VECTION TECHNOLOGIES

INTEGRATED XR®

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ASX RELEASE

VECTION REPORTS AUDITED FY25 RESULTS

Defence contracts driving scale, revenue growth, positive underlying EBITDA, and stronger recurring services mix.

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), ("Vection" or the "Company"), the INTEGRATED**XR**® company, today released its audited results for the year ended 30 June 2025.

FY25 AUDITED RESULT SNAPSHOT:

+ 383% Underlying EBITDA +$2.9m vs –$1.0m FY24	+422% Adjusted EBITDA +$1.2m vs –$3.1m FY24
+22% Pro-Forma Revenue ~$42.0m vs $34.5m FY24	+58% Net Assets $13.9m vs $8.8m FY24

FY25 AUDITED FINANCIAL HIGHLIGHTS:

- Reported revenue grew to $36.0m, supported by accelerating **Defence momentum and expanding enterprise adoption**. On a pro forma basis (including TDB's full-year), **revenue was approximately $42m**.
- **Underlying EBITDA improved to a profit of $2.9m (FY24: –$1.0m), the Company's first positive result in its five full years of operations.**
- **Adjusted EBITDA rose to +$1.2m**, reflecting operating leverage and a stronger services mix.
- **Net assets increased to $13.9m**, underpinned by higher intangible assets from the TDB acquisition.
- **Intangible assets of $41m** reflecting goodwill, software and customer relationships from the TDB acquisition.

Statutory audited FY25 results summary:

	FY25	FY24	Variation
Revenue	$36.0m	$32.8m	+$3.2m
EBITDA (adjusted)	+$1.2m	–$3.1m	+$4.3m
Underlying EBITDA	+$2.9m	–$1.0m	+$3.9m

FY25 Pro-forma including full-year TDB:

	FY25	FY24	Variation
Revenue	**$42.0m**	**$34.5m**	**+$7.5m**
EBITDA (adjusted)	**+$1.8m**	**–$3.0m**	**+$4.8m**
Underlying EBITDA	**+$3.5m**	**–$1.0m**	**+$4.5m**

THE DIGITAL BOX (TDB / ALGHO AI) ACQUISITION: INTEGRATION AND UPSIDE

- TDB was consolidated as of 15 January 2025, with ~5.5 months of results included in the FY25 statutory accounts. On a pro-forma basis, a full year of TDB lifts Group revenue to ~$42.0m.
- **The acquisition contributed $15.1m in goodwill**, along with $1.6m of software assets and $0.8m of customer lists, **reflecting the value of Algho's proprietary AI platform and client relationships**.
- Algho AI brings unique generative AI and conversational capabilities, strengthening Vection's leadership in AI-driven spatial computing and creating cross-sell opportunities across **Defence, healthcare, education, retail and enterprise verticals.**
- Vection assumed ~$9.4m of borrowings with TDB, structured on 10-year repayment terms. Importantly, these obligations carry no covenants, no security, and cannot be called early, underpinning long-term growth without near-term balance sheet risk.

STRATEGIC AND OPERATIONAL PROGRESS

- Defence: ~$19m of contracts won in FY25, including a record $7.2m order, a $4.4m repeat order under a ~$36m multi-year program, and subsequent contract wins post-30 June. **In September, the Company signed its largest-ever contract: a $22.3m master framework (scalable to $29.5m) with a NATO-approved partner, securing visibility through 2030.**
- Education: $3.6m XR licence agreement with Cometa, covering ~500 Italian high schools under the PNRR program.
- Healthcare: $1.7m global partnership with Laerdal Medical; live deployment at Massachusetts General Hospital.
- Enterprise & Retail: Rollouts for Nestlé and Natuzzi confirmed the adaptability of Vection's immersive commerce templates.
- Industrial: Delivered a $1.2m digital twin for a tier-one manufacturer.
- AI-First Product Stack: Advanced with generative AI authoring, multilingual chat agents, Dell-certified edge deployments, and Algho AI Sign Language launched on AWS Marketplace with $0.5m in initial orders.
- Distribution: Expanded reach through Area12 ($5.7m in contracts by September) and a $1.6m SolidWorld distribution agreement across EMEA.

