

31 October 2023, Australia

## ASX RELEASE

# FY24 Q1 ACTIVITY REPORT AND APPENDIX 4C

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

### FINANCIAL HIGHLIGHTS:

- Q1 FY24 cash receipts of ~\$8.2m, up ~86% vs ~\$4.4m in Q1 FY23, and unchanged vs Q4 FY23.
- FY24 Total Contract Value ("TCV") of ~\$8.0m, up ~30% vs \$6.0m in Q1 FY23.
- Total debt of \$10.4m, unchanged from 30 June 2023.
- Cash of ~\$8.1m at 30 September 2023, in addition to a tax refund receivable of ~\$0.5m at 30 September 2023.

### OPERATIONAL HIGHLIGHTS:

- Serviced clients in various market segments, including Ferretti, Solidworld, Trenitalia, Kiosk Embedded Systems, Mirvac, Bedshed and Shimizu.
- Expanded the INTEGRATEDXR® offering and achieved growth in multiple market segments, including real estate, fashion, healthcare, defence, and transportation.
- The company partnered with Thales Alenia Space, Next One Film Group, and ALTEC to create a VR metaverse platform promoting space travel and inspiring future generations.
- Enhancement of the INTEGRATEDXR® suite by integrating VR with real estate, developing XR kiosks for retail, and using AI for maintenance purposes to meet market requirements.

### CORPORATE HIGHLIGHTS:

- Cost reduction initiatives were implemented to streamline operations, achieve acquisition synergies and improve organisational efficiency.
- Acquisitions of Invrsion and MYR, specialising in 3D and mixed reality solutions, strengthen specific market segments and will contribute to the company's organic growth.

### Gianmarco Biagi, managing director of Vection Technologies, commented:

*"Seasonal factors in the European market largely affected this quarter's performance. To improve our financial outlook, we have implemented several cost-reduction measures that will become more visible in the second half of the fiscal year.*

*During this period, the Company invested in expanding its geographic reach and vertical operating groups, while developing technological solutions to better address customer needs.*

#### ■ VECTION TECHNOLOGIES LTD

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

We are dedicated to equipping our customers with the latest technological solutions, driving them towards seamlessly adopting 3D and XR solutions. With AI being a central theme in our customer interactions, we have made significant strides in forging partnerships with leading technology providers to bring the perfect fusion of XR and AI through our **INTEGRATEDXR<sup>®</sup>** suite to life. Our confidence in our ability to deliver the best possible experience to our customers has never been higher.

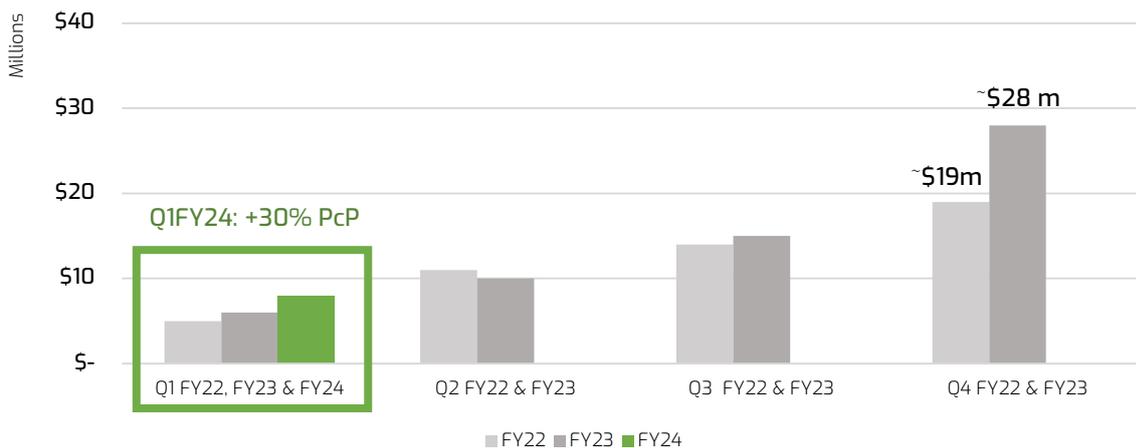
We are excited to keep working towards achieving our strategic goals by increasing our Company's reach across various markets and regions. This will help us provide more significant support to our valued clients."

### COMPANY FINANCIAL OVERVIEW:

#### TOTAL CONTRACT VALUE ("TCV") SUMMARY:

FY24 TCV was ~\$8.0m, up by ~30% vs ~\$6.0m in Q1 FY23, demonstrating continued commercial growth from FY2023's second half.

Chart 1 shows cumulative TCV by quarter for FY22, FY23 and FY24 to date:<sup>1</sup>



The Company has implemented the next phase of its growth strategy in FY24. The Company has restructured its vertical sales approach and created operational groups as part of this strategy. These groups will be expanded by adding selective targets within specific industrial sectors throughout the financial year. As a result of these changes, the Company has updated the distribution of its market segments overview, illustrated in Chart 2 below.

