

28 February 2025 Australia

ASX RELEASE
ACCELERATING THE PATH TO PROFITABILITY
VECTION REPORTS 1H 25 RESULTS

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), ("Vection" or the "Company"), the INTEGRATEDXR[®] company, today released its financial results for the six months ended 31 December 2024.

FINANCIAL HIGHLIGHTS 1H25:

- Solid revenue growth, achieving \$12.6m, up 15% pcpc.
- Normalised EBITDA was positive by \$55k, an improvement of 101% (was \$(-4,2)m pcpc).
- Considerable earnings improvement, with EBITDA loss of \$2.3 m, improved by 69% pcpc
- Reduction of \$5.4m in total debt compared to 2024.
- Earnings per share were \$(0.29), up 63% vs pcpc of \$(0.8).
- Contribution of recent AI acquisition (The Digital Box) is not Included In this result, but would have contributed a further \$3.7m revenue, meaning total group revenue of \$16.3m up 49% pcpc.
- Recurring revenue (Including The Digital Box) is approximately 34% of total revenue.

\$12.6m Up 15% pcpc 1H FY25 Revenue	34% 1H FY25 pro-forma recurring revenue	\$16.3m 1H FY25 pro-forma revenue (with TDB)	\$8.1m Net assets
	\$55k Up 101% vs pcpc 1H FY25 Adjusted EBITDA	\$3.1m Closing cash	\$(0.29) Up 63% vs pcpc Earnings per share

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Figure 1 shows first half-year revenue growth since 1H FY21 to date, including the pro forma revenue from the TDB Acquisition:

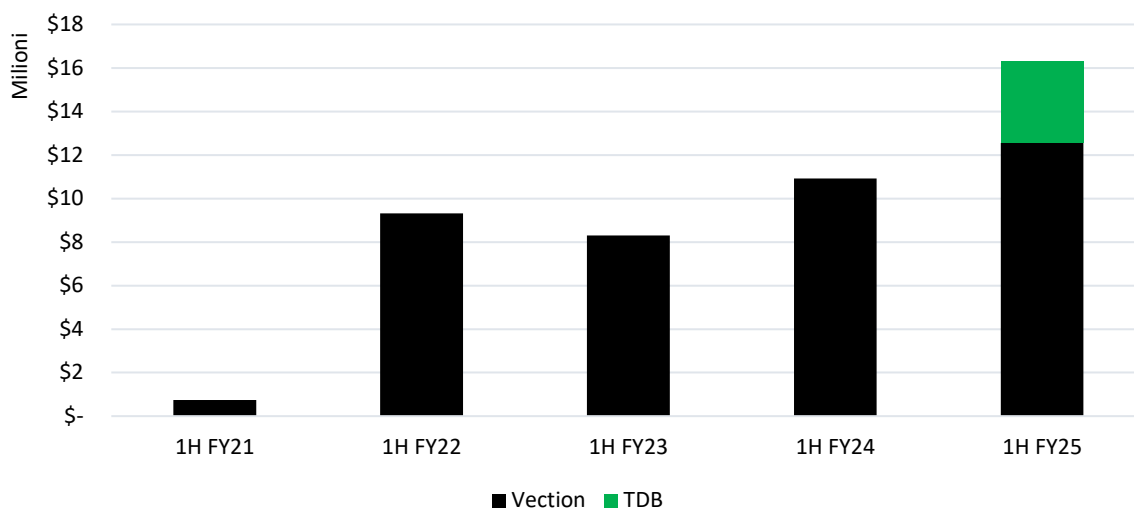
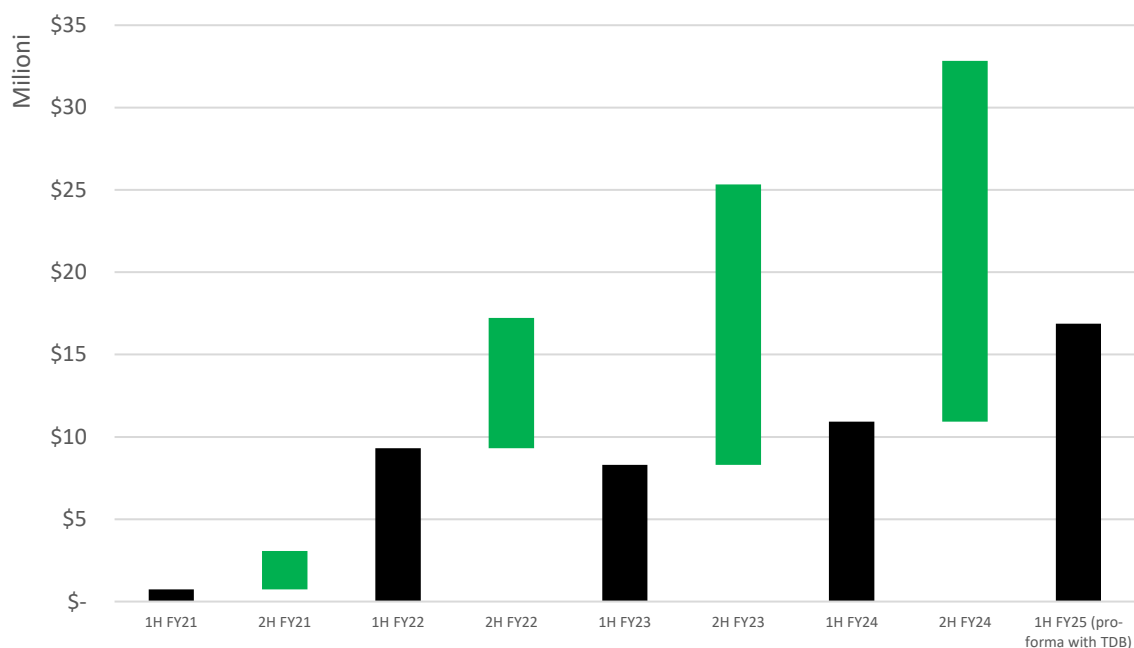


