

31 August 2023, Australia

**ASX RELEASE****STRONG FINANCIAL PERFORMANCE WITH 39%  
TOTAL REVENUE GROWTH TO \$26m– ALIGNED  
WITH FULL-YEAR GUIDANCE****FY23 PRELIMINARY UNAUDITED RESULTS**

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), the INTEGRATEDXR<sup>®</sup> company, has announced its preliminary financial results for the financial year ended 30 June 2023.

Gianmarco Biagi, Managing Director of Vection Technologies, commented:

*"I am pleased to present a comprehensive overview of our Company's performance and strategic direction for FY23. Our commitment to driving organic growth, pioneering technological innovation, and prioritizing customer satisfaction has been instrumental in driving our achievements within a constantly evolving market landscape, all while adhering to the stated INTEGRATEDXR<sup>®</sup> strategy."*

*Despite the Company's presentation of a positive adjusted EBITDA (refer to the table below) for FY23, the overall loss was primarily influenced by non-cash accounting charges, notably the prudent impairment assessment of intangible assets. The Company is presently undergoing a comprehensive review of these charges in collaboration with its auditors. This endeavour aims to accurately portray the Company's performance throughout the fiscal year.*

*In a market characterized by robust expansion, especially within the global business-to-business (B2B) domain, integrated XR technologies have emerged as a dominant force. Major market-leading enterprises are increasingly embracing these transformative technologies, notably in sectors such as CAD, ERP, CRM, and more, resulting in significant growth and global investment within the industrial sphere.*

*Despite the tough global economy with rising interest rates, inflation, and conflicts, the Company managed to achieve a successful result, even more remarkable considering we're in the early stages of market adoption in an emerging market."*

**Fostering organic growth through innovation:**

*"The past fiscal year stands as a testament to our organic growth across diverse technological domains and markets, solidifying our standing as a dynamic industry contender. Despite being a relatively young company, we've harnessed the power of an innovative combined technology approach, known as INTEGRATEDXR<sup>®</sup>. It is important to highlight that this strategy requires time to fully mature.*

*We have diligently invested, and our commitment remains steadfast in advancing our solutions. The INTEGRATEDXR<sup>®</sup> concept has garnered increasing recognition from customers and governments in Italy, the*

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**WEBSITE**[www.vection-technologies.com](http://www.vection-technologies.com)**REGISTERED OFFICE**Level 4, Building C, Garden Office Park, 355  
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Osborne Park WA 6017 - Australia

USA, and Australia. While the provision of integrated solutions demands substantial expertise and investment, it promises robust growth and enduring global customer loyalty."

#### **Strategic adaptation to dynamic markets:**

*"In a landscape marked by rapid changes, our dedication to enhancing our technology suite remains firm. This commitment stems from our unyielding focus on meeting the evolving needs of our customers. As we diligently evaluate and optimize our business' cost structure, we acknowledge the necessity of strategic investments to gain a competitive advantage, foster international expansion through both existing partnerships and new collaborations, as well as facilitate selective acquisitions.*

*Crucially, our Company is currently in an investment phase, strategically positioned to transition into profitability. By combining organic growth and selective acquisitions, our strategy positions us as a global contender, mitigating business risks and reinforcing our market presence. This concerted effort, guided by our experienced management, aims to cater to the escalating demand for digitalization on a global scale."*

#### **Balancing growth and customer-centric approach:**

*"While our focus on expanding recurring revenue streams remains unchanged, we recognize that the market we operate in is still evolving. Consequently, our clients require a tailored, attentive approach as they embrace the transformative potential of the 3D revolution. Our commitment to delivering a premium experience remains firm, expediting the adoption of innovative technologies.*

*In FY23, the Company prioritized its strategic partner relations focusing on technology, client engagement, and value creation for customers, with partners including Accenture and Cisco Webex. By investing substantial effort and resources into these key relationships, the Company showcased its commitment to fostering collaborative growth and innovation. These strategic efforts not only exemplify the Company's vision for synergy and growth but also solidify its standing as a trusted industry player capable of driving meaningful, sustainable results."*

#### **Harmonizing Technologies:**

*"Furthermore, ground-breaking technologies like ChatGPT have catalysed disruptive innovation within our market. In response, we have empowered our technology team to innovate at the intersection of ICT, 3D and AI. This fusion empowers our clients with distinct advantages and positions us at the forefront of the industry's evolution."*

#### **Financial performance and forward Path:**

*"Our year's revenue growth has been remarkably encouraging and in line with projections. Although the initial half of the year experienced some deceleration due to external factors, the latter half witnessed a substantial recovery that enabled us to meet expectations. Our trajectory aligns with our verticalization strategy, focusing on tailoring technology solutions to specific industries. This approach involves the strategic integration of select technologies and experts with deep sector insights.*

*Industries such as defence, space, real estate, fashion, manufacturing, education, and healthcare have been central to our efforts and investments. This strategy extends to developing customized solutions, pursuing acquisitions, forging strategic alliances, and deploying top-tier managers to advance our market position.*

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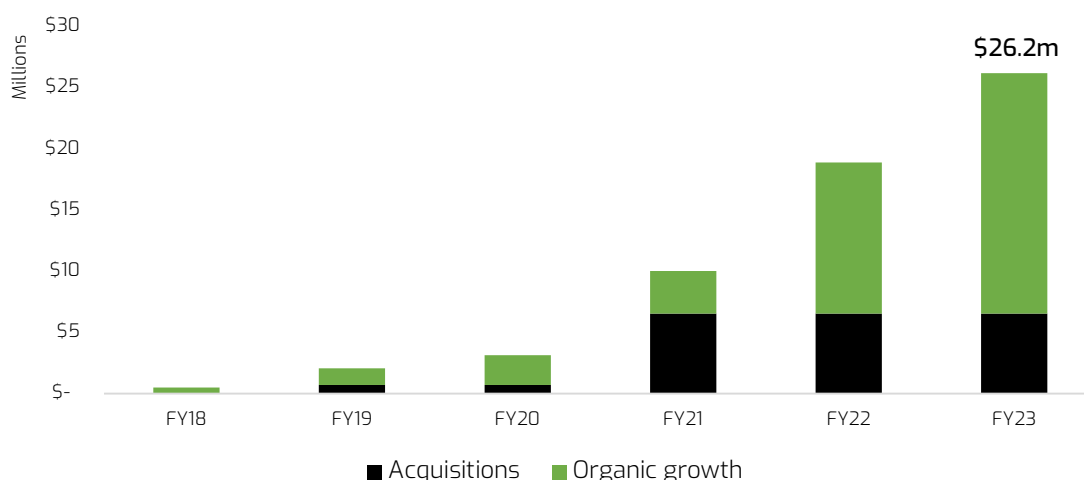
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Vection Technologies has successfully achieved its projected revenue goals for the fiscal year, effectively delivering on its anticipated revenue range of \$24 to \$26 million. The financial performance for FY23 reflects total revenue of approximately \$26.2m, marking a noteworthy increase of 39% compared to the previous fiscal year's total revenue of \$18.9m in FY22.

