

28 July 2023, Australia

## ASX RELEASE

# 2023 Q4 ACTIVITY REPORT AND APPENDIX 4C

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), the INTEGRATEDXR<sup>®</sup> company is pleased to update the market on its activities and associated cash flows and cash position for the quarter ended 30 June 2023, and up to the date of this announcement.

### FINANCIAL HIGHLIGHTS:

- Q4 FY23 cash receipts of \$8.2m, up 45% vs \$5.7m in Q3 FY23.
- FY23 total cash receipts of \$22.9m, up 14% vs \$20m in FY22.
- FY23 Total Contract Value (TCV) of \$28m, up 50% vs ~\$19m in FY22.
- FY23 TCV underpins the revenue guidance for FY23 of \$24 to \$26m, vs ~\$19m in FY22 revenue.
- Stronger revenue (and associated costs) in Q4 FY23 has increased short-term invoice financing by \$3.4m – with total debt of \$5.9m at 30 June 2023 (\$2.1m at 31 March 2023).
- Cash of \$11.4m at 30 June 2023, unchanged from 31 March 2023.

### OPERATIONAL HIGHLIGHTS:

- Relentless focus on customer requirements, feedback and operational development of their needs continues. Organic growth from customers was very pleasing during the quarter.
- Continued sales momentum with customers including Bi-Rex Big Data Innovation & Research Excellence Center, Bunnings via The Brand Agency, Marotta S.r.l. via SolidWorld Group S.p.A. (BIT:S3D), Shimizu Corporation, Würth, Humanitas University and many more.
- Independent third-party testing for the defence pilot or a major global defence contractor progressing well. (ASX: 2 March 2023 and 30 April 2023)
- Negotiations progressing well towards a binding agreement for the virtual reality space travel partnership announced on 25 January 2023.
- Collaboration with "SAPIS Centro Studi", an organization affiliated with the Italian National Federation of Medical Radiology and Technical Health Professions, for the application of extended reality (XR) technologies in radiology and medical imaging.
- Partnership with Bedshed, one of Australia's largest mattress, bedding, and bedroom furniture retailers, transforming the way retailers showcase their product range with 3D technologies.

### M&A HIGHLIGHTS:

- Proposed acquisition of Invrision, a 3D technology company specializing in the fashion, retail, consumer goods, and real estate sectors. (ASX: 7 June 2023)
- Progression of several other selective technology M&A targets - critical in further increasing the Company's organic revenue growth, through technology and people acquisitions.

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

#### ■ GLOBAL OFFICES

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#### ■ WEBSITE

[www.vection-technologies.com](http://www.vection-technologies.com)

#### ■ REGISTERED OFFICE

Level 4, Building C, Garden Office Park, 355  
Scarborough Beach Road,  
Osborne Park WA 6017 - Australia

**OVERVIEW:**

Gianmarco Biagi, managing director of Vection Technologies, commented:

*"The Company has sustained the strong revenue momentum from the third quarter of fiscal year 2023, achieving our revenue guidance, supported by \$28m in Total Contract Value (TCV) for the year. Throughout the fourth quarter, the increase in invoicing activity has led to enhanced utilization of invoice financing, effectively maintaining our cash reserves. Revenue growth will continue to require working capital support aligned with this non-dilutionary capital management strategy.*

*Looking ahead, we are exploring numerous opportunities to expand the organic growth of our customers, new sales activity, and the development of the **INTEGRATEDXR<sup>®</sup>** technology suite. We will continue to bolster industry expertise by adding skilled professionals to our team in line with our resource needs."*

**COMPANY FINANCIAL OVERVIEW:**
**TOTAL CONTRACT VALUE (TCV) SUMMARY:**

FY2023 TCV was ~\$28m, up by 50% vs ~\$19m in FY2022.

FY2023 TCV underpins the revenue guidance for FY2023 of \$24 to \$26m. The Company posted total revenue of ~\$19m in FY2022.

Chart 1 shows cumulative TCV by quarter for FY2022 and FY2023:<sup>1</sup>



<sup>1</sup> Notes:

- Q1 FY22 & FY23: Cumulative TCV as announced on 31 October 2023 and 31 October 2021.
- Q2 FY22 & FY23: Cumulative TCV as announced on 31 January 2023 and 31 January 2022.
- Q3 FY22 & FY23: Cumulative TCV as announced on 23 March 2023 and 12 April 2023.
- Q4 FY22 & FY23: Cumulative TCV as announced on 30 June 2022.
- FY23 Revenue Guidance: FY22 audited revenue and FY23 total year revenue guidance.

