basic earnings per share in the future.

Note 30. Share-based payments

Shares-based payments 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. The Group also issues ordinary shares and options to employees, consultants and advisers in lieu of cash payment for services.

(a) Share-based payment transactions recognised during the year

	Profit or Loss \$'000	Equity - share issue costs \$'000	Total \$'000
Performance rights - LTIP Classes A, B and C	2,624	-	2,624
Performance rights - LTIP Classes D to G	157	-	157
Options - Director	480	-	480
Options - consultants, advisers and lead manager	18	556	574
Ordinary shares issued to employees, consultants and advisers	694	126	820
Options exercised during the year	<u>(111)</u>	<u>-</u>	<u>(111)</u>
Total share-based payment transactions	<u>3,862</u>	<u>682</u>	<u>4,544</u>

Recognised as:

Share-based payments expense - statement of profit or loss	3,862
Share issue costs deducted from issued capital (note 15)	682

The share-based payments expense recognised in profit or loss was \$3,862,000 (2025: \$2,803,000).

Note 30. Share-based payments (continued)

(b) LTIP options and Placement and Broker options

Set out below are summaries of employee options granted under the plan and placement and broker options:

<i>Placement and Broker options</i>	Number of options 2026	Weighted average exercise price 2026	Number of options 2025	Weighted average exercise price 2025
Outstanding at the beginning of the financial year	370,049,334	\$0.018	32,500,000	\$0.250
Granted *	34,000,000	\$0.025	398,983,334	\$0.018
Exercised	(36,992,111)	\$0.018	(28,934,000)	\$0.018
Expired	-	\$0.000	(32,500,000)	\$0.250
Outstanding at the end of the financial year	367,057,223	\$0.019	370,049,334	\$0.018

* *Term and conditions of the options granted during the year:*

- 1,000,000 unlisted options granted on 18 August 2025 to the lead manager in connection with capital raising (exercise price \$0.030, expiry 18 August 2027).
 - 10,000,000 unlisted options granted on 6 October 2025 (issued 15 October 2025) to the corporate adviser to the October 2025 placement (exercise price \$0.040, expiry 13 October 2028).
 - 20,000,000 listed options granted to Mr Cameron Petricevic following shareholder approval at the AGM held on 27 November 2025 and issued on 4 December 2025 (exercise price \$0.018, expiry 11 November 2027).
 - 2,000,000 listed options issued to consultants on 19 June 2026 in lieu of fees (exercise price \$0.018, expiry 11 November 2027).
 - 1,000,000 unlisted options issued to the lead manager on 19 June 2026 in lieu of fees (exercise price \$0.030, expiry 18 August 2027).
- The options issued to the lead manager and to the corporate adviser (18 August 2025, 6 October 2025 and 19 June 2026 - unlisted) have been recognised as share issue costs. The weighted average share price at the date of exercise of options exercised during the year was \$0.066.

Options outstanding and exercisable at the end of the financial year:

Grant date	Expiry date	Exercise price	2026 Number	2025 Number
28/10/2024	11/11/2027	\$0.018	204,073,889	241,066,000
06/05/2025	11/11/2027	\$0.018	128,983,334	128,983,334
18/08/2025	19/06/2028	\$0.030	1,000,000	-
06/10/2025	13/10/2028	\$0.040	10,000,000	-
27/11/2025	11/11/2027	\$0.018	20,000,000	-
19/06/2026	11/11/2027	\$0.018	2,000,000	-
19/06/2026	18/08/2027	\$0.030	1,000,000	-
			367,057,223	370,049,334

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.4 years (2025: 2.4 years). Exercise prices range from \$0.018 to \$0.040.

Note 30. Share-based payments (continued)

For the placement and broker options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Risk-free interest rate	Fair value at grant date	Number granted	Fair value \$'000
18/08/2025	18/08/2027	\$0.048	\$0.030	133.20%	3.33%	\$0.036	1,000,000	36
06/10/2025	13/10/2028	\$0.069	\$0.040	102.70%	3.44%	\$0.051	10,000,000	509
27/11/2025	11/11/2027	\$0.033	\$0.018			\$0.024	20,000,000	480
19/06/2026	11/11/2027	\$0.023	\$0.018			\$0.009	2,000,000	18
19/06/2026	18/08/2027	\$0.023	\$0.030			\$0.011	1,000,000	11
							34,000,000	1,054

Options granted on 18 August 2025 and 6 October 2025 were valued using the Black-Scholes model (dividend yield nil). The options granted on 27 November 2025 and 19 June 2026 were valued by reference to the market value of the Company's listed options (ASX: VR10) at grant date; the unlisted options granted on 19 June 2026 were valued at a premium to the listed options.