**Chart 1** shows organic revenue and revenue from acquisitions on a financial year basis<sup>1,2</sup>:



**Notes to Chart 1:**

1. Acquisitions include: Mindesk Inc (ASX: 28 April 2020), Blank Canvas Studios (ASX: 27 April 2021) and JMC Group (ASX: 4 August 2021). Revenue figures above include the acquisition unaudited revenue on the full year prior to acquisition date.
2. Organic Growth includes: Vection (ASX: 12 April 2019) in addition to historical business and organic growth generated by the combined group following acquisitions. (audited)

Additionally, the Total Contract Value (TCV) for FY23 amounted to \$28 million, showcasing a 47% growth compared to the TCV in FY22. This emphasizes the Company's ability to consistently expand its business and secure valuable contracts.

During the year, we continued to adopt a personalized, white-glove approach to customer service. While this approach temporarily led to elevated costs of sales, it was a conscious decision to establish strong foundations for future growth. The combined implementation of traditional technologies, XR, and AI is rapidly gaining traction across various industries. As this integration becomes more prevalent, we anticipate a subsequent reduction in costs of sales in the upcoming years. The synergy between these technologies will drive operational efficiencies and open avenues for cost savings. Our **INTEGRATEDXR<sup>®</sup>** technology portfolio continues to be of paramount importance to our clients. By solidifying our relationships and nurturing strategic partnerships, we anticipate a favourable impact on our profit margins. This, in turn, will fuel a more dynamic and sustainable growth trajectory.

In terms of underlying EBITDA, FY23 generated a small positive underlying EBITDA, as showed in the table below.

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*Table 1 shows the underlying EBITDA for FY23:*

	Full year ended 30 June 2023	Margin on revenue FY23	Full year ended 30 June 2022	Margin on revenue FY22
	\$	%	\$	%
<b>Loss after income tax attributable to members</b>	<b>(11,192,701)</b>	<b>-42.7%</b>	<b>(6,681,487)</b>	<b>-35.4%</b>
Interest and financing related costs	333,649		94,245	
Depreciation and amortization	1,217,307		957,899	
Income Tax	54,996		167,813	
One-off transaction costs and cost reduction	3,026,471		1,720,467	
Non-cash accounting charges	5,574,240		3,148,694	
Changes in inventory	563,891		84,831	
<b>Underlying EBITDA<sup>2</sup></b>	<b>(449,147)</b>	<b>-1.8%</b>	<b>(507,538)</b>	<b>-2.7%</b>
Listed entity related expenses	464,369		437,067	
<b>Underlying EBITDA<sup>2</sup> net of adjustments</b>	<b>15,222</b>	<b>0.1%</b>	<b>(70,471)</b>	<b>-0.4%</b>

(1) Underlying EBITDA is an unaudited, non-AIFRS financial measure that is not prescribed by Australian Accounting Standards ('AAS').

(2) Underlying EBITDA is an unaudited, non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS').

*In particular, the Company recorded \$5.6m in non-cash accounting charges due to share-based issuances and prudent impairment on intangibles assets acquired during the prior years, \$1.2m in depreciation and amortization, \$0.5m in changes in inventory, and \$0.3m in interest and financing related costs. Furthermore, during the period, the Company recorded \$3.1m in one-off and cost-reduction items, including \$2.3m in reduction of non-critical personnel, consultants, and operating verticals expenses, \$0.2m in one-off variable cost of sales, \$0.4m in non-capitalized one-off investments in infrastructure, and \$0.2m in extraordinary legal and consultants' fees, mainly due to M&A initiatives.*

*The Company's debt position was \$10.4m, up from \$3.6m at 30 June 2022, due to increased invoicing to customers being financed by leading commercial banks. As for the Company's cash position, it stood at \$11.4m at the close of the fiscal year on 30 June 2023 with an additional \$15.2m invoiced and due to be collected from customers. As the predominant portion of the debt originates from invoice financing, it will be settled upon customers' payments to the company, given its self-liquidating nature.*

*These financial figures collectively underscore Vection Technologies' substantial growth and financial stability, serving as a testament to its strategic initiatives and market presence.*

*In conclusion, our journey embodies a combination of innovation and service excellence. Our unrelenting pursuit of cutting-edge technology solutions and dedication to personalized service positions us optimally to harness the potential within a dynamic market. As we continue to refine our strategies and mature as a company, we extend our heartfelt gratitude for your unwavering support and trust in our vision.*

*Vection Technologies' strategy boosts us toward a path of continuous growth, poised to grow our market presence in Europe, the USA, Australia, and subsequently, the Asian market. Our emphasis on integrated immersive technologies seamlessly aligns with the global trend towards digitalization, a trend we are well-prepared to lead.*

*We sincerely thank you for your support on this transformative journey."*

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**AUTHORISATION:**

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

**ENDS****INVESTOR RELATIONS CONTACT DETAILS:****Edison:**

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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 organizations leverage their 3D data via powerful extended reality (XR) interfaces that foster collaboration and learning, grow sales and more.

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

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

**FORWARD-LOOKING STATEMENTS:**

The information in this announcement is preliminary, unaudited, and subject to the Company's normal year-end accounting procedures and external audit. The information in this announcement does not present all information necessary for an understanding of the Company's results of operations for the fiscal year ended 30 June 2023 and should not be viewed as a substitute for full, audited financial statements prepared in accordance with generally accepted accounting principles ("GAAP"). The audit of the Company's financial statements for the year ended 30 June 2023 is ongoing and could result in changes to the information in this announcement.

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 outlook on future earnings, distributions or financial position or performance are also forward-looking statements.

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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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ASX RELEASE

## APPENDIX 4E

### Preliminary Final Report to the Australian Securities Exchange

Rule 4.3A

Name of entity:	Vection Technologies Limited
ABN or equivalent company reference:	93 614 814 041

#### 1. Reporting Period

Preliminary report for the financial year ended:	30 June 2023
Previous corresponding period is the financial year ended:	30 June 2022

#### 2. Results for announcement to the market

				\$'000
Revenues from ordinary activities (item 2.1)	up	39%	to	26,230
Profit (Loss) from ordinary activities after tax attributable to members (item 2.2)	down	68%	to	(11,193)
Profit (Loss) for the period attributable to members (item 2.3)	down	68%	to	(11,193)

#### 3. Dividends

No dividend has been declared during or subsequent to the financial year.

#### 4. Net tangible assets per security

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	\$0.0219	\$0.0175

#### 5. Details of entities over which control has been gained or lost during the period

Not applicable.

#### 6. Details of associates and joint venture entities

Not applicable.

#### 7. Review of Operations

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), the **INTEGRATEDXR®** company, reports the following for the financial year ended 30 June 2023.