Figure 2 shows first and second half-year revenue growth since FY21 to date, including the pro forma revenue from the TDB Acquisition for FY25.



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OPERATIONAL HIGHLIGHTS:

- Significant contract wins:
 - Secured a \$3.6m XR contract with Cometa (education) and a \$1.6m deal with Brexia Med (healthcare). (ASX: 10 October 2024, 1 November 2024)
 - Partnered with Dell, winning an initial \$0.5m Algho AI sale and an additional \$0.5m Algho Appliance order. (ASX: 21 October 2024, 15 November 2024)
 - Signed a \$0.7m contract with KIOSK Embedded Systems to integrate Algho Avatar technology into patented kiosks. (ASX: 20 November 2024)
 - Launched a clinical pilot at Massachusetts General Hospital with “Katherine,” a 3D virtual assistant powered by Algho. (17 December 2024)
 - Began working with Natuzzi and Nestlé to deliver XR solutions for immersive furniture design and shelf optimisation. (ASX: 9 December 2024)
 - Finalised a \$1.6m distribution agreement with SolidWorld, broadening EMEA coverage for Vection’s software suite. (ASX: 20 December 2024)
 - Secured a \$1.8m defence contract with a repeat customer, partnered with Synergy in Bulgaria, and integrated with DigiLens Inc. (ASX: 6 January 2025, 13 January 2025, 22 January 2025)
- Significant partnerships:
 - Major partnership with Dell announced to launch Vection's AI algho platform across EMEA, with the platform now available to Dell's salesforce and partners for large enterprises.
 - Closed multi-year deals with Assicurazioni Generali (up to \$575k), TotalPlay (\$0.7m), EnginSoft (A\$0.6m), and Augmentalex (\$0.6m SaaS). (ASX: 12 February 2025, 17 February 2025, 20 February 2025, 24 February 2025)
- Acquisitions and Corporate actions:
 - Acquisition of The Digital Box (TDB) and capital raise of \$2m, integrating generative AI into Vection’s solutions. (ASX: 29 August 2024)
 - Announced Board changes, appointing Marco Landi (former Apple President) as Independent Non-Executive Chair and Cameron Petricevic as Independent Non-Executive Director. (ASX: 20 January 2025)

Gianmarco Biagi, Vection’s Managing Director, commented:

“In the first half of FY25 there was a robust improvement in company performance, with sales growth, a significant improvement in EBITDA and a reduction in debt, highlighting ACCELERATING THE PATH TO PROFITABILITY. In the first half of FY25, Vection continued to build on its vision of bridging the physical and digital worlds through immersive, AI-driven solutions. Our portfolio—encompassing 3D, Virtual Reality (“VR”), Mixed Reality (“MR”), Augmented Reality (“AR”), Artificial Intelligence (“AI”), and broader ICT capabilities—has further demonstrated its versatility and impact across multiple industries and regions.

