

29 April 2022, Australia

**ASX RELEASE****CONTINUED MOMENTUM TOWARDS GUIDANCE****MARCH 2022 (Q3 FY22) ACTIVITIES AND CASHFLOW REPORT**

Vection Technologies Ltd (ASX:VR1), the INTEGRATEDXR™ company, is pleased to update the market on its activities and associated cash flows and cash position for the quarter ended March 2022.

**HIGHLIGHTS:**

- FY22 Cumulative cash receipts and Total Contract Value (TCV) grow to \$14 million in Q3
- Q3 cumulative cash receipts up by 1,171% compared to cumulative Q3 FY21
- Vection Technologies on-track to deliver on its revenue guidance for FY22, despite European economic uncertainty
- Strong financial position of \$17 million cash at bank, with underlying financial result expected to improve in coming periods
- Strong outlook for FY23 as extended reality (XR) adoption continues its growth trend

**OVERVIEW:**

During the current fiscal year and up to 31 March 2022, the Company has delivered a Total Contract Value (TCV) metric of ~\$14 million<sup>1</sup>, and ~\$14 million of cash receipts from customers. These metrics support the Company's revenue guidance for fiscal 2022 of \$17 to \$19 million, despite challenging European macro-economic conditions linked to the COVID-19 pandemic and the ongoing conflict in Ukraine.

While the Company's long-term strategy is to build a regular income stream from licenses, maintenance, and contracts, most of its current revenue generating activities are still dependant on upfront and implementation fees (in addition to the recurring revenue component). Therefore, cash receipts and TCV metrics can significantly vary each period, while organically growing on a full year basis. As businesses increase the adoption of Extended Reality (XR) -based solutions, Vection Technologies remains strongly positioned to capitalize on this inevitable growth trend.

During the March quarter, the Company significantly progresses its overarching initiatives, aimed at securing the fiscal 2022 revenue guidance and FY23 growth. These activities include, among others, investments towards the integration with Webex by Cisco and software development, partnerships with Fortune Global 500 professional services companies, online marketing strategies and M&A. The Company will update the market as these initiatives come to fruition, as applicable.

<sup>1</sup> Based on average 1 July 2021 to 31 March 2022 exchange rate of USD and EUR to AUD (Source: RBA).