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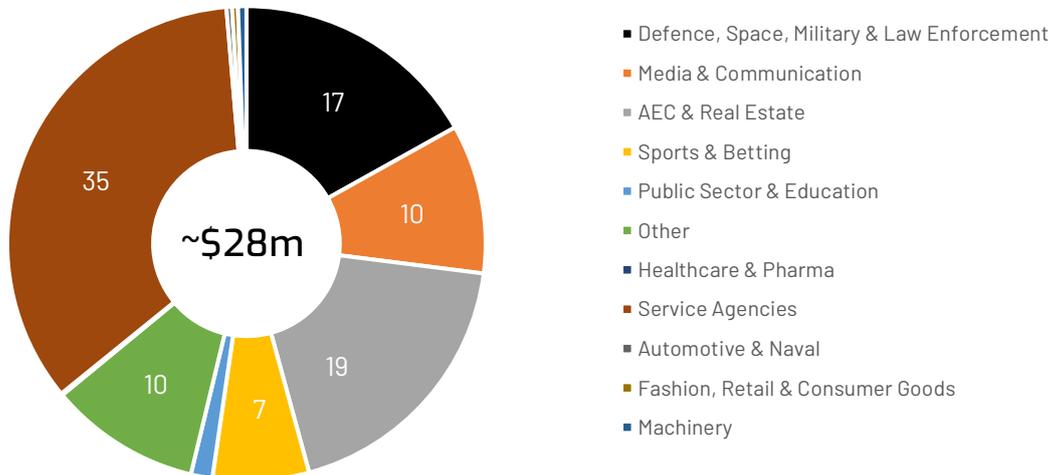
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Chart 2 shows FY2023 TCV by market segment:



#### QUARTERLY FINANCIAL SUMMARY:

At 30 June 2023, the Company held cash and cash equivalents of ~\$11.4m, unchanged compared with 31 March 2023. Total cash receipts for FY23 were ~\$22.9m, up by 14% compared with ~\$20m in FY22.

Cash receipts for Q4 FY23 were ~\$8.2m, compared to ~\$5.7m in Q3 FY23, resulting in net cash outflows from operating activities of ~\$3.4m. This quarter included the receipt of a ~\$1m tax refund from the Italian government concerning the operations of one of its European subsidiaries.

Business activities expenditure totalled ~\$12.3m for the quarter, consisting of administration (~\$0.5m) and R&D, staff costs and operating cost of sales (~\$11.3m), with the balance to advertising and marketing and leased assets (~\$0.5m).

Debt of ~\$5.9m was up by ~\$3.4m, from \$2.1m at 31 March 2023, due to increased invoicing to customers being financed by leading commercial banks. During the quarter, the Company repaid ~\$2.1m of short-term debt (because of payments from customers) and received ~\$5.6m in new customer invoices financing from banks.

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**OPERATIONAL OVERVIEW:**
**CUSTOMER HIGHLIGHTS:**

During the quarter and to date, the **INTEGRATEDXR<sup>®</sup>** technology suite enabled the Company to grow its end-to-end digital transformation client strategy, across a multitude of customers across several market segments. Examples include:

- **Bi-Rex Big Data Innovation & Research Excellence Center:** execution of multiple contracts for the provision of **INTEGRATEDXR<sup>®</sup>** solutions to its customers. The execution of these contracts demonstrates the validity of the Company's technology suite, following the first announcement of the Bi-Rex partnership on 1 June 2020.
- **XR Kiosk:** execution of multiple contracts in relation to its XR Kiosk technology with two existing customers in Italy and northern Europe, reinforcing the Company's relationship with them well into the future.
- **Bunnings, via The Brand Agency:** Blank Canvas Studios, Vection Technologies' Australian-based XR entity, was engaged by The Brand Agency to create a ground-breaking TV campaign for Mondella, one of Bunnings' popular in-house brands. The campaign aimed to make bathroom renovations more accessible by showcasing how an old bathroom can be transformed into an inviting new design, with Mondella bathroom products. Instead of constructing physical sets, Blank Canvas designed and built photorealistic bathrooms in 3D, incorporating assets also modelled in 3D from the client's product range. This innovative approach delivered a suite of cost-effective still renders, vignettes and CGI animation for the television commercials, demonstrating the flexibility and efficiency of CGI, versus traditional campaign production. The investment in CGI environments and assets means Mondella and Bunnings could even bring their products to life in VR for customers looking to design their perfect bathroom.