##### Financial highlights:

- FY23 total revenue of \$26.2m, up 39% vs \$18.9m in FY22.
- Vection Technologies delivers on its stated revenue guidance of \$24 to \$26m.
- FY23 Total Contract Value (TCV) of \$28m, up 47% on FY22 (FY22: \$19m).
- Positive FY23 underlying EBITDA.
- Stronger revenue (and associated costs) in FY23 has increased short-term invoice financing - with total debt of \$10.4m at 30 June 2023 (\$3.6m at 30 June 2022).
- Cash of \$11.4m at 30 June 2023 (30 June 2022 \$14.9m).

##### Operational highlights:

- Relentless focus on customer requirements, feedback and operational development of their needs continues. Organic growth from customers was very pleasing during the year.
- Continued sales momentum with international customers across a several industry segments.
- Progression on partnership strategy, most notably with consulting & service providers and Fortune Global 500 professional services partners.
- Partnership with Thales Alenia Space, Next One Film Group, and ALTEC, for the development of Lunar City, a space-focussed Virtual Reality (VR) metaverse platform to promote space travel and inspire future generations.
- Persistently focus on research and development (R&D) endeavours to enhance its **INTEGRATEDXR®** capability across various combinatorial technologies, including ChatGPT and artificial intelligence (AI).
- Several patents granted across the US and Europe related to its **INTEGRATEDXR®** technology stack.



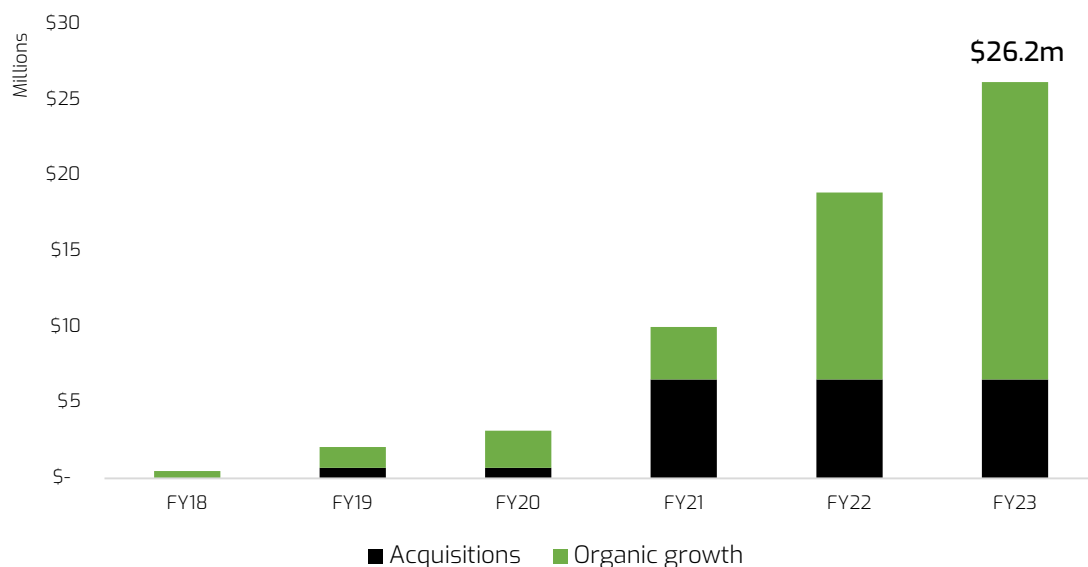
### Corporate highlights:

- Focus on the Company's ongoing evolution and its commitment to enhancing the diversity and independence of the board.
- Proposed acquisition of Invrsion, a 3D technology company specializing in the fashion, retail, consumer goods, and real estate sectors. (ASX: 7 June 2023)
- Proposed acquisition of MYR, a 3D technology company revolutionising the fashion and apparel industry. (ASX: 8 August 2023)

### COMPANY FINANCIAL OVERVIEW:

Vection Technologies delivered on its revenue guidance with double digit growth in FY2023 to total revenue of \$26.2m, representing a 39% increase on FY22. FY22 total revenue was \$18.9m.

**Chart 1** shows organic revenue and revenue from acquisitions on a financial year basis<sup>1,2</sup>:

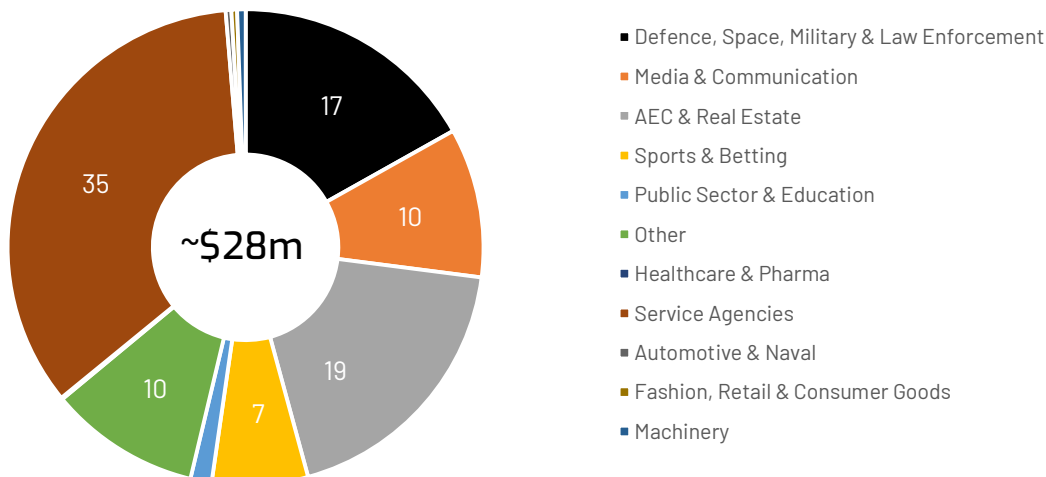


#### Notes to Chart 1:

1. Acquisitions include: Mindesk Inc (ASX: 28 April 2020), Blank Canvas Studios (ASX: 27 April 2021) and JMC Group (ASX: 4 August 2021). Revenue figures above include the acquisition unaudited revenue on the full year prior to acquisition date.
2. Organic Growth includes: Vection (ASX: 12 April 2019) in addition to historical business and organic growth generated by the combined group following acquisitions. (audited)

FY23 Total Contract Value (TCV) was \$28m, up 47% vs \$19m in FY22. FY23 TCV converted into \$25.3m in sales, representing a conversion rate for the year of 90% (FY22: 90%).

Chart 2 shows FY2023 TCV by market segment:



Total Assets at 30 June 2023 was \$43m. This is an increase of \$2.8m compared to \$40.2m at 30 June 2022, while Net Assets decreased by 32% to 19m (30 June 2022: \$28m).

Vection Technologies posted an after-tax loss attributed to members of \$10.9m for the financial year ended 30 June 2023, representing a decrease of 68% in the result versus the prior corresponding period (30 June 2022: loss \$6.7m).