(c) Performance rights

Performance rights are issued to directors and a corporate adviser under the Company's LTIP for nil consideration. Each performance right converts into one fully paid ordinary share upon vesting and expires five years from the date of issue.

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

	Grant date	Expiry date	Balance at the start of the year	Granted	1 & 2 Vested and converted	Lapsed	Balance at the end of the year
2026							
Vendor Performance right	29/09/2023	30/06/2026	1	-	-	(1)	-
Vendor Performance right	15/01/2025	19/07/2026	36	-	(18)	(18)	-
Class A	18/08/2025	18/08/2030	-	18,533,334	(18,533,334)	-	-
Class B	18/08/2025	18/08/2030	-	18,533,333	(18,533,333)	-	-
Class C	18/08/2025	18/08/2030	-	18,533,333	(18,533,333)	-	-
Class D	18/08/2025	18/08/2030	-	4,900,000	-	-	4,900,000
Class E	18/08/2025	18/08/2030	-	4,900,000	-	-	4,900,000
Class F	18/08/2025	18/08/2030	-	4,900,000	-	-	4,900,000
Class G	18/08/2025	18/08/2030	-	4,900,000	-	-	4,900,000
Total			37	75,200,000	(55,600,018)	(19)	19,600,000

¹ Vendor Performance right - Vested on achieving revenue milestones, issued 23,561,801 ordinary shares to the sellers of The Digital Box

² Classes A, B and C vested on achievement of the market capitalisation hurdles and were converted into 55,600,000 ordinary shares on 3 October 2025. Classes D to G vest subject to EBITDA conditions for the half-years of the 2025/2026 and 2026/2027 financial years; the related expense is recognised over the period to vesting. The legacy performance right granted on 29 September 2023 lapsed on expiry.

Note 30. Share-based payments (continued)

	Balance at the start of the year	Granted	Vested and converted	Lapsed	Balance at the end of the year
2025					
Performance rights - LTIP	13,100,037	-	-	(13,100,000)	37
Total	13,100,037	-	-	(13,100,000)	37

Each Performance Right converts into 1 fully paid ordinary share upon vesting and will expire five years from the date of issue. The terms and conditions applicable to each class of Performance Rights are outlined below:

Class A performance rights

18,533,334 performance rights each converting into shares on a one for one basis upon the Company achieving an average market capitalisation of A\$80 million or more over a 5-trading day period.

Class B performance rights

18,533,333 performance rights each converting into shares on a one for one basis upon the Company achieving an average market capitalisation of A\$100 million or more over a 5-trading day period.

Class C performance rights

18,533,333 performance rights each converting into shares on a one for one basis upon the Company achieving an average market capitalisation of A\$120 million or more over a 5-trading day period.

Class D performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY1 of the 2025/2026 financial year being equal to or greater than A\$1,000,000.

Class E performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY2 of the 2025/2026 financial year being equal to or greater than A\$2,000,000.

Class F performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY1 of the 2026/2027 financial year being equal to or greater than A\$2,000,000.

Class G performance rights

4,900,000 performance rights each converting into shares on a one for one basis upon the audited EBITDA of the Company for HY2 of the 2026/2027 financial year being equal to or greater than A\$3,500,000.

The value of the Class A, B and C Performance Rights were estimated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian Model.

Input	Class A	Class B	Class C
Spot price	\$0.0480	\$0.0480	\$0.0480
Exercise price	Nil	Nil	nil
Share price target	\$0.0443	\$0.0554	\$0.0664
Barrier price	\$0.0530	\$0.0663	\$0.0795
Expected volatility	104%	104%	104%
Performance rights term	5 years	5 years	5 years
Risk-free interest rate	0.11%	0.11%	0.11%
Dividend yield	Nil	Nil	Nil
Interest rate	3.51%	3.51%	3.51%
Grant Date Fair Value per right	\$0.0478	\$0.0472	\$0.0466

Note 30. Share-based payments (continued)

The Class D, E, F and G Performance Rights were valued using the grant date share price of \$0.0480 as the per-security value.