**Links to TV commercials:** <https://vimeo.com/844490846>, and <https://vimeo.com/844493960>.

- **Marotta S.r.l, via SolidWorld Group S.p.A. (BIT:S3D):** on 7 June 2023, SolidWorld Group, parent of leading digital technology, 3D printing and additive manufacturing Group, announced the collaboration with Marotta S.r.l. and Vection Technologies on the construction of the first European Hypersonic aircraft for civil transport prototype as part of the g Group, announces that it will collaborate with Marotta S.r.l. and Vection Technologies on the European Space Agency's HEXA-FLY (High-Speed Experimental Fly Vehicles) project.

Marotta's aerospace engineers will develop the prototype, using Vection Technologies' 3DFrame platform integrated with Dassault Systèmes' SolidWorks design suite and the Cisco Webex collaboration platform, thanks to the integration expertise provided by SolidWorld Group.

*"The installation of the software of SolidWorld Group S.p.A. and Vection Technologies have made it possible to create a virtual testing environment in which to conduct structural simulations and computational fluid dynamics, helping to understand the issues and ensure the safety of the final product,"* commented Luca Grosso, Chief Executive Officer of Marotta S.r.l.

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*"In addition, the switch to these new technologies ensures immediate communication between departments, providing production time savings of up to over 70%, thus increasing their life and ensuring even more productivity."*

- **Shimizu Corporation:** the execution of a contract for the live-link integration of Mindesk with Autodesk Navisworks 2024. Shimizu Corp is a Japanese-based, global engineering consulting company.
- **Wurth:** adoption by Wurth of 3DFrame, the no-code enterprise metaverse app for immersive product presentations. 3DFrame offers the first-of-its-kind seamless integration into Webex, through which users can engage meeting participants like never before.

Other notable clients during the fiscal year include, 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, and Heatherwick Studio.

During the quarter, 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 quarter and to-date, the Company progressed its partnership strategy. Key highlights are included below:

- 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 1 February 2023, the Company progressed this initial partnership with a first revenue generative agreement for the development of VR gaming, scientific & educational content worth \$0.4 in TCV. During the quarter, the Company has advanced the negotiations with the partners in relation

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to a binding agreement to progress the key objectives of the MoU, expected to be finalized by the end of September 2023.

- 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 collaboration aims to explore the use of immersive technologies in the healthcare field. 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.

The partnership between Vection Technologies and SAPIS demonstrates the latter's commitment to technological innovation and promoting appropriate training for healthcare professionals. The first joint training project is titled "From Post-processing to Augmented Reality: TSRM and New Images." The project aims to enhance patient safety through the acquisition of technical and cross-functional skills for medical radiology technicians in utilizing 3D processing and visualization tools in augmented reality. The training program includes theoretical lessons and simulation activities in augmented reality, providing participants with hands-on experiences in surgical and clinical planning, doctor-patient communication, and healthcare events. SAPIS Centro Studi is a research and innovation centre focused on the advancement of technical health professions, rehabilitation, and prevention, to improve effectiveness and continuous improvement in the healthcare sector.

- 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.

*"To be able to create unlimited combinations of bedroom backdrops and product suites adds enormous value to the business. We're saving time and money while elevating the level of presentation of our products," commented Louise Kaminskis, Bedshed's Assistant Marketing Manager. "Our franchisees were blown away by the realism. We presented the first set of renders without comment, and they all believed it was photography. This validates what we believe is a really innovative marketing approach."*

- 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 quarter, 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.

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#### TECHNOLOGY HIGHLIGHTS:

During the quarter and to date, the Company has persistently pursued its research and development (R&D) endeavours to enhance its **INTEGRATEDXR<sup>®</sup>** capability across various technologies.

In particular:

- 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.

- Furthermore, 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.

#### BOARD 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.

#### COST REDUCTION:

During the quarter, the Company progressed its cost-reduction initiatives. As part of this endeavour, the Company 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.

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Additional measures were taken to reduce costs, including:

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

#### **M&A OVERVIEW:**

As previously announced, the Company seeks to increase its organic revenue growth, through technology and people acquisitions.

Aligned with this strategy, on 7 June 2023, the Company announced the proposed acquisition of the business of Invrision, 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<sup>®</sup>** 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 Invrision 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.

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

The Company also notes that 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.

The Company also notes the progression of several other selective technology M&A targets, critical in further increasing the Company's organic revenue growth, through technology and people acquisitions.

#### **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.

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

The Company further notes that the first quarter of FY24 will be influenced by European seasonality due to the location of the majority of its customer base.

