

31 January 2022, Australia

## ASX RELEASE

**EVOLUTION TO INTEGRATEDXR™ WITH  
GROWING MOMENTUM FOR A STRONG FY22****DECEMBER 2021 (Q2 FY22) ACTIVITIES AND CASHFLOW REPORT**

Vection Technologies Ltd (ASX:VR1), the INTEGRATEDXR™ company, is pleased to update the market on its activities for the quarter ended December 2021.

**HIGHLIGHTS:**

- Evolution from real-time VR and AR software to fully INTEGRATEDXR™ to drive enterprises' digital transformation globally
- INTEGRATEDXR™ global expansion delivers a six-months ~420% growth in cash-receipts compared to full year 2021, to ~\$11M
- Strong cash balance of ~\$20 million<sup>1</sup> to enable the overarching strategic growth objectives
- \$11 million in FY22 Total Contract Value (TCV) at 31 December 2021, expected to deliver first-half fiscal year 2022 revenue guidance of \$8 to \$9 million
- Second quarter activities expected to further secure the fiscal year 2022 revenue guidance of \$17 to \$19 million
- A novel communications approach, expansive global footprint and M&A endeavours expected to significantly improve the outlook for 2023 aligned with the overarching growth strategy

**OVERVIEW:**

*"INTEGRATEDXR™ represents the natural evolution of the Company's strategy to integrate the digital and physical worlds. From VR and AR to fully INTEGRATEDXR™, the Company is uniquely positioned globally to drive metaverse-related technologies adoption for enterprises seeking to digitalise their processes"*  
Commented Gianmarco Biagi, Managing Director of Vection Technologies.

*"Over the last twelve months, Vection Technologies has significantly advanced its INTEGRATEDXR™ global expansion, producing a six-months ~420% growth in cash-receipts compared to full year 2021. The achievement of these early strong results gives us confidence in confirming the fiscal year 2022 revenue guidance of \$17 to \$19 million. Furthermore, a strong cash balance of ~\$20 million<sup>1</sup> provides strong foundations for management to deliver on the overarching strategic growth objectives."*

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<sup>1</sup> At 31 December 2021

**VECTION TECHNOLOGIES LTD**

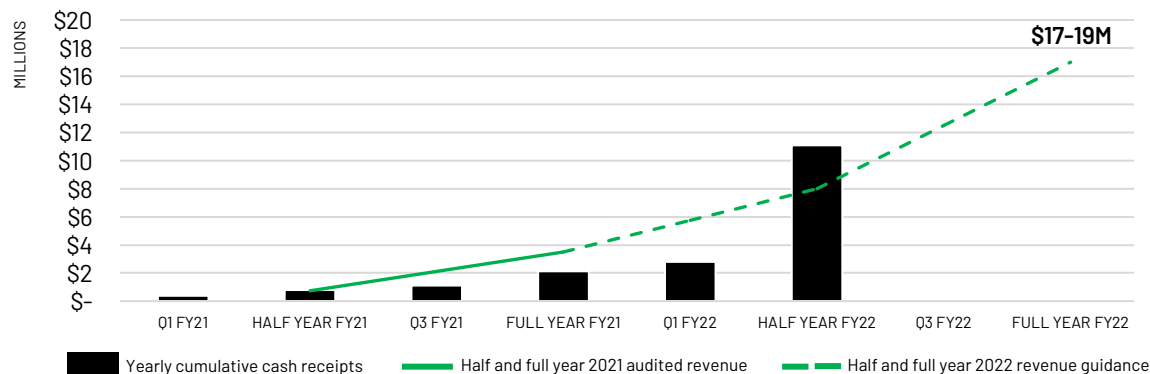
ASX:VR1 | ACN: 614 814 041

**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

VECTION TECHNOLOGIES' FY21-FY22 CUMULATIVE YEARLY CASH RECEIPTS,  
AUDITED REVENUE, AND REVENUE FORECAST



#### ACTIVITIES OVERVIEW:

Over the last twelve months, the Company has exponentially progressed its vision to build an INTEGRATEDXR™ solutions suite interconnecting with enterprises' legacy technology systems. This strategic approach has marked the Company's evolution from real-time VR and AR software to fully INTEGRATEDXR™.

INTEGRATEDXR™ represents the collection of the Company's technology solutions that integrate the digital and physical worlds, providing transformational benefits for global enterprises seeking to digitalise their processes.

The Company has applied for the INTEGRATEDXR trademark with the EUIPO.

To support the acceleration of enterprises' digital strategies towards the metaverse, Vection Technologies has been building the necessary INTEGRATEDXR™ global foundations: from research and development, creation of partnerships and onboarding of clients, to talent acquisition and M&A integration.