MANAGING DIRECTOR GIANMARCO BIAGI COMMENTED:

"*FY25 was the year Vection moved from proof-of-concept to scale. We achieved solid revenue growth, delivered our first positive underlying EBITDA, and strengthened our base of recurring revenues. The successful integration of TDB expanded our AI capabilities and reinforced our positioning as a leader in AI-powered spatial computing.*

Defence has now emerged as a structural growth driver, underpinned by an approximately $40m program, providing multi-year revenue visibility. At the same time, healthcare, education, and retail sectors delivered meaningful progress, supported by scalable and repeatable solution templates.

Our AI-first approach is proving to be a competitive edge: the fusion of spatial computing with generative AI is transforming customer productivity, shortening deployment cycles, and widening our market reach.

Looking ahead, FY26 will focus on translating significant framework agreements into predictable revenue streams, replicating our vertical templates at scale, and embedding AI across every layer of our offering. With growing momentum, a strengthened balance sheet, and a deeper leadership team, we are on track to deliver sustainable profitability in FY26."

STRATEGIC YEAR IN REVIEW

FY25 was marked by strong momentum in Defence, where Vection reinforced its position as a trusted technology partner. The Company secured a $4.4m repeat INTEGRATED**XR**® order from a global Defence contractor, part of a multi-year program extending through 2030. Vection also achieved the largest single contract win in its history, valued at $7.2m from a leading European Defence client. In total, approximately $19m of Defence contracts were won during the year, establishing Defence as a cornerstone of growth. With NATO members raising spending targets, Defence is expected to become Vection's largest revenue contributor in the coming years.

Beyond Defence, Vection scaled across other verticals:

- **Healthcare**: a $1.7m global partnership with Laerdal to embed XR in high-fidelity medical training, with deployments including Massachusetts General Hospital.
- **Industrial:** delivery of a $1.2m digital twin for a tier-one manufacturer.
- **Education**: a $3.6m XR licence agreement with Cometa SpA, covering ~500 Italian high schools under the PNRR program.
- **Retail:** immersive commerce rollouts with Nestlé and Natuzzi, highlighting the adaptability of Vection's vertical templates.

The Company's AI-first innovation strategy advanced materially. Proprietary generative AI enabled instant creation of training and multilingual agents, while Dell-certified edge bundles reduced deployment times from days to hours. Algho AI Sign Language launched on AWS Marketplace, enhancing accessibility across the public sector and broadening the total addressable market. Vection also achieved Dell Titanium Partner status — Dell's highest tier — unlocking expanded go-to-market opportunities worldwide.

Recurring revenue growth and governance enhancements underpinned these achievements. Multi-year Algho licences in France, Latin America, and insurance markets supported the expansion of ARR. An oversubscribed $3.6m placement funded increased R&D and international sales, while liquidity was further boosted by the recovery of €2m in VAT. Governance was strengthened through the appointment of Marco Landi (former Apple COO), bringing global operational expertise to the Board.

FINANCIAL REVIEW

- Revenue: $37.1m (FY24: $34.5m), up 7.5%, driven by Defence and enterprise adoption. On a pro-forma basis (including a full year of TDB), **revenue would have been ~$42.0m, underscoring the growth trajectory**.
- Underlying EBITDA: +$2.9m (FY24: –$1.0m), marking Vection's first positive result in its five full years of operations.
- EBITDA (reported): –$1.6m (FY24: –$3.2m), an improvement of $1.6m, reflecting operating leverage and higher SaaS and Defence revenues.
- **Pro-Forma Operating Cash Flow: approximately +$0.6m** for FY25, demonstrating operational leverage and recurring revenue resilience. Defence receipts, including a $4.4m payment received post-year-end, were key drivers of liquidity. On a pro-forma basis, Q4 operating cash flow was +$1.8m, highlighting a stronger liquidity profile once timing effects are normalised.

This performance reflects Vection's ability to operate at scale with a relatively fixed cost base, positioning the Company for sustainable profitability in FY26.