Note 31. Events after the reporting period

On 31 July 2026, the Company issued 10,198,250 ordinary shares to creditors and employees in lieu of payments for services and bonuses.

On 31 July 2026, the Company completed a sale agreement of one subsidiary (Blank Canvas Studios (Aus) Pty Ltd) classifying the assets for disposal as held for sale. Refer to note 12 for further details.

No other matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Vection Technologies Ltd	Body Corporate	Australia	-	Australia
Vection Australia Pty Ltd	Body Corporate	Australia	100.00%	Australia
ServTech Global PH Inc	Body Corporate	Philippines	100.00%	Philippines
Vection India Private Limited	Body Corporate	India	100.00%	India
Vection Italy Srl	Body Corporate	Italy	100.00%	Italy
Vection Technologies Americas Inc	Body Corporate	United States of America	100.00%	United States of America
Mindesk Srl	Body Corporate	Italy	100.00%	Italy
Blank Canvas Studio (Aus) Pty Ltd	Body Corporate	Australia	100.00%	Australia
JMC Group Srl	Body Corporate	Italy	100.00%	Italy
Vection Global Services Srl	Body Corporate	Italy	100.00%	Italy
Vection EMEA Srl	Body Corporate	Italy	100.00%	Italy
Vection Health Srl	Body Corporate	Italy	60.00%	Italy
Xinntex Srl	Body Corporate	Italy	100.00%	Italy
JMC AMEA Limited	Body Corporate	United Arab Emirates	70.00%	United Arab Emirates
Invrision Srl	Body Corporate	Italy	100.00%	Italy
Invrision Inc	Body Corporate	United States of America	100.00%	United States of America
The Digital Box S.p.A.	Body Corporate	Italy	93.76%	Italy
The Digital Box Inc.	Body Corporate	United States of America	100.00%	United States of America
The Digital Box France	Body Corporate	France	100.00%	France
QuestIT S.r.l.	Body Corporate	Italy	71.82%	Italy
Digital Experience Labs Pty Ltd	Body Corporate	Australia	100.00%	Australia

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards Accounting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the Consolidated Entity Disclosure Statement is true and correct.

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

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

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Gianmarco Biagi', written over a horizontal line.

Mr Gianmarco Biagi
Managing Director and Chairman

A handwritten signature in black ink, appearing to read 'Jacopo Merli', written over a horizontal line.