*Despite the Company's presentation of a positive adjusted EBITDA (refer to the table below) for FY23, the overall loss was primarily influenced by non-cash accounting charges, notably the prudent impairment assessment of intangible assets. The Company is presently undergoing a comprehensive review of these charges in collaboration with its auditors. This endeavour aims to accurately portray the Company's performance throughout the fiscal year.*

Table 1 shows the underlying EBITDA for FY23<sup>1</sup>:

	Full year ended 30 June 2023	Margin on revenue FY23	Full year ended 30 June 2022	Margin on revenue FY22
	\$	%	\$	%
<b>Loss after income tax attributable to members</b>	<b>(11,192,701)</b>	<b>-42.7%</b>	<b>(6,681,487)</b>	<b>-35.4%</b>
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Non-cash accounting charges	5,547,240		3,148,694	
Changes in inventory	563,891		84,831	
<b>Underlying EBITDA<sup>2</sup></b>	<b>(449,147)</b>	<b>-1.8%</b>	<b>(507,538)</b>	<b>-2.7%</b>
Listed entity related expenses	464,369		437,067	
<b>Underlying EBITDA<sup>2</sup> net of adjustments</b>	<b>15,222</b>	<b>0.1%</b>	<b>(70,471)</b>	<b>-0.4%</b>

(1) The Company assesses the underlying EBITDA on a half-yearly and yearly basis to assess its achievements towards forecasts.

(2) Underlying EBITDA is an unaudited, non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS').

In particular, the Company recorded \$5.6m in non-cash accounting charges due to share-based issuances and prudent impairment on intangibles assets acquired during the prior years, \$1.2m in depreciation and amortization, \$0.5m in changes in inventory, and \$0.3m in interest and financing related costs. Furthermore, during the period, the Company recorded \$3.1m in one-off and cost-reduction items, including \$2.3m in reduction of non-critical personnel, consultants, and operating verticals expenses, \$0.2m in one-off variable cost of sales, \$0.4m in non-capitalized one-off investments in infrastructure, and \$0.2m in extraordinary legal and consultants' fees, mainly due to M&A initiatives.

During the period, the Company continued to adopt a personalized, white-glove approach to customer service. While this approach temporarily led to elevated costs of sales, it was a conscious decision to establish strong foundations for future growth. The combined implementation of traditional technologies, XR, and AI is rapidly gaining traction across various industries. As this integration becomes more prevalent, the Company anticipates a subsequent reduction in costs of sales in the upcoming years. The synergy between these technologies will drive operational efficiencies and open avenues for cost savings. Our **INTEGRATEDXR®** technology portfolio continues to be of paramount importance to our clients. By solidifying our relationships and nurturing strategic partnerships, we anticipate a favourable impact on our profit margins. This, in turn, will fuel a more dynamic and sustainable growth trajectory.

The Company reported Net cash outflows from operating activities of \$7.9m compared to net cash outflows of \$1.2m in FY22. Net Cash outflow from Investing activities increased to \$3m from \$2m in FY22.

The Company's debt position was \$10.4m, up from \$3.6m at 30 June 2022, due to increased invoicing to customers being financed by leading commercial banks. The Company's cash position, stood at \$11.4m at 30 June 2023 with an additional \$15.2m invoiced and due to be collected from customers.

As the predominant portion of the debt originates from invoice financing, it will be settled upon customers' payments to the company, given its self-liquidating nature.

The total debt was represented by:

- a) A Banco BPM bank loans by JMC Group. The loans have a 6 years terms with expiry date of 13 August 2026. The loans have a variable Interest rate of 1.25% + EURIBOR 3m 360.
- b) A Banca Monte Dei Paschi Di Siena (MPS) bank loan by JMC Group. The loan has a 71 months terms with an expiry date of 31 October 2026. The loan has a variable Interest rate of 0.45% + EURIBOR 6m 360.
- c) A fixed rate facility provided by Dell Financial Services to JMC Group. The facility has 3 years term with an expiry date of 1 January 2024. The average overall effective rate is 8.95%.
- d) A fixed rate facility provided by Dell Financial Services to JMC Group. The facility has 3 years term with an expiry date of 15 March 2026. The average overall effective rate is 10.81%.
- e) Four fixed rate leasing facilities provided by Dell Financial Services to JMC Group. The facilities have 3 years term and interest rate of 1.99%, 1.99%, 4.39% and 13.08%.
- f) An Invoice and contract financing facility provided by MPS to JMC GROUP. This Is a short-term liability at an interest rate of 3.60%.
- g) An Invoice financing facility provided by BPM to JMC GROUP. This Is a short-term liability at an interest rate of 3.883%

- h) An invoice and contract financing facility provided by Intesa San Paolo to JMC GROUP. This is a short-term liability at an interest rate of 1.80% plus EURIBOR 3m.
- i) A variable rate bank loan provided by Banco BPM bank loans to Xinntex. The loans have a 6 years terms with expiry date of 11 March 2027. The loans have a variable Interest rate of 1.4% + EURIBOR 3m 360.
- j) An Invoice financing facility provided by BPM to XINNTEX. This is a short-term liability at an interest rate of 3.883%.
- k) A fixed rate bank loan provided by Banco BPM to Vection Italy. The loan has a 6 years term with an expiry date of 6 June 2026. The loan has a fixed Interest rate of 1.25%
- l) A variable rate bank loan provided by Intesa San Paolo to Vection Italy. The loan has a 6 years term with an expiry date of 9 June 2026. The loan has a variable Interest rate of circa 1.75% plus EURIBOR 1m 360.
- m) An invoice financing facility provided by BPER to Vection Italy. This is a short-term liability at an interest rate of 2.6%
- n) An invoice financing facility provided by Intesa San Paolo to Vection Italy. This is a short-term liability at an interest rate of 6.1% (TAN)
- o) A contract financing facility provided by Intesa San Paolo to Vection Italy. This is a short-term liability at an interest rate of 6% (TAN)
- p) An invoice financing facility provided by Intesa San Paolo to Vection Italy This is short term liability at an interest rate of 3.125%
- q) An invoice financing facility provided by Intesa San Paolo to Vection Health. This is a short-term liability at an interest rate of 2.75%

#### **OPERATIONAL OVERVIEW:**

##### **Customer highlights:**

During FY23, the **INTEGRATEDXR®** technology suite enabled the Company to grow its end- to-end digital transformation client strategy, across a multitude of customers across several market segments.

Notable clients during the fiscal year included among many others, Ferretti (ASX: 22 January 2019), Muner (ASX: 12 December 2019), Volkswagen (ASX: 11 May 2020), Giorgio Armani (ASX: 29 June 2020), Olivetti (19 November 2020), Mutti (ASX: 23 December 2020), Trenitalia, Humanitas University, Edge Visionary Living, Blackbourne, Bedshed, Megara, KIOSK Embedded Systems, Dell, ToshibaTec, The University of Queensland, Heatherwick Studio, Wurth, Shimizu Corporation, Marotta Srl (via SolidWorld Group S.p.A. (BIT:S3D)), Bunnings (via The Brand Agency), and Bi-Rex Big Data Innovation & Research Excellence Center.