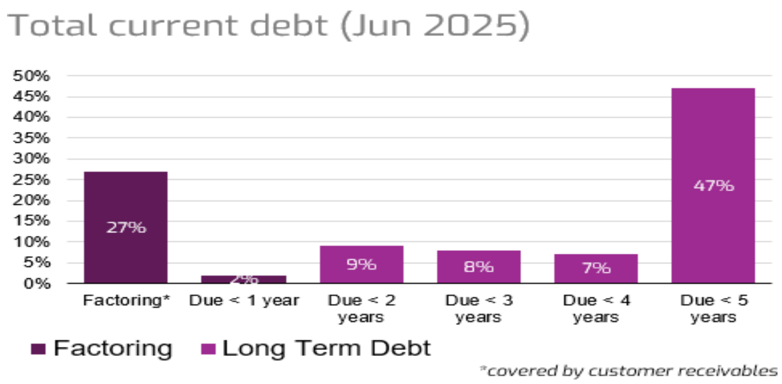
BALANCE SHEET & FINANCIAL POSITION BREAKDOWN:

Unlike the P&L, the Balance Sheet consolidates all of TDB's annual debts, not just those for ~5.5 months:

	FY25 (reported)	FY25 (pro-forma*)	FY24 (restated)	Variation
Cash & equivalents	$3.1m	$7.5m	$7.7m	–$4.6m
Trade & other receivables	$29.0m	$29.0m	$14.2m	+$14.9m
Total current assets	$33.8m	$33.8m	$23.2m	+$10.7m
Total non-current assets	$42.5m	$42.5m	$22.4m	+$20.1m
Total assets	$76.3m	$76.3m	$45.6m	+$30.7m
Trade payables	$15.7m	$15.7m	$14.1m	+$1.6m
Accruals & sundry creditors	$14.1m	$14.1m	$4.5m	+$9.6m
Employees (total liabilities)	$3.9m	$3.9m	$2.1m	+$1.8m
Borrowings (total)	$19.0m	$19.0m	$8.9m	+$10.1m
Other financial liabilities	$7.6m	$7.6m	$5.6m	+$2.0m
Deferred tax	$1.9m	$1.9m	$1.3m	+$0.5m
Net assets	$13.9m	$13.9m	$8.8m	+$5.1m

Notes:

- Trade payables: *Increased $1.6m YoY to $15.7m, demonstrating disciplined working-capital management despite the TDB consolidation.*
- Employee liabilities: *$0.7m current (ordinary salary obligations) and $3.1m non-current (long-term accruals that are not expected to absorb near-term cash).*
- Accruals & sundry creditors*: $14.1m; includes taxes payable (settled in annual instalments through 2033), deferred government grant income (to be recognised in future periods), and accrued operating costs.*
- Intangible assets: *$41.5m at year-end (goodwill $26.8m, software & development $12.5m, customer relationships $1.2m, IP $0.9m). The increase reflects the TDB PPA, which added ~$15.1m goodwill, ~$1.6m identified software and ~$0.8m customer lists.*
- Other financial liabilities: *$7.6m, primarily contingent consideration from acquisitions; these do not absorb cash.*
- Borrowings $19.1m ($7.9m working capital facility; $11m bank debt): The short-term debt is a working capital facility, similar to factoring, and therefore self-liquidating against invoice payments from customers amounts to $7.9 million. The remaining long-term bank debt of $11 million is paid in instalments until 2035 with no possibility for the banks to withdraw. Vection is currently working to execute a debt improvement plan through a favourable restructuring event, while maintaining targeted investments in AI-driven growth. Management believes the debt repayment schedule is not onerous and doesn't greatly burden the Company due to its long expiry date, back-ended payback profile and low interest rates.
- Deferred tax: *$1.9m, largely relating to software and development cost intangibles.*
- **Net assets*: $13.9m, up from $8.8m in FY24.***
- *The total long-term debt for Vection and that the debt is subject to no covenants, no security and cannot be called early.*



OUTLOOK

With multi-year Defence contracts, proven vertical templates, an AI-focused product suite, and an enhanced capital base, Vection is well placed to increase recurring revenues globally in FY26. Management remains focused on delivering sustainable profitability in FY26, driven by continued momentum in Defence, SaaS expansion, and strategic partnerships.

AUTHORISATION:

This ASX release is authorised by the Board of Directors of Vection Technologies Limited.

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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.