Mr Jacopo Merli
Executive Director and COO

30 September 2026

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Vection Technologies Ltd ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director's declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report which indicates that the Company incurred a net loss of \$7,445,000 during the year ended 30 June 2026. 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 Company's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition During the year the Group generated revenues from operating activities of \$39,825,000 (2025: \$36,003,000), representing an increase of 10.6%. We focused on this area as recognition of revenue under AASB 15 Revenue from Contracts with Customers requires significant judgement by management in identifying performance obligations, allocation of the transaction price and satisfaction of performance obligations over time or at a point in time. We consider this to be a key audit matter due to the judgement and estimates involved in determining when the performance obligations are met, and revenue is recognised.	Our audit procedures included, but were not limited to: • Documenting the processes and assessing the internal controls relating to revenue processing and recognition; • Reviewing the revenue recognition policy for compliance with AASB 15; • Reviewing a sample of revenue to supporting contracts to ensure revenue was recognized in line with the revenue recognition policy; • Tracing the revenue received to the bank statements during the year and subsequent to year end; • Assessing the appropriateness of the disclosures included in note 6 to the financial report.
Business Combination – AASB 3 requirements As disclosed in Note 24 of the financial statements, the Group acquired 100% of Digital Experience Labs Pty Ltd (DXLabs) on 9 April 2026. The acquisition constituted a business combination in accordance with AASB 3 Business Combinations. Accounting for business combinations constituted a key audit matter due to the size and scope of the acquisitions, and the complexities inherent in such transactions.	Our audit procedures included, but were not limited to: • Reviewing the acquisition agreements to understand the key terms and conditions of the transactions; • Assessing the fair value of the consideration transferred with reference to the terms of the acquisition agreements; • Verifying the acquisition date assets and liabilities acquired to underlying supporting documentation; • Assessing the basis for the provisional purchase price allocation, including key inputs and assumptions; and • Assessing the appropriateness of the disclosures included in Note 24 of the financial report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of goodwill As disclosed in note 13 of the financial report, at 30 June 2026, the carrying value of goodwill totaled \$28,330,000 (30 June 2025: \$26,771,000). An annual impairment test for goodwill and other indefinite life intangibles is required under AASB 136 <i>Impairment of Assets</i>. Management's impairment assessment has been performed using a discounted cash flow model (Impairment Model) to estimate the value-in-use of each Cash-Generating Unit (CGU) to which these intangible assets have been allocated. The evaluation of the recoverable amount requires the Group to exercise significant judgement in determining key assumptions, which include: • 5-year cash flow forecast; • growth rate and terminal growth factor; • discount rate. During the period the Group recognised an impairment charge of \$490,000 in relation to goodwill associated with the disposal group classified as held for sale. We considered the valuation of goodwill to be a key audit matter due to the significance to the consolidated statement of financial position and the significant judgements involved in estimating discounted future cash flows.	Our procedures included, but were not limited to, assessing and challenging: • the appropriateness of Management's determination of distinct CGUs to which goodwill is allocated. • the reasonableness of the forecast approved by the Directors, comparing to current actual results and considering trends, strategies and outlooks. • the testing of inputs used in the Impairment Model, including the approved forecast. • the determination of the discount rate applied in the Impairment Model, comparing to available industry data. • the short to medium-term growth rates applied in the forecast cash flow, considering historical results and available industry data. • Management's sensitivity analysis around the key drivers of the cash flow projections. • our sensitivity testing to understand the impact of changing key assumptions with respect to each distinct CGUs recoverable amount. • the reasonableness of terminal growth rate assumption in use. the appropriateness of the disclosures as set out in note 13.
Capitalised Software Development Costs As disclosed in Note 13 of the financial report, at 30 June 2026 the Group had capitalised software and development costs with a carrying value of \$11,870,000 (30 June 2025: \$12,547,000). The Group capitalises costs incurred in the development of its internally generated software. These costs are then amortised over the estimated useful life of the software. Internally developed software includes staff, contractor, and vendor costs. The Group's process for calculating the value of staff costs capitalised involves judgement as it includes estimating time staff spend developing software and determining the value attributable to that time.	Our procedures included, but were not limited to, the following: • assessing the nature of projects and activities against the requirements of AASB 138 <i>Intangible Assets</i> to determine if they were consistent with accounting standards. • for capitalised costs relating to contractors and vendors, tested amounts capitalised to third party documentation on a sample basis. • for capitalised costs relating to staff time: assessed the procedures used to determine the percentage of staff time spent on software projects and, for a sample of employees, the resulting percentages. • tested gross remuneration used in capitalisation calculations based on

Key Audit Matter	How our audit addressed the Key Audit Matter
The Group is also required to assess the carrying value of these intangible assets in line with AASB 136 <i>Impairment of Assets</i> whenever there is an indication that they may be impaired. Capitalised software development costs is a key audit matter due to the material carrying value of the intangible assets and the level of judgement applied in estimating time spent in relation to developing software.	underlying employee records. • Compared costs capitalised in the year to those capitalised in the previous year to determine if changes aligned with our knowledge of project developments. • considered whether any indicators of impairment existed that may require the assets to be impaired. • assessed the reasonableness of amortisation periods in relation to the expected useful life of the assets. reviewed the adequacy of disclosures in the financial report.
Share Based Payments During the year the Company had share-based payment transactions involving options and performance rights. The draft financial report recognises total share-based payments expense of \$3,862,000 (2025: \$2,803,000), including \$2,781,000 relating to vesting of performance rights from business combinations and \$1,081,000 of director performance rights expense. Share-based payments are considered to be a key audit matter due to the significance of the transactions to the Company's financial position and performance, and the level of judgement required in evaluating management's application of the requirements of AASB 2 Share-based Payment ("AASB 2").	Our procedures included but were not limited to: • Analysed contractual arrangements to identify key terms and conditions of the share-based payments and relevant vesting conditions in accordance with AASB 2; • Evaluated management's valuation methods and assessed the assumptions and inputs used; • Assessed the amount recognised during the period against relevant vesting conditions; and Examination of the disclosures made in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2026, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the remuneration report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Company, for the year ended 30 June 2026, complies with section 300A of the Corporations Act 2001.

Responsibilities

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



HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF FCA
Director

Dated this 30th day of September 2026
Perth, Western Australia

The shareholder information set out below was applicable as at 31 August 2026.

