

29 January 2021 | Australia

ASX RELEASE

VECTION WELL POSITIONED FOR AGGRESSIVE 2021 GROWTH

Real-time software company Vection Technologies Ltd (**ASX:VR1**) (**Vection Technologies, Vection** or the **Company**) is pleased to update the market on its activities for the quarter ended December 2020.

The quarter ended December 2020 marked the successful conclusion of the Company's six months' objectives strategy while delivering strong growth signs for the second half of the financial year.

Highlights:

- **Total quarterly cash inflows of ~\$1M, including receipt of the first instalment of E.U. grant**
- **Successful conclusion of Company's 6-months objectives while delivering strong growth signs for the second half of the financial year**
- **Strong cash balance of ~\$7.1M to support an aggressive 2021 growth strategy including well executed M&A activity**
- **Investor call to be held on Thursday 4 February 2021 at 12pm AEST**

Overview:

Vection Technologies has delivered a second consolidational quarter for the current financial year, following the challenging economic conditions in Europe and North America, aligned with its internal projections. The conclusion of the six months' objectives strategy has delivered strong growth signs for the second half of the financial year.

Total Cash inflows during the quarter have consolidated to ~\$1M and represent a strong foundation for 2021 growth. The cash balance of ~\$7.1M provides a strong base for the Company's aggressive 2021 growth strategy, including the delivery of well-executed M&A activities.

During the quarter, the Company concluded its 6-months objectives strategy, specifically across healthcare, distribution and technology, aligned with its three stated building blocks:

- **Technology**, with the launch of Mindesk 2020.4 officially bringing to market Network Multi-User VR CAD, and the global launch of the Dell Technologies (DELL) powered Virtual Reality (VR) integrated solution for enterprise, VRONE.
- **Partnerships**, with:
 - An initial collaboration with Trenitalia S.p.A., one of the leading railway operators in Europe and the primary train operator in Italy, and a subsidiary of Ferrovie dello Stato Italiane S.p.A., owned by the Italian government.
 - A Memorandum of Understanding (MoU) with Olivetti, the fully owned IoT Digital Farm of TIM Group (BIT:TIT), leading telecommunications operator in Italy.
 - The entry into the Facebook Oculus Independent Software Vendor (ISV) program.



3D


VIRTUAL
REALITY

AUGMENTED
REALITY

INDUSTRIAL
IoT


CAD

Asia Pacific

Address: 642 Newcastle Street,
Leederville WA 6007
Phone: +618 6380 2555

Europe

Address: Via Isonzo 61
40033 Casalecchio di Reno (BO),
Italy

North America

Address: 785 Market Street, #600
San Francisco CA 94103
USA

Media Enquiries

AUpress@vection.com.au
EUpres@vection.com.au

- The acceptance into the Autodesk's Global Outsight Network Residency program as part of the Microsoft Hololens 2 Autodesk Request For Proposal (RFP).
 - The agreement with Cisco Italy for XR collaboration.
- **Growth**, with a strengthened global distribution network now counting over 50 partners and the opening of new verticals with initial tier-1 clients.

Company Quarterly Financial Overview:

The Company retains total cash at bank of ~\$7.1M, (30 September 2020: \$2.3M).

This robust financial position enables Vection Technologies to pursue its aggressive 2021 growth strategy, including the pursuit and delivery of well-executed global M&A activities.

Total quarterly cash inflows of ~\$1M, including clients receipts of ~\$0.4M, receipt of the first instalment of the E.U. grant of ~\$0.3M, (ASX: 27 May 2020) and \$0.3M from advances on invoices via the Company's commercial bank facilities, demonstrate the Company's ability to consolidate a strong base of cash inflows amid a challenging business environment. (Q1 FY21 Cash Receipt from customers: ~\$0.4M)

During the quarter, the Company successfully completed an oversubscribed placement of \$6 million of new capital from institutional and sophisticated investors.

The client contracts delayed due to the global market uncertainty in the previous quarters are consistently being finalised, delivering further confidence to management on the delivery of continued growth during 2021.