During the year, the Company progressed the independent third-party testing of the pilot for a major global defence contractor worth \$2m on a TCV basis (ASX: 2 March 2023 and 30 April 2023). The pilot forms part of a larger tender worth up to \$30m in TCV. If the pilot proves successful, the Company expects to finalise the subsequent order awards by the end of September 2023, subject to final agreements and negotiations with the customer.

Furthermore, the Company completed the PrismArch project, funded by the European Commission under Horizon 2020, as announced on 6 April 2020 and 27 May 2020. This milestone highlights the Company's commitment to its long-term strategy of driving industry innovation and delivering substantial benefits to the Architecture, Engineering, and Construction (**AEC**) sector and its valued customers.

Leveraging the Company's Mindesk solution, and cutting-edge Artificial Intelligence (AI) technologies, PrismArch delivers the first cross-disciplinary immersive design tool for the collaborative manipulation of AEC projects and accurate assessment of new design decisions.

**Partnerships highlights:**

During the year, the Company progressed its partnership strategy, most notably with consulting & service providers and Fortune Global 500 professional services partners (Accenture, DXC Technology, NTT Data and Toshiba Tec, among others).

Furthermore, the Company continued to promote 3DFrame for Webex by Cisco to clients, partners, and distributors, with initial clients being onboarded. 3Dframe is the no-code metaverse presentations App that brings Webex meetings' content to life (more information here: <https://vection-technologies.com/solutions/products/3d-frame/webex>).

In particular:

- a) On 25 January 2023, the Company announced the execution of a memorandum of understanding (**MoU**) with Thales Alenia Space, Next One Film Group, and ALTEC, for the development of Lunar City, a space-focussed Virtual Reality (VR) metaverse platform. This platform aims to promote space travel and inspire future generations as NASA's Artemis Program prepares to return astronauts to the lunar surface. On 9 August 2023, the Company announced the execution of a binding partnership agreement with these same partners.
- b) On 5 July 2023, the Company announced the collaboration with "SAPIS Centro Studi", an organization affiliated with the Italian National Federation of Medical Radiology and Technical Health Professions. The first project focuses on the application of extended reality (**XR**) technologies in radiology and medical imaging. Vection Technologies will provide XR solutions, including virtual reality and augmented reality, to enhance processes such as training, checklists, communication between healthcare professionals and patients, and inter-professional collaboration. The collaboration aims to reduce risks, optimize processes, and promote digital transformation in the healthcare system. The project includes joint research, training, experimentation, and dissemination of XR technologies and their impact on healthcare.
- c) On 3 May 2023, Vection Technologies and Bedshed, one of Australia's largest mattress, bedding, and bedroom furniture retailers, announced a partnership transforming the way retailers showcase their product range. Bedshed has embraced the 3D revolution to supplement its traditional photography with 3D-powered computer-generated imagery (CGI) to showcase furniture products. This innovative solution involves the creation of 3D bedroom 'sets' to populate with Bedshed's range of furniture. Its products are then modeled in 3D and rendered in photorealistic detail for use across the brand's suite of marketing collateral. The benefits of this innovative solution are numerous: Bedshed is experiencing a reduction in costs compared to traditional photoshoots, as well as increased creative flexibility, resource efficiency, and budget maximization. The CGI solution allows the retailer to actively promote and sell products that have yet to even arrive in Australia.
- d) On 28 March 2023, the Company announced a partnership with expert.ai (EXAI:IM), a leading company in artificial intelligence (**AI**) for language understanding and language operations, to create an extended reality (**XR**) / AI-powered solution for digitalizing technical manuals. During the year, the Company progressed its initiatives on tenders and government grants to fund the development of this solution and will provide an update to the market as soon as applicable.

### Technology highlights:

During the year, the Company persistently pursued its research and development (R&D) endeavours to enhance its **INTEGRATEDXR®** capability across various combinatorial technologies.

Furthermore, the Company released multiple new releases for its flagship solutions 3DFrame, EnWorks, Mindesk and significantly progressed the development of the XRkiosk and assessed combinatorial effects of its software and hardware capabilities.

In particular:

- a) On 22 May 2023, the Company announced the integration of ChatGPT, the advanced AI chatbot developed by OpenAI, with 3DFrame, the no-code enterprise app for immersive product presentations. This integration allows businesses to present their products in 3D and VR and provides a powerful tool for training and onboarding. 3DFrame is an advanced software that allows businesses to present their products in 3D and Virtual Reality. With the integration of ChatGPT, businesses can tie the responses of the AI chatbot to their 3D models and animations, creating an AI assistant that can provide real-time guidance and instruction to new employees. This reduces training times and costs and ensures consistent messaging and a personalized learning experience. The integration of ChatGPT with 3DFrame goes beyond simply avatarizing a chatbot. ChatGPT has the potential to interact directly with the platform's features, allowing for more complex and customized interactions with the virtual environment. This opens a whole new world of possibilities for businesses, from personalized product demonstrations to virtual product simulations.
- b) On 6 June 2023, the Company announced the availability of its early release of ChatGPT-powered mixed reality solution, 3DFrame, on Apple's macOS, enhancing the solution's reach, effectiveness, and cross-platform functionality. With ChatGPT -powered 3DFrame available on macOS, organizations can leverage the power of AI and immersive 3D presentations seamlessly across Apple devices, ensuring a wider audience can benefit from the solution. Additionally, the cross-platform compatibility allows for a consistent and streamlined experience, whether businesses choose to utilize Windows or macOS, providing flexibility and accessibility to meet diverse user needs.
- c) On 20 March 2023, the Company announced several patents granted across the US and Europe related to its **INTEGRATEDXR®** technology stack:

#### US Patents: '082 Patent

On 26 July 2022, the Company, through its United States (US) subsidiary, was granted a patent from the US Patent Office (US Pat. No. 11,398,082), arising from the research & development (R&D) activities of its Mindesk software. ('082 Patent)

Subsequently, the Company appointed a US-based patent attorney to conduct extensive patent and patent application searching which was finalised in the month of March 2023. This activity resulted in the assessment that *"the '082 Patent is likely to withstand challenge on the ground of obviousness"*, and that *"it appears the '082 Patent will provide a commercially effective barrier to entry for competitive software in the 3D modeling / VR domain"*.

The embodiments of the invention, included in the '082 Patent, allow the user of a 3D graphics software to execute an affine transformation, like a translation, a rotation, or a scale of at least one element of the virtual scene, using a virtual reality (VR) input device, in less steps and with

a higher precision, reliability and flexibility compared to prior schemes. The embodiments of the invention provide a method to perform an affine transformation in less time than the actual computer aided design (CAD) system do.

#### **EU Patents: VR-Replay Patent**

On 23 September 2020, the Company announced the lodgement of a provisional patent application covering, among others, technology used in the Company's augmented reality (AR) healthcare solutions, arising from the R&D activities of its 3DFrame software.