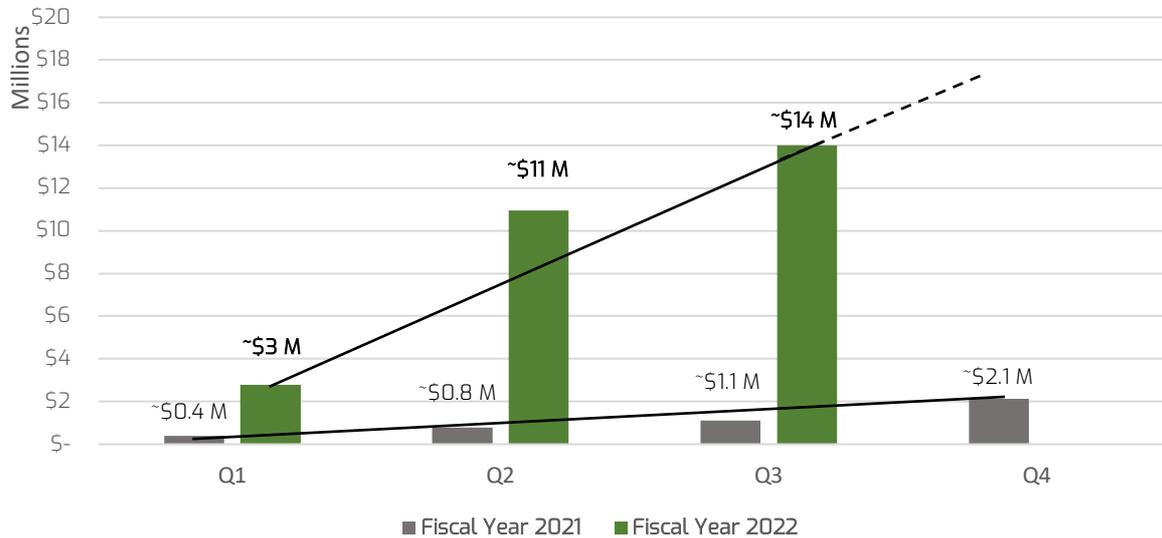
**VECTION TECHNOLOGIES LTD**

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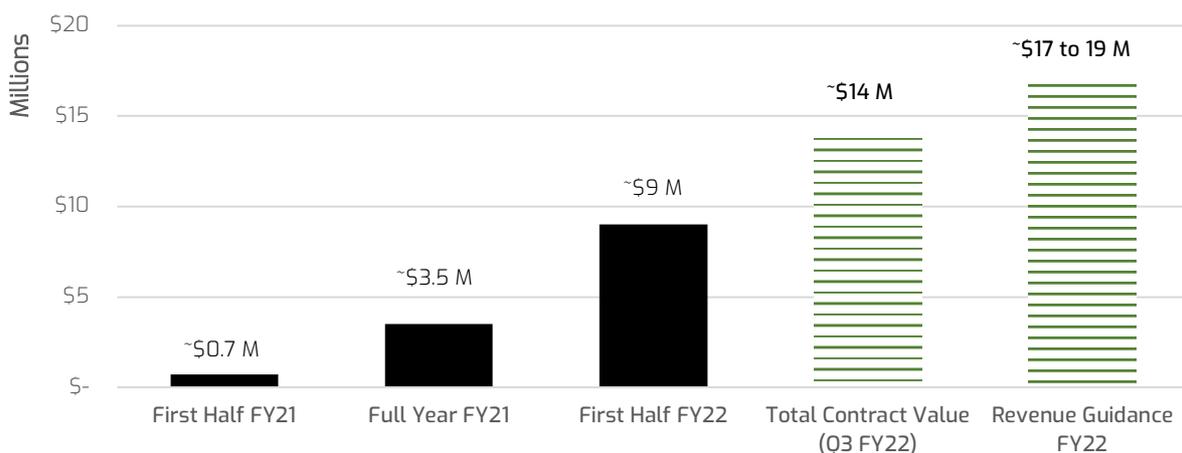
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**WEBSITE**[www.vection-technologies.com](http://www.vection-technologies.com)**REGISTERED OFFICE**Level 4, Building C, Garden Office Park, 355  
Scarborough Beach Road,  
Osborne Park WA 6017 - Australia

**CUMULATIVE CASH RECEIPTS BY QUARTER (FY21 AND FY22):**


Vection Technologies has increased its cumulative cash receipts for the fiscal year to 31 March 2022 by 1,171% to ~\$14 million compared to cumulative Q3 FY21. Fiscal year 2022 Total Contract Value (TCV) at 31 March 2022 stands at ~\$14 million. The Total Contract Value is a metric that combines all contracts executed with clients that the Company expects to deliver during the current fiscal year. It includes ~\$9 million in revenue delivered during the first half.

**AUDITED REVENUE, TOTAL CONTRACT VALUE (TCV) AND REVENUE GUIDANCE (FY21-FY22):**

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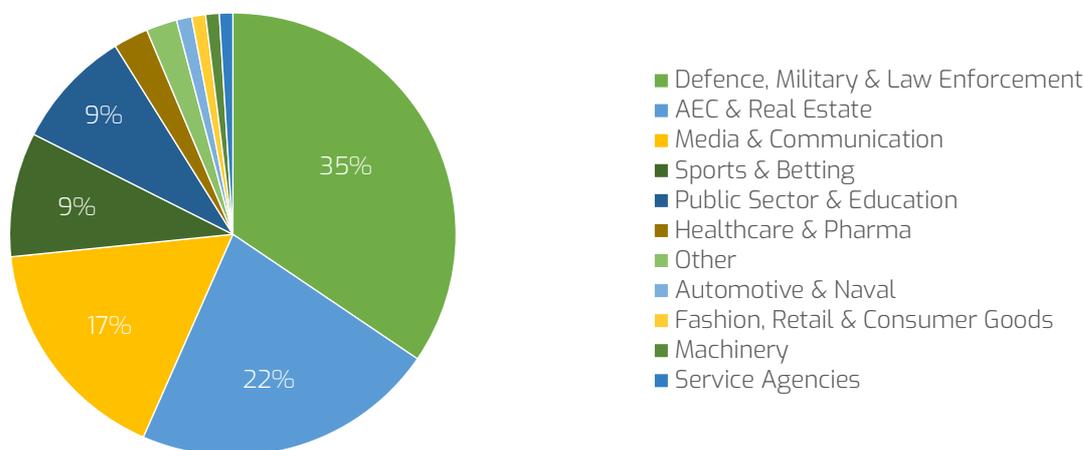
During fiscal year 2022, Vection Technologies has consolidated a large portion of previously announced initiatives with clients and partners, resulting in ~\$14 million in TCV. These include, among others:

- **VRONE sales in the media & communication vertical** (ASX: 12 October 2020): VRONE is a powerful virtual reality (VR) integrated solution for enterprises' digital future. It is powered by DELL's WKS hardware and Vection Technologies' real-time 3D and VR software suite.
- **Armani** (ASX: 29 June 2020): one of the leading global fashion houses.
- **Olivetti** (ASX: 19 November 2020): the IoT digital farm of TIM Group (BIT:TIT), the leading telecommunications operator in Italy.
- **Trenitalia** (ASX: 26 November 2020): one of the leading railway operators in Europe and the primary train operator in Italy.
- **MUNER** (ASX: 16 March 2020): MUNER is an association that synergistically connects universities and automakers including: Automobili Lamborghini, Dallara, Ducati, Ferrari, Haas F1 Team, HPE Coxa, Marelli, Maserati and Scuderia Alpha Tauri.
- **Mutti** (ASX: 23 December 2020): an agri-food processing leader.
- **Volkswagen** (ASX: 11 May 2020): a German multinational automotive manufacturer.

This list does not include clients onboarded during the last nine months within the healthcare & pharma, AEC and other verticals. The TCV generated during fiscal year 2022 is largely generated by indirect sales activities, deriving from the global distribution network developed by the Company during the last three years.

The Company will provide more information on these contracts as they become individually material or as the individual commercial opportunities materialise beyond the initial scope.

**FY22 TOTAL CONTRACT VALUE (TCV) BREAKDOWN BY VERTICAL (in %):**



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**COMPANY QUARTERLY FINANCIAL OVERVIEW:**

Total quarterly cash receipts from clients for the quarter ended 31 March 2022 were ~\$3M (Q2 FY22 Cash Receipts from customers: ~\$8.2M).

A robust cash balance of ~\$17M (31 December 2021: ~\$20M) provides strong foundations for management to deliver on the overarching strategic growth objectives, including its aggressive acquisition strategy.

Business activities expenditure totalled ~\$6.1M for the quarter, consisting of administration (~\$0.9M) and staff costs and operating cost of sales (combined ~\$5M), with the balance to advertising and marketing and leased assets (combined ~\$0.2M).

The Company expects to significantly improve its underlying result in the following quarters as it implements significant efficiencies and grows its cash inflows from operating activities.

The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities totalled ~\$196k. These payments consisted of Directors' fees and salaries paid to directors. All payments were on normal commercial terms.

**OUTLOOK:**

During the fourth quarter of fiscal 2022, Vection Technologies anticipates a significant acceleration of its sales activities. Core commercial initiatives are expected to come to fruition during the month of May and June 2022 and leading into fiscal 2023. The combination of these commercial activities is expected to deliver the FY22 revenue guidance of \$17 to \$19 million, while creating a strong foundation for the Company's continued growth in FY23.

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

Dan Ridsdale - Managing Director, TMT  
Email: [dridsdale@edisongroup.com](mailto:dridsdale@edisongroup.com)

**Company:**

Gianmarco Biagi - Managing Director (Europe Based)  
Email: [gianmarco.biagi@vection-technologies.com](mailto:gianmarco.biagi@vection-technologies.com)  
Phone: +39 051 0142248

Gianmarco Orgnoni - Director and COO (Australia Based)  
Email: [gianmarco.orgnoni@vection-technologies.com](mailto:gianmarco.orgnoni@vection-technologies.com)  
Phone: +61 8 6380 7446

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**ABOUT VECTION TECHNOLOGIES:**

Vection Technologies Ltd (ASX:VR1) is a global technology company driving enterprises' digital transformation via the adoption of its unique **INTEGRATEDXR™** solutions.