The aggregate amount of payments to related parties and their associates included in the current quarter cash flows from operating activities totalled ~\$301k. These payments consisted of Directors' fees and salaries paid to directors. All payments were on normal commercial terms.

Outlook:

Following the successful conclusion of the Company's six months objectives strategy (overview contained in the Company's operational update presentation, released separately to the market), Vection Technologies is focusing on:

- Aggressive 2021 revenue generation growth
- Key appointments of seasoned executives to pursue vertical specific strategies
- Expanded software development team to support the Company's growth
- Aggressive M&A activities in the E.U., North America and Australasia



3D



VIRTUAL
REALITY



AUGMENTED
REALITY



INDUSTRIAL
IoT



CAD

Investor Presentation and Call:

Vection's management will host a conference call on Thursday 4 February 2021 at 12pm AEST to discuss the investor presentation (slides to be released separately to the market) and to provide an update of the Company's business strategy and financial performance.

Participants must register in advance for the investor call using the following link to receive dial-in details: https://zoom.us/webinar/register/WN_CyePTGyVRkSRmqQCRPbW1Q

After registering, you will receive a confirmation email containing information about joining the webinar.

Gianmarco Biagi, Managing Director of Vection Technologies, commented:

"Despite the continued challenging economic conditions in the E.U. and North America, the Company has delivered a robust second consolidation quarter aligned with its internal projections, generating positive growth signals for 2021.

The Company's management is confidently progressing an aggressive long-term growth strategy, with a clear roadmap to strong revenue generation during the second half of the current financial year, while pursuing well-executed M&A activities to deliver continued value for all stakeholders."

Investor Relations Contact Details

Gianmarco Biagi - Managing Director (Europe Based)

Email: gianmarco.biagi@vection.com.au

Phone: +39 051 0142248

Gianmarco Orgnoni - Director and COO (Australia Based)

Email: gianmarco.orgnioni@vection.com.au

Phone: +61 8 6380 2555

ENDS

About Vection Technologies:

Vection Technologies Ltd (ASX:VR1) is a multinational software company that focuses on real-time technologies for industrial companies' digital transformation.

Through a combination of our 3D, Virtual Reality, Augmented Reality, Industrial IoT and CAD solutions, Vection Technologies helps companies and organisations to innovate, collaborate and create value.

For more information please visit the Company's websites:

vection.com.au

mindeskvr.com

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

Vection Technologies Ltd (ASX:VR1) ACN: 614 814 041



3D



VIRTUAL
REALITY



AUGMENTED
REALITY



INDUSTRIAL
IoT



CAD

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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	380	778
1.2 Payments for		
(a) research and development	(88)	(202)
(b) product manufacturing and operating costs	(58)	(144)
(c) advertising and marketing	(38)	(107)
(d) leased assets	(85)	(136)
(e) staff costs	(542)	(851)
(f) administration and corporate costs	(601)	(1,076)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(22)	(39)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	344	344
1.8 Other (provide details if material)	(4)	(4)
1.9 Net cash from / (used in) operating activities	(714)	(1,437)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(1)
(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	9	18
	(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	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	8	17

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,619	7,104
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	259	415
3.6	Repayment of borrowings	(276)	(498)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	5,602	7,021

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,267	1,585
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(714)	(1,437)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	8	17

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)	5,602	7,021
4.5	Effect of movement in exchange rates on cash held	(68)	(91)
4.6	Cash and cash equivalents at end of period	7,095	7,095

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	7,095	2,267
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	7,095	2,267

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	301
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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	1,062	873
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,062	873
7.5	Unused financing facilities available at quarter end		189
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.		
	~\$0.52M invoice financing facility: ~3.8% interest payable on balance advanced, the facility is unsecured and proposed to be expanded as the Company progresses its commercial strategy and platform adoption. ~\$0.45M Commercial loans: ~4.4% average weighted interest per annum, ~44 months average weighted repayment period.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(714)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,095
8.3	Unused finance facilities available at quarter end (item 7.5)	189
8.4	Total available funding (item 8.2 + item 8.3)	7,284
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	10.20
	<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 January 2021

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.