On 14 September 2022, the Company, through one of its European based subsidiaries, was granted patent number 102020000020347 from the Italian Patent and Trademark Office (UIBM). **(VR-Replay Patent)**

The VR-Replay Patent relates to a proprietary technology for structured recording in VR, capable of synthesising digital video to be viewed across any 3D viewing device and edited through suitable software. In the healthcare domain, this technology enables multiple functionalities, including the superimposition of biometric data, sourced from electronic medical records, in the medical professional's field of view via wearable devices.

#### **EU Patents: 3D to VR Patent**

On 29 May 2019, the Company lodged a provisional patent application covering a software application for the control and management of three-dimensional models and its related operational process, arising from the R&D activities of its 3DFrame software.

On 16 May 2021, the Company, through one of its European based subsidiaries, was granted patent number 102019000007452 from the UIBM, which was subsequently renewed on 10 March 2023. **(3D To VR Patent)**

The 3D To VR Patent relates to a proprietary software application for the control and management of three-dimensional (3D) models which includes, among others: instructions for the authentication of at least one user entering a minimum of one data input on a central server; have at least one user uploading a 3D model in .fbx, .obj, and similar formats; have at least one user downloading instant files on their workstation for the temporary display of the previously uploaded and elaborated 3D model; have at least one user attributing properties such as colours and surface properties to the 3D model during the visualisation process within VR; have at least one user performing 3D models' parameters modifications including shape, size and proportions within VR; and, save the modified 3D model to be subsequently used by at least one user.

#### **EU Utility Models: Kiosk Utility Model**

On 22 November 2022, the Company lodged a provisional utility model application covering equipment to manage the admission and exit procedures in public services in general, arising from the R&D activities of its Kiosk technologies.

On 15 February 2023, the Company, through one of its European based subsidiaries, was granted utility model number 202022000004782 from the UIBM. **(Kiosk Utility Model)**

The Kiosk Utility Model relates to equipment to manage the admission and exit procedures through personal data registration in hospitals, hotels, airports, and public services in general. It comprises a modular shell that includes technology to detect and process personal data and holographic touchless systems capable of allowing man-machine integration without physical contact.

A utility model system provides protection of so-called "minor inventions" and protect such inventions through granting an exclusive right, which allows the right holder to prevent others from commercially using the protected invention, without his authorization, for a limited period.

#### **EU Patents: Provisional Patent Applications**

##### **Provisional Patent Application: AI-Powered Technical Manuals**

On 9 June 2022, the Company lodged a provisional patent application with the UIBM in relation to an artificial intelligence (AI) software system for technical manuals, arising from the R&D activities of its EnWorks software.

The Company will provide further information to the market as applicable, due to the collaborative nature (AI + XR) of the development of this solution.

##### **Provisional Patent Application: VR / Hybrid Meetings**

On 27 February 2023, the Company lodged a provisional patent application with the UIBM covering a software application for the organisation and management of cloud videoconferences with hybrid participants (3D, VR, and Web), arising from the R&D activities of its 3DFrame software.

##### **Provisional Patent Application: XRKiosk**

On 15 July 2022, the Company lodged a provisional patent application with the UIBM, in relation to virtual reality integrated Kiosk for the consumer and professional market segments, arising from the R&D activities of its XRKiosk technology.

*The Company notes that these provisional patents lodgements are not binding, and subsequent assessment is typically performed by the relevant patent office. Assuming any objections are overcome, the patent application can then be granted allowing this to be subsequently enforced to prevent third parties exploiting the invention.*

#### **CORPORATE OVERVIEW:**

##### **Cost reduction:**

During the year, the Company progressed its cost-reduction initiatives. As part of this endeavour, the Company's management proactively made the decision to consolidate its healthcare and pharma operations within its European entities, aiming to minimize overhead costs. Furthermore, the Company opted to commence the transition of its Indian operations from a fixed to a variable basis, to alleviate the administrative burden of overhead expenses in that region.

Additional measures were taken to reduce costs, including:



- a) Conducting an evaluation of personnel and consultants to establish a more streamlined and flexible organizational structure.
- b) Assessing the utilization of third-party software within the organization.
- c) Evaluating third-party contractors and reviewing the terms of engagement with them.

#### **Board and role changes:**

On 30 June 2023, the Company announced the resignation by mutual agreement of Non-Executive Director, Mr. Gabriele Sorrento. This decision aligns with the Company's ongoing evolution and its commitment to enhancing the diversity and independence of the Board. Over the next six months, the Company plans to appoint additional independent directors to its Board as part of its organic growth strategy.

Mr Jacopo Merli was added to the Company's board of directors on 1 December 2022. Mr Merli is the founder and CEO of JMC Group (**JMC**), acquired by Vection Technologies during 2021 to accelerate the expansion within the Europe, Middle East, and Africa (EMEA) region towards its **INTEGRATEDXR®** objectives. Since his entrance within the organisational ranks, Mr Merli has been pivotal in the definition of a cohesive strategy in the defence, military, and law enforcement sector. Mr Merli replaced Mr Gianmarco Orgnoni as Chief Operating Officer (**COO**) to ensure a strategic continuation of the Company's overarching vision with a European focus. Mr Orgnoni transitioned to the Chief Strategy Officer (**CSO**) and Chief Marketing Officer (**CMO**) roles, filling critical organisational gaps to keep building long-term value.

#### **M&A overview:**

The Company focuses on organic revenue growth, also through selective technology and people acquisitions.

Aligned with this strategy:

- a) On 7 June 2023, the Company announced the proposed acquisition of the business of Invrsion, a prominent technology company specializing in 3D and mixed reality solutions for the fashion, retail, consumer goods, and real estate sectors.

This acquisition is strategic for Vection Technologies as it strengthens the Company's **INTEGRATEDXR®** solutions suite for the fashion, retail, consumer goods, and real estate sectors, enhancing customer experiences and enabling them to remain relevant in a rapidly evolving market. The acquisition of Invrsion also enhances Vection Technologies' commercial value and customer trust. By immediately commercializing these technologies and offering industry-specific solutions and services, the company aims to deliver substantial benefits to its customers, drive organic profitable growth, and establish long-term partnerships. Additionally, the streamlined operations resulting from this acquisition will optimize costs and deliver higher value at a more efficient cost to customers.

Invrsion's client portfolio includes globally recognized brands, such as Walgreens, Ferrero, Nestlé, Coca Cola, and Diageo, further contributing to the Company's commercial strength and research capabilities.

The Company expects to settle the proposed acquisitions of Invrsion by mid-September 2023.

- b) On 29 June 2023, it completed the acquisition of the remaining 36.2% of Xinntex S.r.l., for a consideration of €12,576 in cash. This transaction aligns with the Company's focus on the consolidation of its international entities.
- c) Following period end, the Company announced the execution of a binding agreement to acquire MYR S.r.l. (**MYR**), a 3D technology company revolutionising the fashion and apparel industry. This proposed acquisition further strengthens the Company's solutions suite for customers in the fashion sector, unlocking new organic growth opportunities.