The strong acceleration of the Company's global expansion, and the continued adoption of the INTEGRATEDXR™ suite during the second quarter of fiscal year 2022, have generated a six-months ~420% growth in cash-receipts compared to full year 2021.

Furthermore, the Company has strongly advanced the global integration of its teams and people, expected to lead to greater commercial outputs, synergies, and growth.

The partnerships with Fortune Global 500 professional services companies, the global commercial acceleration of vertical initiatives and the development of innovative technology integrations advanced during the second quarter of fiscal year 2022, are expected to further secure the fiscal year 2022 revenue guidance of \$17 to \$19 million.

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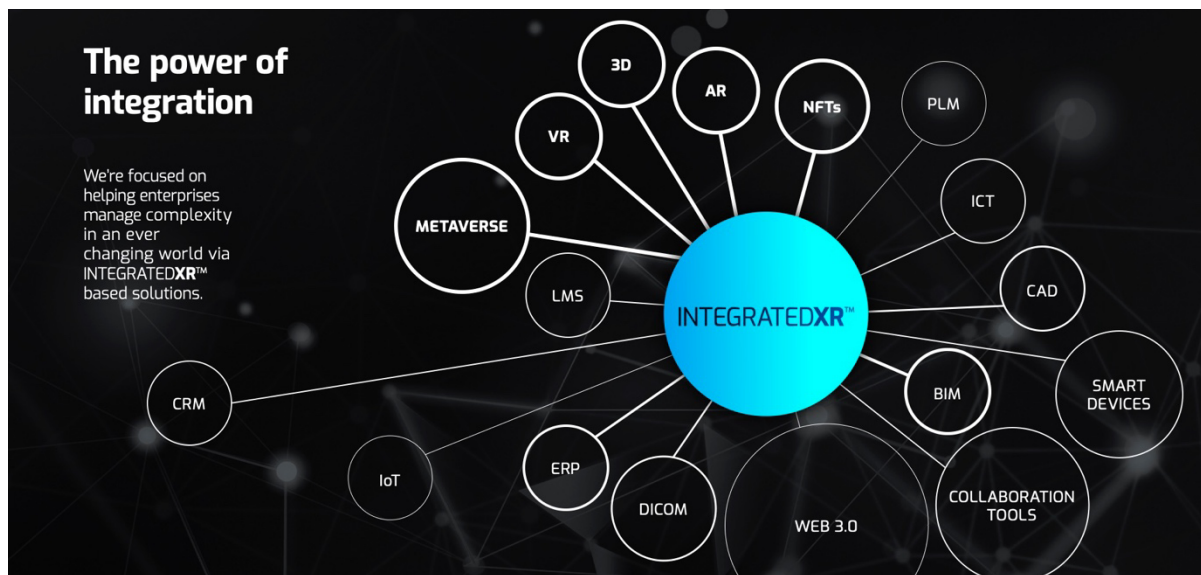
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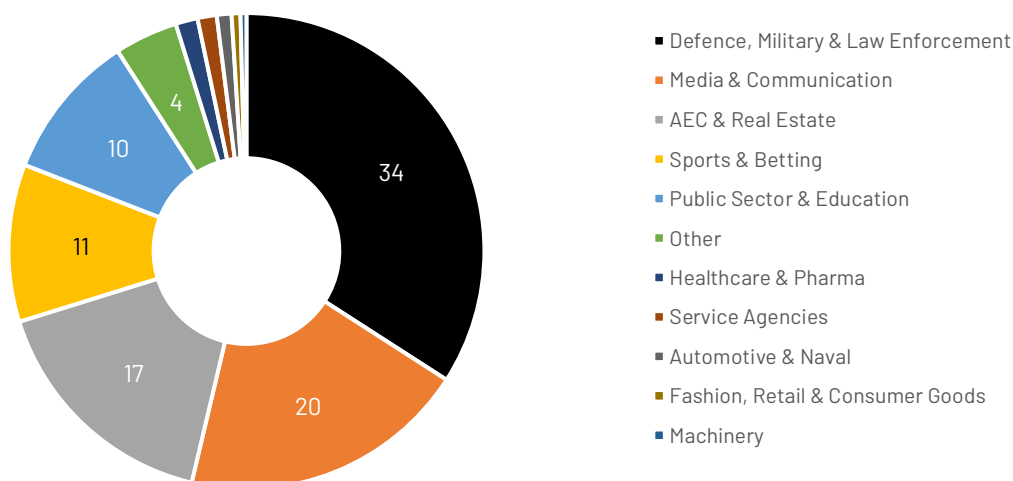
## THE POWER OF INTEGRATION: VISION FOR AN INTEGRATEDXR™ (DIGITAL) WORLD



### TCV OVERVIEW:

Vection Technologies has concluded the first half of the fiscal year 2022 with \$11 million in FY22 Total Contract Value (TCV), expected to deliver first-half fiscal year 2022 revenue guidance of \$8 to \$9 million. The broad industry applications of the Company's INTEGRATEDXR™ solutions and services are further demonstrated by the TCV breakdown below, enabling strong expansive opportunities during the second half of fiscal year 2022.

