

29 August 2025 Australia

ASX RELEASE
VECTION REPORTS 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 INTEGRATEDXR[®] company, today released its unaudited results for the year ended 30 June 2025.

Note: All FY25 data is unaudited.

FY25 RESULT SNAPSHOT:

EBITDA Underlying +\$ 2.8m vs (- \$1.0m) FY24	+30% Net Assets \$11.7m vs \$9.0m FY24
EBITDA Pro-Forma Underlying +\$ 3.5m vs (-\$1.0m) FY24	+22% Pro-Forma Revenue \$42.0m vs \$34.5m FY24

FY25 FINANCIAL HIGHLIGHTS:

- Pro-forma revenue of ~\$42.0m with the full year consolidation of The Digital Box (Algho AI) ("TDB") acquisitions, demonstrating Vection's underlying growth trajectory.
- Reported revenue up 8.7% to \$37.5m (FY24: \$34.5m), with strong momentum from Defence sector wins and expanding enterprise adoption.
- EBITDA Underlying positive at \$2.8 m (FY24: loss of \$1m), marking the first positive EBITDA in the Company's fifth full year of operations.
- EBITDA adjusted actual improved by \$1.2m year-on-year (FY24: loss of \$3m) reflecting operating leverage and a stronger services mix.
- Pro-forma cash of \$7.5m (statutory cash at 30 June of \$3.1m plus \$4.4m Defence payment as indicated in the latest report 4c)
- Positive proforma net operating cashflow of \$0.6m, demonstrating operational leverage of the business with a stable fixed cost base
- Intangible assets of \$39m, reflecting goodwill, software and customer lists from the TDB acquisition.

A) Statutory FY25 results summary:

	FY25	FY24	Variation
Revenue	\$37.5m	\$34.5m	+\$3.0m
EBITDA (adjusted)	+\$1.2m	(\$3m)	+\$4.2m
Underlying EBITDA	+\$2.8m	(\$1.0m)	+\$3.8m

B) Pro-forma FY25 results summary:

	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

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Scarborough Beach Road,
Osborne Park WA 6017 - Australia

The Digital Box (TDB) (Algho AI) acquisition: integration and upside

- TDB consolidated from 1 Jan 2025, so only ~6 months included in P&L FY25 statutory results".
- Acquisition added ~\$15.1m goodwill, ~\$1.6m software and ~\$0.8m customer lists.
- TDB brings proprietary and unique AI capabilities, strengthening Vection's leadership in AI-driven Spatial Computing.
- The balance sheet includes the debt values for the entire year (and not just for six months) of TDB, borrowings of ~\$9.4m (10-year repayment terms) assumed with TDB, underpinning long-term growth investment. The total long-term debt for Vection and that the debt is subject to no covenants, no security and cannot be called early.

Growth drivers

- Defence momentum accelerated strongly with ~\$19m of contracts won in FY25, including the largest single order in the Company's history of \$7.2m and a \$4.4m repeat order under a ~\$36m multi-year program (with continued contract wins post 30 June).
- Education continued scaled with a \$3.6m XR licence agreement covering 500 Italian high schools under the PNRR program.
- Healthcare's continued expansion through a \$1.7m global partnership with Laerdal to embed XR into high-fidelity medical training.
- Industrial growth continued with a \$1.2m contract to deliver a digital twin for a tier-one manufacturer, optimising production and maintenance.
- Retail deployments broadened with multi-country immersive commerce rollouts for Nestlé and Natuzzi.
- The AI-first product stack advanced with generative AI authoring, multilingual chat agents, Dell-certified edge deployments, and Algho AI Sign Language for accessibility.

MANAGING DIRECTOR GIANMARCO BIAGI COMMENTED:

"FY25 marked the transition of Vection from validation experimentation to scale. We delivered revenue growth, a return to **positive underlying EBITDA**, and a stronger recurring revenue base in the Company's fifth full year of operations. **With the integration of TDB, an expanded AI product portfolio**, and deeper penetration across key verticals, Vection is now positioned as a **global leader in AI-driven spatial computing**. Our targeted sector focus has paid off. The opening and consolidation of markets, particularly in **Defence**, during a period of unprecedented government investment globally, are creating fundamental opportunities for Vection and **our strategic partners, including Dell and Xerox**. These investments are already translating into tangible results, with multi-million-dollar Defence contracts secured and expanding. Defence required mission-ready planning tools, **healthcare** demanded immersive simulation environments, manufacturers sought real-time digital twins, educators wanted engaging digital classrooms, **and retailers** turned to experiential commerce with AI and Kiosk. By developing repeatable, industry-specific templates, we reduced sales cycles, increased win rates, and created renewal opportunities. Every contract signed this year has been the foundation of a multi-year relationship built on recurring licences, support and upgrades. **AI integration has become a decisive differentiator**. Spatial computing is powerful on its own, but when combined with generative AI it becomes transformational. Our proprietary LLM engine can now auto-generate training content in minutes, answer complex domain-specific questions inside 3D environments, and localise content globally. Dell-certified edge hardware ensures secure on-premises deployment, while Algho AI Sign Language extends accessibility to millions of new users. Each innovation accelerates deployment, deepens insights, and expands our addressable market. Financial discipline has been equally important. By bundling licences with SaaS, AI-as-a-Service and support, we increased recurring revenues, improved margins, and stabilised cash flows. An oversubscribed capital raise enabled us to scale R&D and international sales without pressuring the balance sheet. We **enforced governance** with the appointment of a former Apple COO to the Board. At the same time, we are actively working on a debt restructuring plan and ongoing cost reduction, while maintaining targeted investments in growth, particularly in AI.

