

29 February 2024, Australia

ASX RELEASE**VECTION REPORTS 1H FY24 RESULTS****FINANCIAL HIGHLIGHTS:**

- 1H FY24 Revenue of \$10.9, up 38% vs pcip.
- 1H FY24 EBITDA was virtually unchanged on a pcip basis.
- Debt of \$9.7m at 31 December 2023, 5.7% down from 30 June 2023.
- Cash of \$5.2m at 31 December 2023.
- Non-cash goodwill impairment of \$2.9m taken at 31 December 2023, principally for the Mindesk business.

OPERATIONAL HIGHLIGHTS:

- Focus on market expansion and client relationship efforts across 9 industrial sectors.
- Vection anticipates positive outcomes from the interest generated in the Saudi Arabian market, leading to further contracts in the area.
- Vection's pivotal projects in the Healthcare sector demonstrate its ability to provide scalable and complex solutions.
- Vection enhanced its defence-focused operations with strategic initiatives such as the Lunar City project.
- Integrating Virtual Reality, Cloud, Data Security, and Artificial Intelligence technologies has improved user experiences and opened new avenues for business growth.
- A focused approach towards market expansion, client relationships, and technological innovation will be critical for Vection's continued growth in the second half.

OVERVIEW:

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), ("Vection" or the "Company"), the INTEGRATEDXR[®] company, today released its financial results for the six months ended 31 December 2023.

Gianmarco Biagi, Vection's managing director, commented:

"Vection specialises in transitioning businesses from 2D to 3D, creating immersive experiences that merge the digital and physical world. Our solutions aim to reduce costs and time, lower risks, and provide our clients with actionable insights. Operating across the EMEA, AMER, and APAC regions, Vection serves a diverse customer-base across nine distinct industrial sectors."

In the first half, Vection has significantly expanded its operational footprint, successfully extending our reach into new geographical areas, including the Middle East. This expansion underscores our capacity to adapt and deliver comprehensive technological solutions to a broad spectrum of markets and client needs."

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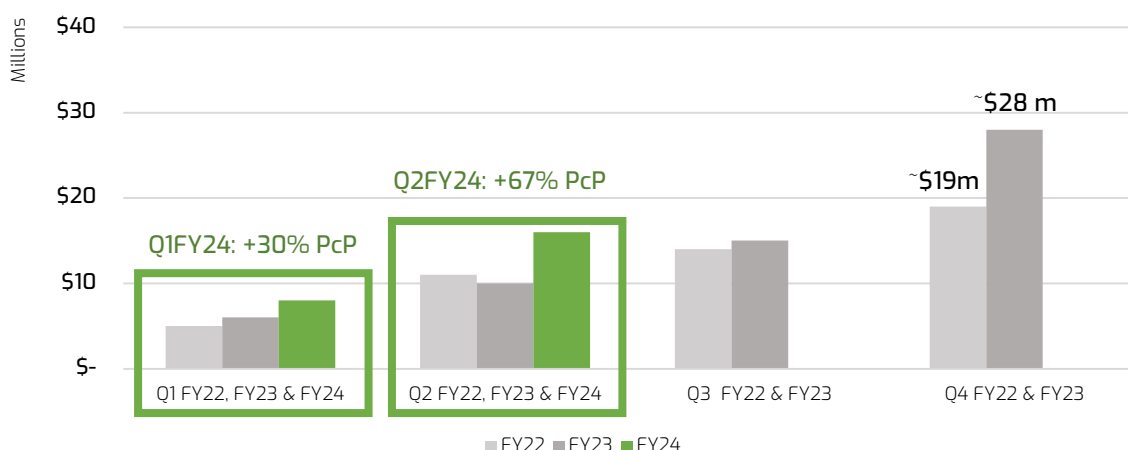
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Our technology suite encompasses 3D, Virtual Reality ("VR"), Mixed Reality ("MR"), Augmented Reality ("AR"), and ICT, and Artificial Intelligence ("AI"), designed to redefine business operations through digital transformation efforts. Despite being in the early stages of adoption, our marketing efforts are gaining traction. Notably, our technology integration, such as AI-powered 3D kiosks, has attracted new customers in the second half, highlighting the unique value of our technological offerings.

Our dedication to technological advancement, particularly in XR, cloud computing, data security, and AI integration, is fundamental to our growth strategy. These areas will remain our focal points moving forward.

During the first half, we concentrated on improving our financial performance, with 1H FY24 witnessing revenue growth across our technology portfolio to \$10.9m, up by 38% compared to 1H FY23. While working capital is constrained, necessitating careful management as we undertake capital-intensive projects, these endeavours are expected to pave the way for more profitable opportunities in the future.

Pleasingly, Total Contract Value ("TCV") for the first half grew to \$16.7m, up 67% PcP, as showcased in the chart below¹:



In particular, the Sports, Betting, Media & Telco sector grew to approximately 43% of the TCV. Defence, Space, Military & Law Enforcement, the next largest sector, was 31%, followed by Real Estate & Furniture at 8%. The fashion, Retail, Service Agencies, and Food sector constitute 3% of the TCV, with Partners & Distributors also contributing 3%.

¹ Notes:

- Q1 FY22, FY23 & FY24: Cumulative TCV as announced on, 31 October 2022 and 31 October 2021.
- Q2 FY22 & FY23: Cumulative TCV as announced on 31 January 2023, 31 January 2022 and 31 January 2024.
- Q3 FY22 & FY23: Cumulative TCV as announced on 23 March 2023 and 12 April 2023.
- Q4 FY22 & FY23: Cumulative TCV as announced on 28 July 2023 and 30 June 2022.