**LISTING RULE 4.7C3:**

The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities totalled ~\$295k. These payments consisted of Directors' fees and salaries paid to directors. All payments were on normal commercial terms.

**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)

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**FORWARD-LOOKING STATEMENTS:**

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

**GLOSSARY:**

**FY23 TCV** is a metric that combines all contracts, including subscription and maintenance packages, that the Company expects to convert into revenue (or a percentage thereof) during the fiscal year, subject to audit review. The Company notes that quarterly cash receipts may vary depending on the solution and/or service provided to the end customer, and any individual material contract award will be separately announced to the market as applicable. Furthermore, the Company notes that most of its current revenue-generating activities are still dependent on upfront and implementation fees (in addition to a recurring revenue component). Therefore, cash receipts and TCV metrics can significantly vary each period, while organically growing on a full fiscal year basis. The final revenue figure for FY23 is subject to audit review.

**INTEGRATEDXR<sup>®</sup>** is the Company's solutions and service suite, from Virtual Reality (**VR**), Augmented Reality (**AR**) and Mixed Reality (**MR**) technologies to Metaverse, ICT Infrastructure, Kiosks, 3D Modeling and Rendering services and Artificial Intelligence (**AI**). Vection Technologies seeks to help businesses bridge the physical and digital worlds, through a unique **INTEGRATEDXR<sup>®</sup>** experience.

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Chart 3 shows the INTEGRATEDXR<sup>®</sup> technology framework:



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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

VECTION TECHNOLOGIES LIMITED

**ABN**

93 614 814 041

**Quarter ended ("current quarter")**

30 JUNE 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,219	22,881
1.2 Payments for		
(a) research and development	(171)	(420)
(b) product manufacturing and operating costs	(9,447)	(21,869)
(c) advertising and marketing	(183)	(766)
(d) leased assets	(291)	(919)
(e) staff costs	(1,658)	(5,791)
(f) administration and corporate costs	(573)	(2,729)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	86	240
1.5 Interest and other costs of finance paid	(120)	(350)
1.6 Income taxes paid	(32)	(275)
1.7 Government grants and tax incentives	980	980
1.8 Other (provide details if material)	(207)	(560)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,397)</b>	<b>(9,578)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(155)
(b) businesses	-	-
(c) property, plant and equipment	-	(18)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Cash and cash equivalents acquired from acquisition	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(173)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	5,587	9,257
3.6	Repayment of borrowings	(2,137)	(3,063)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(69)	(225)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,381</b>	<b>5,969</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period*	11,423	14,915
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,397)	(9,578)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(173)

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,381	5,969
4.5	Effect of movement in exchange rates on cash held	(20)	254
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>11,387</b>	<b>11,387</b>

\*The Company's 31 December 2022 Half Year Report reflected ~\$8M cash held on term deposit (for a period of more than 3 months) as an investment rather than cash and cash equivalents. These term deposit amounts matured during the current quarter and are reflected in cash and cash equivalents. No further long dated term deposits were entered into in the current quarter.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,387	11,422
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details if material)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>11,387</b>	<b>11,422</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	295
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	7,867	6,558
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>7,867</b>	<b>6,558</b>
<b>7.5 Unused financing facilities available at quarter end</b>		1,309
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

**Terms of the borrowings:**

- 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.
- 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.
- 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%.
- 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%.
- 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%.
- 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%.
- An Invoice financing facility provided by BPM to JMC GROUP. This Is a short term liability at an interest rate of 3.883%
- 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.
- 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.
- An Invoice financing facility provided by BPM to XINNTEX. This Is a short term liability at an interest rate of 3.883%.
- 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%
- 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.
- An invoice financing facility provided by BPER to Vection Italy. This is a short term liability at an interest rate of 2.6%
- An invoice financing facilities provided by Intesa San Paolo to Vection Italy. This is a short term liability at an interest rate of 6,1% (TAN)
- A contract financing facilities provided by Intesa San Paolo to Vection Italy. This is a short term liability at an interest rate of 6% (TAN)
  
- An invoice financing facility provided by Intesa San Paolo to Vection Italy This is short term liability at an interest rate of 3.125%
- 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%

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(3,397)
8.2 Cash and cash equivalents at quarter end (item 4.6)	11,387
8.3 Unused finance facilities available at quarter end (item 7.5)	1,309
8.4 Total available funding (item 8.2 + item 8.3)	12,696
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>3.74</b>
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 July 2023

Authorised by: By the Board

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been

prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.