**DIGITAL EVOLUTION:**

Thanks to a strong vertical expertise and proprietary **INTEGRATEDXR™** solutions, Vection Technologies supports the most complex digital transformation projects to create long-term customer value. A unique methodology and skillset support businesses' evolution towards Industry 4.0 and the metaverse to come.

**ONE GLOBAL VENDOR:**

Our **INTEGRATEDXR™** vision makes us the one ideal partner to guarantee long term success for our customers' production processes, across industries and geographies. From digital communication technologies and computing to virtual and augmented reality, we create enterprise solutions that support the Design, Production and Sales processes up to After-Sales, reducing costs and increasing production efficiency to improve time-to-market.

**DISRUPTIVE TECHNOLOGIES:**

Meaningful investments in R&D continue to allow us to evolve our proprietary **INTEGRATEDXR™** solutions, from ICT and IoT to Augmented Reality and Virtual Reality, maintaining a strong competitive advantage for our enterprise customers embracing the digital transformation agenda, in anticipation of the metaverse to come.

FOR MORE INFORMATION: [VECTION-TECHNOLOGIES.COM](http://VECTION-TECHNOLOGIES.COM)

**FORWARD LOOKING STATEMENTS:**

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Vection Technologies' current expectations, estimates and projections about the industry in which Vection Technologies operates, and beliefs and assumptions. Forward looking statements can generally be identified by the use of forward-looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of Vection Technologies, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Vection Technologies only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Vection Technologies has no obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

*ASX release authorised by the Board of Directors of Vection Technologies Ltd.*

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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")**

31 March 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,067	14,011
1.2 Payments for		
(a) research and development	-	(251)
(b) product manufacturing and operating costs	(3,424)	(9,404)
(c) advertising and marketing	(259)	(622)
(d) leased assets	(198)	(389)
(e) staff costs	(1,316)	(3,575)
(f) administration and corporate costs	(874)	(2,322)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	28
1.5 Interest and other costs of finance paid	(59)	(288)
1.6 Income taxes paid	(108)	(247)
1.7 Government grants and tax incentives	203	332
1.8 Other (provide details if material)	(37)	83
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,988)</b>	<b>(2,644)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(18)
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(18)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	12,000
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	951
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(825)
3.5 Proceeds from borrowings	731	2,683
3.6 Repayment of borrowings	(663)	(1,809)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>68</b>	<b>13,000</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	20,254	7,084
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,988)	(2,644)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(18)

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 (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	68	13,000
4.5	Effect of movement in exchange rates on cash held	(249)	(337)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>17,085</b>	<b>17,085</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	17,085	20,254
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>17,085</b>	<b>20,254</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	196
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	4,064	3,022
7.2	-	-
7.3	-	-
7.4	<b>Total financing facilities</b>	<b>3,022</b>
7.5	<b>Unused financing facilities available at quarter end</b>	
		1,042
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.	
	<p>Terms of the borrowings:</p> <ul style="list-style-type: none"> <li>• A bank loan by the Company which is unsecured, has a 3 years term with an expiry date of 27 April 2023. The loan has a variable Interest rate of 4.5%.</li> <li>• A fixed-rate bank loan by Vection Italy. The loan has a 6 years term with an expiry date of 19th May 2026. The loan has a fixed Interest rate of 1.25%</li> <li>• A variable rate bank loan by Vection Italy. The loan has a 6 years term with an expiry date of 9th June 2026. The loan has a variable Interest rate of circa 1.75% plus EURIBOR 1m 360.</li> <li>• An Invoice financing facility by Vection Italy. This is a short term liability at an Interest rate of 3.8%</li> <li>• 3 bank loans by JMC Group. The loans have a 6 years terms with expiry date in 2026 and 2027. The loans have a variable Interest rate of 1.4% + EURIBOR 3m 360, 0.45% + EURIBOR 6m 360 and 1.25% + EURIBOR 3m 360.</li> </ul>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	(2,988)
8.2	17,085
8.3	1,042
8.4	18,127
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>
	6.07
<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

*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.*

## 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: 29 April 2022

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.