<sup>1</sup> Notes:

- Q1 FY22, FY23 & FY24: Cumulative TCV as announced on 31 October 2022 and 31 October 2021.
- Q2 FY22 & FY23: Cumulative TCV as announced on 31 January 2023 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 28 July 2023 and 30 June 2022.

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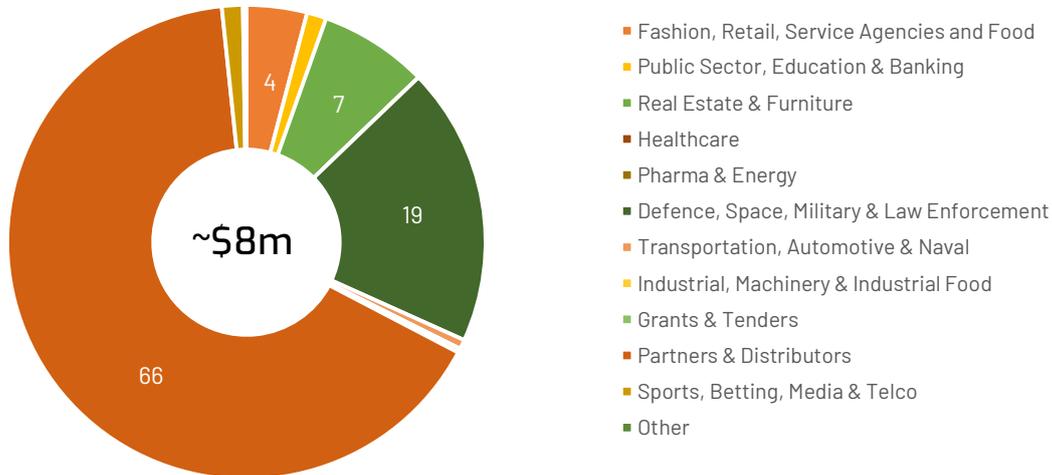
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Chart 2 shows the current FY24 Q1 TCV by market segment:



The Company has established a strong partner and distributor network during the prior years, contributing to 66% of the TCV. The Defence, Space, Military, and Law Enforcement segment remains a significant source of contracts, accounting for 19% of TCV. The Real Estate and Furniture segment, at 7%, further confirms the Company's commercial proposition's strength in this growing sector. The Fashion, Retail, Service Agencies, and Food segment represents 4% of the TCV.

The Company expects significant growth in its direct commercial initiatives as the financial year progresses and its operations expand across the other segments.

#### QUARTERLY FINANCIAL SUMMARY:

At 30 September 2023, the Company held cash and cash equivalents of ~\$8.1m (30 June 2023: \$11.4m). Additionally, at the end of the quarter, the Company had ~\$0.5m in tax refunds receivable.

Cash receipts for Q1 FY24 were ~\$8.2m, compared to ~\$4.4m in Q1 FY23, resulting in net cash outflows from operating activities of ~\$3.9m.

Business activities expenditure totalled ~\$11.9m for the quarter, consisting of administration (~\$0.6m) and R&D, staff costs and operating cost of sales (~\$10.9m), with the balance to advertising and marketing and leased assets (~\$0.4m).

Debt of ~\$10.3m was unchanged at 30 September 2023.

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**OPERATIONAL OVERVIEW:**

During the quarter, the **INTEGRATEDXR<sup>®</sup>** suite enabled the company to implement digital transformation strategies for multiple customers across various market segments.

It's worth noting that the stated FY24 TCV has a number of historical clients, including Ferretti, Solidworld, Kiosk Embedded Systems and Mirvac, as well as new customers gained in FY23 such as Bedshed and Shimizu. This highlights the Company's ability to maintain long-term relationships with its clients.

The strategy of operational groups focused on selected market segments is progressing as below:

- **Real Estate & Furniture:** The Company has expanded its offerings into related industries, including architectural and design products, furniture, and lifestyle items like superyachts and swimming pools. These efforts have resulted in multiple commercial activities expected to increase the TCV in the upcoming quarters. In addition, the Company's global expansion has opened up many opportunities in key global markets, including Saudi Arabia, Dubai, France, the United States, Italy, Australia, and India.
- **Fashion, Retail, Service Agencies and Food:** The Company has been focused on improving its position in this market segment with the support of its recent acquisition of Invrision. Notably, the Company has secured a contract with Ferrero for over \$200k to develop new Shelfzone features and content, enhancing its offerings in the market. Additionally, the Company has signed a contract with Nestlé Italia to serve as an official supplier for executing projects within the Shelfzone framework. This partnership is expected to create new opportunities for collaboration and innovation.
- **Healthcare:** The Company has strategically targeted large hospitals and affiliated universities, aiming to integrate the **INTEGRATEDXR<sup>®</sup>** suite into various aspects, from educational services to doctor-patient communication, aligning with their risk management initiatives. For example, the Company has formed partnerships with institutions such as Humanitas University and the University of Reggio Calabria, among others, to realise the comprehensive vision of extended reality ("XR") and its associated technologies and hardware in this vital domain.
- **Defence, Space, Military & Law Enforcement:** The Company recently completed independent third-party testing of a pilot project worth \$2 million on a TCV basis (ASX: 2 March 2023 and 30 April 2023). The Company is pursuing additional orders and expanding within this strategic market segment. The Company anticipates finalising the subsequent order awards during FY24, subject to final agreements and negotiations with the customer. In particular, the company has focused on defence and security scopes, supporting end customers in local entities, including the army, navy, air force, police, and homeland security.

During the quarter, the Company signed a binding partnership agreement with Thales Alenia Space, Next One Film Group, and ALTEC to develop Lunar City, a space-focused Virtual Reality ("VR") metaverse platform (ASX: 9 August 2023). The primary aim of this platform is to promote space travel and inspire future generations as NASA's Artemis Program prepares to return astronauts to the lunar surface. The Company is currently working with its partners to identify key stakeholders who can join the partnership and help bring the solution to market. The space industry is considered a significant opportunity for the company to capitalise on, as it is projected to reach a value of \$1 trillion by 2030<sup>2</sup>. This growth is expected to open up substantial prospects for the Company. Additionally, the Company is exploring opportunities in geospatial services and satellite-based communication solutions for land and sea.

<sup>2</sup> <https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/chart-of-the-day/a-giant-leap-for-the-space-industry>

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- **Grants & Tenders:** The company has been awarded ~\$1.2m in grants from various European and Italian institutions to support the development of new technological solutions. The company is currently evaluating the impact of these grants on its overall growth strategy and financial performance. It is important to note that this value is not currently reflected in the FY24 TCV value.
- **Partners & Distributors:** Throughout the quarter, the Company made significant efforts to strengthen its relationships with key partners and distributors, especially in the European region. Prominent companies, such as Accenture, Cisco, Area, and Kiosk Embedded Systems, were among the partners that the Company collaborated with. This strategic approach aimed to enhance the Company's visibility across various operating groups and market segments. Notably, most sales these partners and distributors generated were one-time transactions with low profit margins. However, the Company expects to improve the profitability of these sales by increasing its focus on the high-margin XR and AI components within the **INTEGRATEDXR<sup>®</sup>** workflow during FY24.
- **Industrial, Machinery & Industrial Food:** The Company focuses on operations on the shop floor. These operations include systems, maintenance, technical training, remote assistance and logistics. The Company has partnered with key industry players such as Cisco, XPro Nimax, and Enginsoft to create differentiation in the market by offering critical technologies that help customers solve their pain points and grow within this sector. The Company is developing solutions to address these critical pain points with its partners, including integrations with Computer Aided Engineering ("CAE") software. The Company expects a significant increase in sales in this segment during the second half of the fiscal year.
- **Transportation, Automotive & Naval:** During the quarter, the Company has made progress in implementing its **INTEGRATEDXR<sup>®</sup>** solution for Trenitalia - a leading train fleet operator. The solution, first announced on 26 November 2020, is expected to transform maintenance procedures with 3D and AR technologies. This initiative is critical and is likely to generate significant interest in the market segment. In addition, the company has continued to work with Marotta (ASX: 28 July 2023) and has made significant inroads to expand within this segment thanks to its partner and distribution network.
- **Sports, Betting, Media & Telco:** The Company uses technology to enhance fan engagement by creating and distributing live event content globally in the Sports and Entertainment sector. In Broadcasting, the Company is collaborating with major service providers to transform traditional broadcasters into new media global companies by focusing on OTT platforms. Additionally, the Company is embracing Virtual Production ("VP") in the Cinema industry.
- **"Public Sector, Education & Banking" and "Pharma & Energy":** The Company aims to expand its XR and AI capabilities that fit within the **INTEGRATEDXR<sup>®</sup>** suite by selectively adding companies with established solutions to gain organic growth opportunities within these segments.

#### TECHNOLOGY:

The Company focused on research and development efforts throughout the quarter to enhance the **INTEGRATEDXR<sup>®</sup>** suite. These initiatives included integrating real estate with cloud-based VR, developing XR kiosks for the retail sector, and incorporating Artificial Intelligence ("AI") and add-ons for maintenance purposes.

The Company is committed to progress in various fields, specifically integrating XR CAE technology into engineering simulation. This sector offers promising opportunities to expand into specific markets. In addition, the Company is focusing on developing XR logistics solutions and industrial configurators. Moreover, the Company is exploring smart building technologies to enhance efficiency and sustainability in construction and real estate.