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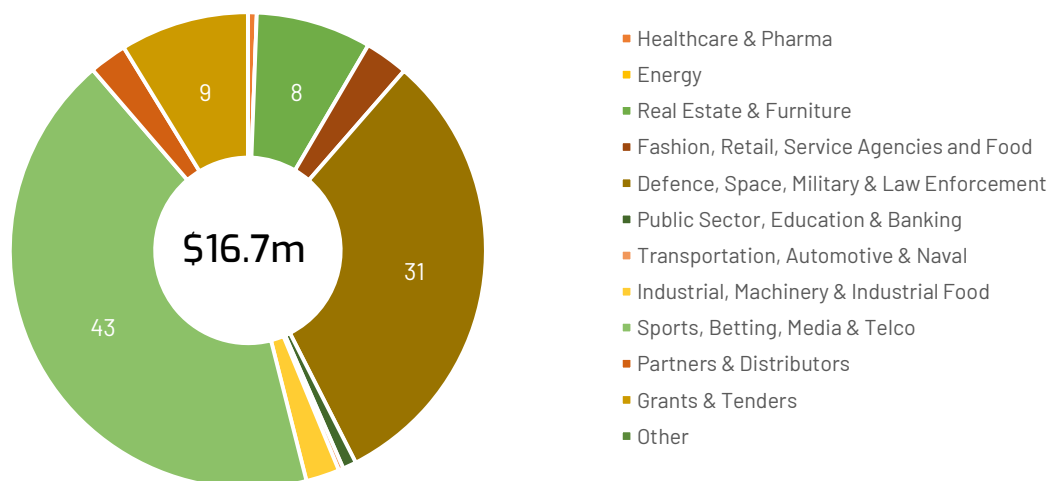
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A visual representation of the TCV by market segment at 31 December 2023 is provided below (in %):



The pipeline for potential business, encompassing both existing and new clients, remains robust. As we proceed through FY24, our strategy will focus on securing profitable contracts that foster long-term business relationships. This confidence is bolstered by over \$5.9 million in TCV (in addition to the \$16.7m above) secured during the first two months of the second half, underscoring our strategic rationale."

FINANCIAL PERFORMANCE HIGHLIGHTS:

1H FY24 revenue of \$10.9 was up 38% vs pcP.

An impairment charge of \$2.8m has been taken at 31 December 2023, in respect of goodwill for the acquisition of Mindesk (ASX: 28 April 2020). This is principally due to the Company choosing to focus its operations within the EMEA region and restructuring its operations in the AMER region (with a longer-term view). This is a non-cash charge, and management remains highly confident in the future of the Mindesk product and its integration with the broader technology suite.

Vection reported an EBITDA loss of \$(7.5)m after a \$2.8m impairment vs \$(7.7)m in PcP.

Net operating cashflow of \$(3.7)m before capex of \$(0.8)m, investment in intangible of \$(1.1)m and financing cashflow of \$(0.66)m

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Debt of \$9.7m at 31 December 2023, down 5.7% from 30 June 2023. The Company had a closing cash balance of \$5.2m and net assets of \$10.9m at 31 December 2023.

BUSINESS HIGHLIGHTS:

During the first half, Vection strengthened its market expansion and client relationships efforts, focusing on key opportunities in Europe and the Middle East, in particular in the health and real estate & education segments. The Company focused on leveraging its technological portfolio to cater to its diverse customer base across nine industrial sectors.

In particular, Vection anticipates positive outcomes from the interest generated in the first half from the Saudi Arabian market, particularly in the Real Estate and Furniture sectors.

In the Healthcare sector, Vection has launched pivotal projects demonstrating its ability to provide scalable and complex solutions. Furthermore, it engaged with leading hospitals and pharmaceutical companies, highlighting its presence in this industry.

The Company has navigated political changes in the Defence, Space, Military, and Law Enforcement sectors to enhance its defence-focused operations. Vection's strategic initiatives, such as the Lunar City (space economy) project and active participation in public tenders, reflect the Company's ambition to be at the forefront of technological innovation in these areas.

During the first half, the Company continued its development efforts for its technology suite, including Virtual Reality, Cloud, Data Security, and Artificial Intelligence. Integrating these technologies has not only improved user experiences but has also opened new avenues for business growth. The Real Estate and Furniture, Fashion, Retail, Service Agencies, and Food sectors have particularly benefited from Vection's technological advancements, leading to a gradual increase in revenue and a more robust development pipeline. This has allowed Vection to successfully service clients across multiple market segments, expanding its offering and achieving growth in key areas.

Vection's expects that this focused approach towards market expansion, client relationships, and technological innovation will be critical for its continued growth in the second half.

OUTLOOK:

The Company has a strong and growing pipeline of opportunities expected to conclude during the year's second half, following the trend of recent years.

Pleasingly, following the period's end, the Company announced a significant contract win valued at \$4.9 million (€3.0 million) in TCV, expected to be fully recognised in the third quarter of FY24, and three contracts totalling \$971k in TCV across healthcare, retail, and real estate segments, with expected revenue recognition of \$760k in the second half of FY24 and \$210k in FY25-FY27.

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The Company's focus for the rest of FY24 will be to achieve organic revenue growth in the selected industrial verticals while aiming to improve its operating results across the business while prioritising customers' needs to deliver time and cost savings, mitigate risks, and empower them with actionable data.

AUTHORISATION:

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

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ABOUT VECTION TECHNOLOGIES:

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

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

For more information, please visit: www.vection-technologies.com

FORWARD-LOOKING STATEMENTS:

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Vection Technologies' current expectations, estimates and projections about the industry in which Vection Technologies operates, and beliefs and assumptions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or

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outlook on future earnings, distributions or financial position or performance are also forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of Vection Technologies, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Vection Technologies only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Vection Technologies has no obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

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