Building on the progress made in FY24, our primary focus during this half-year was on integrating generative AI capabilities following the proposed acquisition of The Digital Box (“TDB”) and expanding into new market segments with strategic partners such as Dell Technologies, KIOSK Embedded Systems, and SolidWorld. These developments underscore our drive to deliver end-to-end spatial computing solutions at scale, assisting clients in reducing costs, accelerating time-to-market, and attaining deeper operational insights.

Adding TDB’s Algho platform to our ecosystem has significantly broadened our cross-selling and product development capabilities, reinforcing the synergy between 3D visualisation, generative AI, and spatial computing. We are already

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witnessing positive momentum in recurring revenue streams, reflecting the growing appetite for subscription-based solutions in complex enterprise environments.

Our leadership enhances this half-year by appointing Mr. Marco Landi, former worldwide President of Apple Computers, as Independent Non-Executive Chair, and Mr. Cameron Petricevic as Independent Non-Executive Director, adding valuable industry insight and global expertise to the Board. This positions Vection to maintain a strong technological edge while aligning our strategic vision with evolving market dynamics.

As we move forward, we aim to enhance and broaden our INTEGRATEDXR[®] ecosystem by incorporating sophisticated generative AI and spatial computing features. We see the potential for Vection's healthcare, defence, retail, and manufacturing solutions growing swiftly, driven by an increasing demand for immersive, data-rich experiences.

We enter the second half of FY25 confident in the market's growing appetite for AI-powered 3D solutions. Vection's commitment to innovation, strategic partnerships, and customer-centric digital transformation underscores our potential to drive long-term sustainable growth and shareholder value."

FINANCIAL PERFORMANCE OVERVIEW:

In the first half of 2025, despite the traditionally low seasonality in sales, Vection achieved significant improvements across all economic performance indicators (revenue and EBITDA) compared to the same period last year. This was driven by strategies to reduce fixed and variable costs, the commencement of sales and platform scalability, and a steady increase in organic sales. Furthermore, investments in R&D, platform development, and organisational and commercial expansion continued to ensure sustained growth, particularly in international markets, while securing key recognition and forming strategic alliances with major international companies.

1H FY25 revenue of \$12.6m was up 15% vs pcip of \$10.9m. Including the acquisition of TDB, the pro-forma revenue was \$16.3m, up 11% vs pcip of \$14.7m. Pro forma recurring revenue was 34% of 1H FY25 revenue.

Vection reported an EBITDA loss of \$(2.3)m. 1H FY25 Pro-forma EBITDA was \$(2.1)m.

Vection reported a positive Normalised EBITDA of \$55k, demonstrating significant improvement from 1H FY24, when it was \$(4.2)m, due to the scalability of sales and the reduction of both variable and fixed costs.

Other financial liabilities totalled \$5.6 million, corresponding to the monetary value of the performance share-based issuance related to the acquisition of Inversion (ASX: 5 September 2023). This liability is not cash in nature.

Total debt is \$10.0m, comprising of \$6.4m secured Invoice financing and \$3.6m of bank loans

Net operating cashflow of \$(4.3)m before investing cashflow of \$(3.2)m, and financing cashflow of \$2.9m. Expenses included product and structured investment policies, M&A and integration of AI, and the development of appliances and other business lines growth.

Debt of \$10m at 31 December 2024 comprised of \$6.4m secured Invoice financing and \$3.6m of bank loans. Other financial liabilities totalling \$5.6 million correspond to the monetary value of the performance share-based issuance related to the acquisition of Inversion (ASX: 5 September 2023).

The Company had a closing cash balance of 3.1m and net assets of \$8.7m at 31 December 2024. Earnings per share were \$(0.29) increasing 63% vs pcip of \$(0.8).

OUTLOOK

Vection plans to continue scaling its AI-driven and XR solutions through subscription-based models for an expanding global client base. Building on its proven ability to deploy advanced AI and XR tools in complex environments, the company is well positioned to seize opportunities in healthcare, defence, retail, and manufacturing—where data-driven innovation, user

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interactivity, and operational efficiency converge. Strategic alliances with Dell, Synergy, and DigiLens are set to accelerate the adoption of generative AI, 3D visualization, and immersive capabilities, while recent additions to the Board bring global leadership and capital markets insight aligned with Vection's growth trajectory.

Following its historical trend, the company has a robust and expanding pipeline of opportunities anticipated to deliver organic revenue growth in the second half of FY25 as well as a cost reduction program, which together are expected to deliver shareholder value.

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

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.

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