Renowned brands such as Diesel, Calvin Klein, and Tommy Hilfiger have entrusted MYR to provide their innovative solutions. Furthermore, MYR benefits from the support of industry icon Adriano Goldschmied, the visionary behind the global retail clothing company Diesel and instrumental in the development of other successful brands.

During MYR's commercial start-up phase of calendar year 2022, MYR delivered an unaudited revenue of ~\$30k, with the performance-based consideration for the proposed acquisition being a single performance right that converts into fully paid ordinary shares in the Company (**Shares**) based on revenue milestones for MYR in FY25, with the minimum revenue milestone being ~\$600k. The value of the consideration payable is capped at 6,200,000 Shares.

#### **Outlook:**

The Company expects to maintain its growth momentum in FY24, due to the substantial investments made throughout fiscal years 2022 and 2023. Additionally, the Company is actively working towards improving its underlying financial performance in the future.

As the Company continues to make progress in its acquisition efforts and the market demand for its **INTEGRATEDXR®** solutions continue to rise, it remains strongly positioned to capitalise on this inevitable growth trend.

## **8. Information on Audit**

This Appendix 4E and Preliminary Final Report is based on financial statements which are in the process of being audited.

# ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
<b>Revenue</b>		<b>25,331,634</b>	<b>17,217,685</b>
Other income		898,659	1,676,248
<b>Expenses</b>			
Acquisition costs		6,721	21,387
Changes in inventories		563,891	(84,831)
Variable cost of sales		18,586,294	11,538,376
Employee benefit expense		5,820,285	4,840,441
Consulting and professional fees		2,022,535	3,007,095
Finance costs		333,649	94,245
Depreciation and amortisation		1,217,307	957,899
Impairment expenses		3,843,973	953,946
Other expenses		3,470,723	2,605,726
Share based payments		1,703,267	1,892,269
<b>Total expenses</b>		<b>37,568,645</b>	<b>25,826,553</b>
<b>Loss before income tax expense</b>		<b>(11,338,352)</b>	<b>(6,932,620)</b>
Income tax expense		54,996	167,813
<b>Loss after income tax expense attributable to equity holders</b>		<b>(11,393,348)</b>	<b>(7,100,433)</b>
<b>Loss after income tax attributable to equity holders of Vection Technologies Limited</b>		<b>(11,393,348)</b>	<b>(7,100,433)</b>
<b>Other comprehensive (loss)/income</b>			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		398,753	(429,072)
<b>Total comprehensive (loss)/Income for the period</b>		<b>398,753</b>	<b>(429,072)</b>
<b>Total comprehensive loss attributable to equity holders of Vection Technologies Limited</b>		<b>(10,994,595)</b>	<b>(7,529,505)</b>
<b>Loss for the year is attributable to:</b>			
Non-controlling interest		(200,647)	(418,946)
Member of Vection Technologies Limited		(11,192,701)	(6,681,487)
Loss per share for the year attributable to the members of Vection Technologies Limited		<b>(11,393,348)</b>	<b>(7,100,433)</b>
Loss per share for the year (per share) attributable to the members of Vection Technologies Limited		(2.481)	(0.607)
Earnings per share for loss attributable to the members of Vection Technologies Limited			
Overall basic loss per share		(2.536)	(0.624)
Overall diluted loss per share		(2.536)	(0.624)

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

# ANNUAL REPORT AS AT 30 JUNE 2023

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		11,359,203	14,869,095
Receivables		15,188,476	6,208,213
Inventories		676,216	1,341,231
Income tax receivable		-	-
<b>Total current assets</b>		<b>27,223,894</b>	<b>22,418,539</b>
<b>Non-current assets</b>			
Property, plant & equipment		694,026	292,577
Right-of-use assets		321,660	424,079
Intangible assets		14,684,683	17,027,998
Financial assets		84,179	40,526
<b>Total non-current assets</b>		<b>15,784,548</b>	<b>17,785,180</b>
<b>Total assets</b>		<b>43,008,443</b>	<b>40,203,719</b>
<b>Current liabilities</b>			
Trade and other payables		12,274,400	6,973,912
Provisions		-	-
Employee benefits		72,265	78,250
Deferred tax liabilities		30,024	29,836
Lease liabilities		211,396	194,613
Borrowings		8,113,959	1,198,728
<b>Total current liabilities</b>		<b>20,702,043</b>	<b>8,475,339</b>
<b>Non-current liabilities</b>			
Provisions		-	-
Employee benefits		544,316	433,455
Deferred tax liabilities		610,655	615,930
Lease liabilities		164,579	286,293
Borrowings		2,313,596	2,415,293
<b>Total non-current liabilities</b>		<b>3,633,146</b>	<b>3,750,971</b>
<b>Total liabilities</b>		<b>24,335,188</b>	<b>12,226,310</b>
<b>Net assets</b>		<b>18,990,847</b>	<b>27,977,409</b>
<b>Equity</b>			
Issued capital		45,942,218	44,611,306
Reserves		6,591,345	11,081,001
Accumulated losses		(33,860,308)	(27,714,898)
		<b>18,673,255</b>	<b>27,977,409</b>
Equity attributable to the members of Vection Technologies Limited		19,382,950	28,456,623
Non-controlling interest		(709,696)	(479,214)
<b>Total equity</b>		<b>18,673,255</b>	<b>27,977,409</b>

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

# ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		17,969,609	17,603,134
Payments to suppliers and employees		(25,820,271)	(18,694,674)
Interest received		211,533	44,026
Interest paid / finance costs		(239,994)	(94,245)
Tax paid (net of R&D tax refund)		(60,082)	(104,319)
<b>Net cash (outflow) / inflow from operating activities</b>		<b>(7,939,205)</b>	<b>(1,246,078)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(596,483)	(163,957)
Transaction costs in purchase of subsidiary		(6,721)	(21,387)
Payment for intangible assets		(2,089,456)	(1,838,469)
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(2,692,660)</b>	<b>(2,023,813)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issues of fully paid shares		-	12,951,277
Payment of transaction costs		-	(824,686)
Repayment of lease liabilities		(66,111)	(79,881)
Repayment of borrowings		6,693,621	(759,838)
Proceeds from borrowings		119,914	151,583
<b>Net cash (outflow) / inflow from financing activities</b>		<b>6,747,424</b>	<b>11,438,455</b>
Net increase in cash and cash equivalents		(3,884,441)	8,168,566
Cash and cash equivalents at the beginning of the financial year		14,869,095	7,083,890
Effect of movement in exchange rates on cash held		374,549	(383,361)
<b>Cash and cash equivalents at the end of the financial year</b>		<b>11,359,203</b>	<b>14,869,095</b>