### VECTION TECHNOLOGIES' TOTAL CONTRACT VALUE (TCV) AT 31 DECEMBER 2021 (in %): INTEGRATEDXR™ VISION FOR CROSS-SECTORAL CHALLENGES



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The Company notes that future quarterly cash receipts may vary depending on the INTEGRATEDXR™ solution and/or service provided to the end customer.

#### COMPANY QUARTERLY FINANCIAL OVERVIEW:

During the first half of fiscal year 2022, the Company has delivered on its cash receipts growth objectives. The Company expects this trend to continue during the second half of the fiscal year, while it progresses towards its revenue guidance objectives.

Total quarterly cash receipts from clients for the quarter ended 31 December 2021 were ~\$8.2M (Q1 FY22 Cash Receipts from customers: ~\$2.8M).

A robust cash balance of ~\$20M (30 September 2021: ~\$6.8M) provides strong foundations for management to deliver on the overarching strategic growth objectives, including its aggressive acquisition strategy.

Business activities expenditure totalled ~\$7.1M for the quarter, consisting of research and development (~\$0.1M), administration (~\$0.6M) and staff costs and operating cost of sales (combined ~\$6.1M), with the balance to advertising and marketing and leased assets (combined ~\$0.4M).

During the quarter, the Company successfully completed an oversubscribed placement of \$12 million of new capital from institutional and sophisticated investors.

The Company expects to continue 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 ~\$191k. These payments consisted of Directors' fees and salaries paid to directors. All payments were on normal commercial terms.

#### OUTLOOK:

In the second half of fiscal year 2022, the Company will continue to strongly advance its global commercial activities, from partnerships with Fortune Global 500 professional services companies to the development of innovative technology integrations, to deliver the fiscal year 2022 revenue guidance. A novel communications approach, expansive global footprint and M&A endeavours are expected to significantly improve the outlook for 2023 aligned with the overarching growth strategy.

Please refer to the investor presentation (slides released separately to the market) for a high-level overview on the Company's strategic M&A focus.

ENDS

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**INVESTOR RELATIONS CONTACT DETAILS:**

Gianmarco Biagi - Managing Director (Europe Based)

Email: [gianmarco.biagi@vection.com.au](mailto:gianmarco.biagi@vection.com.au)

Phone: +39 051 0142248

Gianmarco Orgnoni - Director and COO (Australia Based)

Email: [gianmarco.orgnoni@vection.com.au](mailto:gianmarco.orgnoni@vection.com.au)

Phone: +61 8 6380 7446

**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)

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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, 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 December 2021

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		8,158	10,944
1.2 Payments for			
(a) research and development		(109)	(251)
(b) product manufacturing and operating costs		(4,720)	(5,980)
(c) advertising and marketing		(257)	(363)
(d) leased assets		(101)	(191)
(e) staff costs		(1,388)	(2,259)
(f) administration and corporate costs		(556)	(1,448)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		7	11
1.5 Interest and other costs of finance paid		(167)	(229)
1.6 Income taxes paid		(129)	(139)
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		280	249
<b>1.9 Net cash from / (used in) operating activities</b>		<b>1,018</b>	<b>344</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		(13)	(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 (6 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>(13)</b>	<b>(18)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	12,000	12,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	951	951
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(825)	(825)
3.5	Proceeds from borrowings	1,147	1,952
3.6	Repayment of borrowings	(728)	(1,146)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>12,545</b>	<b>12,932</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	6,814	7,084
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,018	344
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(13)	(18)



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,545	12,932
4.5	Effect of movement in exchange rates on cash held	(110)	(88)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>20,254</b>	<b>20,254</b>

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	20,254	6,814
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details if material)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>20,254</b>	<b>6,814</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	191
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.</b>	<b>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	4,280	3,235
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>4,280</b>	<b>3,235</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>1,045</b>
7.6	<p>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> <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.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	1,018
8.2	Cash and cash equivalents at quarter end (item 4.6)	20,254
8.3	Unused finance facilities available at quarter end (item 7.5)	1,045
8.4	Total available funding (item 8.2 + item 8.3)	21,299
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>N/A</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

*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: 31 January 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.