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The Company is currently evaluating the implementation of specialised cyber security measures, both internally and externally, to comply with new regulations that aim to ensure the creation of critical infrastructure for national security. This is particularly relevant for the Defence, Space, Military and Law Enforcement sectors. The security layer will become even more critical as the Company expands its IoT and OOT sensor integration for predictive maintenance.

The Company is dedicated to continuously developing the core **INTEGRATEDXR<sup>®</sup>** suite platforms to meet market requirements and provide reliable support to its valued clients.

#### **CORPORATE OVERVIEW:**

##### **BOARD CHANGES:**

Throughout the quarter, the Company has been assessing prospective additions and modifications to its board of directors to enlist individuals who share the Company's vision. Furthermore, the Company seeks to appoint a new Chief Financial Officer as it embarks on the next growth phase.

##### **COST REDUCTION:**

Throughout the quarter, the Company made progress in its cost-reduction initiatives, which focused on streamlining its operations. This included evaluating personnel and consultants to establish a more flexible and efficient organisational structure and assessing the utilisation of third-party software and contractors while reviewing their engagement terms.

As the Company continues to implement these initiatives, the effects of the cost reductions will become more evident. It's worth noting that, besides these initiatives, the Company is incurring non-recurring expenses as part of its M&A efforts.

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

During the quarter, the Company focused on implementing its operational groups' strategy. In particular, it successfully acquired Invrison (ASX: 26 September 2023), a technology company specialising in 3D and mixed reality solutions, to strengthen its Fashion, Retail, Service Agencies, and Food operating group. Additionally, the Company is in the final stages of completing the acquisition of MYR (ASX: 8 August 2023), a 3D technology company revolutionising the fashion and apparel industry. The Company aims to acquire selective companies in the XR and AI space to drive its organic growth activity further and better serve its clients worldwide.

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**OUTLOOK:**

The Company is well positioned to take advantage of current market trends while keeping a close eye on the potential impact of ongoing economic conditions that may affect the broader market.

To achieve long-term growth, the Company is committed to reducing its expense base while recognizing the importance of building a solid foundation to support targeted acquisitions, especially in emerging technology fields like AI.

**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 ~\$260k. 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:**

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**ABOUT VECTION TECHNOLOGIES:**

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

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

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

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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:**

**FY24 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 still depend 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 FY24 is subject to audit review.

**INTEGRATEDXR®** is the Company's solutions and service suite, from Virtual Reality (**VR**), Augmented Reality (**AR**) and Mixed Reality (**MR**) technologies to Metaverse, ICT Infrastructure and devices, 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®** experience.

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Chart 3 shows the INTEGRATEDXR® solutions suite 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 SEPTEMBER 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,189	8,189
1.2 Payments for		
(a) research and development	(211)	(211)
(b) product manufacturing and operating costs	(8,935)	(8,935)
(c) advertising and marketing	(226)	(226)
(d) leased assets	(145)	(145)
(e) staff costs	(1,787)	(1,787)
(f) administration and corporate costs	(645)	(645)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	(9)	(9)
1.5 Interest and other costs of finance paid	(135)	(135)
1.6 Income taxes paid	(13)	(13)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(17)	(17)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(3,934)</b>	<b>(3,934)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	(14)	(14)
(b) businesses	-	-
(c) property, plant and equipment	(8)	(8)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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>(22)</b>	<b>(22)</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	3,273	3,273
3.6	Repayment of borrowings	(2,701)	(2,701)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(23)	(23)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>549</b>	<b>549</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	11,359	11,359
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,934)	(3,934)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22)	(22)

Appendix 4C  
**Quarterly cash flow report for entities subject to Listing Rule 4.7B**

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	549	549
4.5	Effect of movement in exchange rates on cash held	81	81
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>8,033</b>	<b>8,033</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	8,033	11,359
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>8,033</b>	<b>11,359</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	260
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	12,086	10,392
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>12,086</b>	<b>10,392</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>1,694</b>
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 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 3.9% plus 1%
- An invoice financing facilities provided by Intesa San Paolo to Vection Italy. This is a short term liability at an interest rate of 8,2% (TAN)
- A contract financing facilities provided by Intesa San Paolo to Vection Italy. This is a short term liability at an interest rate of 8.2% (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 5.57%
- 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 5.60%
- An Invoice financing facility provided by BPER to JMC GROUP. This Is a short term liability at an interest rate of 4.70%
- 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 4.112%.
- 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 5.60%.

<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)	(3,934)
8.2 Cash and cash equivalents at quarter end (item 4.6)	8,033
8.3 Unused finance facilities available at quarter end (item 7.5)	1,694
8.4 Total available funding (item 8.2 + item 8.3)	9,727
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.47
<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: 31 October 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.