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

# ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Notes	Consolidated					
	Issued capital	Accumulated losses	Reserves	Foreign currency translation reserve	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	<b>44,611,306</b>	<b>(27,235,684)</b>	<b>11,683,771</b>	<b>(602,770)</b>	<b>(479,214)</b>	<b>27,977,409</b>
Loss for the period	-	(11,192,701)	-	-	(200,647)	(11,393,348)
Other comprehensive (loss)/income	-	-	-	398,753	-	398,753
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(11,192,701)</b>	<b>-</b>	<b>398,753</b>	<b>(200,647)</b>	<b>(10,994,595)</b>
<b>Transactions with owners in their capacity as owners</b>						
Contribution of equity, net of transaction costs	-	-	-	-	-	-
Share based payments	-	-	1,577,461	-	-	1,577,461
Share issue in lieu of salary	125,806	-	-	-	-	125,806
Vesting/expiry of share of Performance rights	1,205,106	5,247,938	(6,465,870)	-	-	(12,826)
De-recognition of NCI - Xintex upon full acquisition	-	29,835	-	-	(29,835)	-
<b>Balance at 30 June 2023</b>	<b>45,942,218</b>	<b>(33,150,612)</b>	<b>6,795,362</b>	<b>(204,017)</b>	<b>(709,696)</b>	<b>18,673,255</b>
<b>Balance at 1 July 2021</b>	<b>27,502,218</b>	<b>(20,654,197)</b>	<b>8,870,499</b>	<b>(173,575)</b>	<b>(117,218)</b>	<b>15,427,727</b>
Loss for the period	-	(6,681,487)	-	-	(418,946)	(7,100,433)
Other comprehensive loss	-	-	-	(429,072)	-	(429,072)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(6,681,487)</b>	<b>-</b>	<b>(429,072)</b>	<b>(418,946)</b>	<b>(7,529,505)</b>
<b>Transactions with owners in their capacity as owners</b>						
Contribution of equity, net of transaction costs	17,109,088	-	-	-	-	17,109,088
Share based payments	-	-	2,893,830	-	-	2,893,830
Acquisition of subsidiaries with non-controlling interest	-	-	19,441	(123)	56,950	76,269
<b>Balance at 30 June 2022</b>	<b>44,611,306</b>	<b>(27,235,684)</b>	<b>11,683,771</b>	<b>(602,770)</b>	<b>(479,214)</b>	<b>27,977,409</b>

## NOTE 1: BASIS OF PREPARATION OF THE FINAL REPORT

### BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by Vection Technologies Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The Preliminary Financial Report of Vection Technologies Limited and its controlled entities, comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the consolidated entity.

### NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

Vection Technologies Limited has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

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

## NOTE 2: REVENUE

The following is an analysis of Vection Technologies Limited's revenue for the year:

	30 June 2023	30 June 2022
	\$	\$
<b>REVENUE</b>		
INTEGRATEDXR sales	25,331,634	17,217,685
Interest received	211,533	44,026
R&D tax refund	-	377,435
Foreign exchange gain	-	242,673
Other revenue	687,126	1,012,114
<b>Total revenue</b>	<b>26,230,293</b>	<b>18,893,933</b>

### Disaggregation of revenue

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

	30 June 2023	30 June 2022
	\$	\$
<b>Geographical regions:</b>		
EMEA	20,345,974	13,703,256
APAC	4,943,943	3,133,668
AMER	41,717	380,761
<b>Total</b>	<b>25,331,634</b>	<b>17,217,685</b>
<b>Timing of revenue recognition</b>		
Transferred at a point in time	21,221,397	17,054,667
Transferred over time	4,110,237	163,018
<b>Total</b>	<b>25,331,634</b>	<b>17,217,685</b>

**NOTE 3: EXPENSES**

	30 June 2023	30 June 2022
	\$	\$
<b>EMPLOYEES BENEFITS</b>		
Director fees	890,067	591,744
Staff wages & amenities	4,930,218	4,097,850
<b>Total employee benefits</b>	<b>5,820,285</b>	<b>4,689,594</b>
<b>OTHER EXPENSES</b>		
Advertising & marketing expense	1,127,282	821,736
Rent	419,011	611,691
Travel	372,964	204,739
Administration expense	1,551,467	967,560
<b>Total other expenses</b>	<b>3,470,723</b>	<b>2,605,726</b>

**NOTE 4: TRADE AND OTHER RECEIVABLES**

	30 June 2023	30 June 2022
	\$	\$
Trade and other receivables	14,918,777	6,068,883
Expected credit loss allowance	(230,932)	(179,273)
<b>Sub-total</b>	<b>14,687,845</b>	<b>5,889,610</b>
Prepayments	500,632	332,669
<b>Total</b>	<b>15,188,476</b>	<b>6,222,279</b>

**NOTE 5: SEGMENT REPORTING**

	IT development \$	Outsourced services \$	Corporate \$	Total \$
<b>Year ended 30 June 2023</b>				
<b>Segment revenue</b>	<b>21,046,862</b>	<b>4,284,999</b>	<b>898,433</b>	<b>26,230,293</b>
Significant items				
Changes in inventories	(563,891)	-	-	(563,891)
Variable cost of sales	(17,339,228)	(1,247,066)	-	(18,586,294)
Employee benefits expense	(2,763,130)	(1,756,548)	(1,300,606)	(5,820,285)
Consulting and professional fees	(836,407)	(81,490)	(1,104,639)	(2,022,535)
Financing costs	(193,719)	(44,275)	(95,655)	(333,649)
Depreciation and amortisation	(1,100,739)	(58,860)	(57,708)	(1,217,307)
Other administrative expenses	(1,492,066)	(941,322)	(6,591,296)	(9,024,684)
Tax expenses	(54,996)	-	-	(54,996)
<b>Segment operating loss after tax</b>	<b>(3,297,314)</b>	<b>155,437</b>	<b>(8,251,471)</b>	<b>(11,393,348)</b>

	IT development \$	Outsourced services \$	Corporate \$	Total \$
<b>Year ended 30 June 2022</b>				
<b>Segment revenue</b>	<b>15,602,686</b>	<b>3,110,533</b>	<b>180,714</b>	<b>18,893,933</b>
Significant items				
Changes in inventories	84,832	-	-	84,832
Variable cost of sales	(10,264,730)	(1,273,646)	-	(11,538,376)
Employee benefits expense	(3,357,319)	(1,216,786)	(266,336)	(4,840,441)
Consulting and professional fees	(2,149,179)	(83,849)	(774,067)	(3,007,095)
Financing costs	(16,970)	(5,674)	(71,601)	(94,245)
Depreciation and amortisation	(899,154)	(1,037)	(57,708)	(957,899)
Other administrative expenses	(2,000,768)	(718,199)	(2,149,134)	(4,868,102)
Tax expenses	(167,813)	-	-	(167,813)
<b>Segment operating loss after tax</b>	<b>(3,103,818)</b>	<b>(188,658)</b>	<b>(3,202,731)</b>	<b>(6,495,214)</b>



**AUTHORISATION:**

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