Distribution of equitable securities

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

	Ordinary shares		Options		Performance rights	Performance rights
	Number of holders	% of total shares issued	Number of holders	% of total options issued	Number of holders	% of total rights issued
1 to 1,000	97	-	3	-	18	-
1,001 to 5,000	719	0.11	1	-	-	-
5,001 to 10,000	900	0.30	2	0.01	-	-
10,001 to 100,000	3,407	6.05	41	0.66	-	-
100,001 and over	1,938	93.54	160	99.33	3	100.00
	<u>7,061</u>	<u>100.00</u>	<u>207</u>	<u>100.00</u>	<u>21</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>3,090</u>	<u>-</u>	<u>40</u>	<u>-</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
OFFICINE 8K S R L	327,556,186	13.86
MR JACOPO MERLI	107,401,912	4.54
"BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>"	81,132,373	3.43
"NEJO CONSULTING PTY LTD <THE NEJO FAMILY A/C>"	63,109,756	2.67
BNP PARIBAS NOMS PTY LTD	56,584,201	2.39
CDP VENTURE CAPITAL SGR SPA	54,252,406	2.30
CITICORP NOMINEES PTY LIMITED	49,499,441	2.09
EVOLUTION CAPITAL ADVISORS PTY LTD	40,883,268	1.73
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	40,003,384	1.69
SETTEPUNTONOVE SRL	38,600,000	1.63
ROBERTO CALCULLI	35,694,472	1.51
MR YALEI MENG	28,729,960	1.22
MISHTALEM PTY LTD	22,641,151	0.96
READY DIGITAL SRL	14,826,371	0.63
"INDOMAIN ENTERPRISES PTY LTD <U C MONDELLO FAMILY A/C>"	12,500,000	0.53
MRS PATRICIA ANNE SCUDDS	12,400,000	0.52
MR PAUL BRENT CLAYTON	12,332,258	0.52
MR ARTHUR BROMIDIS	12,000,000	0.51
HTC VIVE INVESTMENT (BVI) CORP	11,179,911	0.47
MR QADER HUSSAIN EHSANI	11,010,000	0.47
	<u>1,032,337,050</u>	<u>43.67</u>

The names of the twenty largest security holders of quoted options are listed below:

	Options over ordinary shares	Options over ordinary shares % of total options issued
	Number held	
MR CRAIG PEARSON	48,450,000	13.65
MR ANTHONY BRACKS	21,400,000	6.03
MR MATTHEW LEATH HISLOP	21,000,000	5.91
TTOR PTY LTD	20,000,000	5.63
MR KIRIL RUVINSKY	18,811,904	5.30
EVOLUTION CAPITAL ADVISORS PTY LTD	15,999,999	4.51
TPG ENGINEERING PTY LTD	13,939,233	3.93
FRANCESCO MAZZOLENI	13,205,908	3.72
CLAUDIA PORRO	12,000,000	3.38
CITICORP NOMINEES PTY LIMITED	9,000,001	2.53
"BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>"	7,608,446	2.14
CSLP PTY LTD <SAL SUPERANNUATION FUND A/C>	6,562,500	1.85
JAHARO PTY LTD <FROST POWER SUPER A/C>	6,258,375	1.76
MR JAMES WILLIAM FAIRNEY	5,500,000	1.55
MR DARCY ADAM KNIGHTS	5,500,000	1.55
MR DAVID FERGUSON	4,800,000	1.35
MR DIMITRIOS NICHOLAS KATSIMAGLIS	4,164,429	1.17
"ARIS NOMINEES PTY LTD <SHREEVE SUPER A/C>"	3,742,490	1.05
CARDEA SRL	3,700,000	1.04
P AND N BAKARIC P/L <P AND N BAKARIC SF A/C>"	3,283,334	0.92
EXCHANGE CAPITAL ADVISORY PTY LTD	3,163,100	0.89
	248,089,719	69.86

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares – \$0.03, 18 August 2027	2,000,000	1
Options over ordinary shares – \$0.04, 13 October 2027	10,000,000	6
Performance rights over ordinary shares	19,600,001	3
Performance rights over ordinary shares (vendors)	18	18

Listed options

Options over ordinary shares – 11 November 2027	355,057,223	207
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Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares % of total shares issued
	Number held
OFFICINE 8K S R L	327,556,186
MR JACOPO MERLI	107,401,912

Voting rights

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

Ordinary shares

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

There are no other classes of equity securities.