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Looking ahead, we will continue to globalise our vertical templates, scale proofs of concept into enterprise-wide deployments, and integrate AI into every layer of INTEGRATEDXR[®]. The convergence of AI, 3D, and real-time collaboration is redefining how organisations design, build, train, and sell. Vection sits at the centre of this transformation. With strong momentum, a solid capital base, and a visionary team, we are targeting sustainable profitability in FY26 while capturing a global opportunity across Defence, healthcare, retail, and international markets.”

STRATEGIC YEAR IN REVIEW

FY25 was marked by accelerating momentum in Defence, where Vection consolidated its position as a trusted technology partner. The Company secured a \$4.4m repeat INTEGRATEDXR[®] order from a global Defence contractor, part of a ~\$36m 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, Defence contracts worth approximately \$19m were won during the year, confirming Defence as a cornerstone of growth. With NATO members increasing spending targets, this sector is expected to become Vection’s largest revenue contributor over the coming years.

Beyond Defence, Vection also scaled its presence across other verticals. **In healthcare**, a \$1.7m global partnership was signed with Laerdal to embed XR solutions into high-fidelity medical training. In the industrial sector, the Company delivered a \$1.2m digital twin project for a tier-one manufacturer. Education expanded significantly through a \$3.6m XR licence agreement with Cometa SpA covering circa 500 Italian high schools under the PNRR program. In retail, multi-country immersive commerce rollouts progressed with Nestlé and Natuzzi, confirming the adaptability of Vection’s vertical templates.

The Company’s AI-first innovation strategy also advanced strongly. Proprietary generative AI technology enabled the instant creation of training and multilingual agents, while Dell-certified edge bundles reduced deployment times from days to hours. **Algo AI Sign Language** was launched on AWS Marketplace, enhancing accessibility across the public sector and broadening the total addressable market. Vection’s status as a Dell Titanium Partner was another milestone, opening access to expanded go-to-market opportunities worldwide.

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

FINANCIAL REVIEW

Revenue for FY25 was \$37.5m, up 8,7% on the prior year’s \$34.6m. Defence was a significant driver of growth, supported by broader enterprise adoption. **On a pro-forma basis, including a full year of TDB, revenue would have been approximately \$43.0m, underscoring the Company’s growth trajectory.**

Underlying EBITDA was positive at \$2.8m vs \$(-1,0)m 2024, the first positive result in Vection’s fifth year of full operations. Reported EBITDA improved by \$3.5m to \$(-0.2m), reflecting operating leverage and the benefit of higher Defence and SaaS revenues.

Proforma Operating cash flow for the year was positive at around \$0.6m, underpinned by the recurring revenue model and disciplined cost management. Defence receipts played an important role, including a \$4.4m payment as indicated in the latest report 4c. On a pro-forma basis, Q4 operating cash flow was +\$1.8m, highlighting the stronger liquidity profile once timing effects are adjusted. This result demonstrates the operational leverage in the business, which is now operating at scale with a relatively fixed cost base.

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Balance Sheet & Financial Position: breakdown

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

	FY25 (reported)	FY25 (pro-forma*)	FY24	Variation
Cash & equivalents	\$3.1m	\$7.5m	\$7.6m	-\$0.1m
Trade & other receivables	\$28.8m	\$24.4m	\$11.0m	+\$13.4m
Total current assets	\$32.9m	\$32.9m	\$23.4m	+\$9.5m
Total non-current assets	\$39.3m	\$39.3m	\$22.4m	+\$16.9m
Total assets	\$72.2m	\$72.2m	\$45.8m	+\$26.4m
Trade payables	\$15.7m	\$15.7m	\$14.1m	+\$1.6m
Accruals & sundry creditors	\$13.8m	\$13.8m	\$4.5m	+\$9.3m
Employees	\$3.9m	\$3.9m	\$2.1m	+\$1.8m
Borrowings	\$19.3m	\$19.3m	\$9.0m	+\$10.3m
Other financial liabilities	\$5.9m	\$5.9m	\$5.5m	+\$0.4m
Deferred tax	\$1.9m	\$1.9m	\$1.3m	+\$0.6m
Net assets	\$11.7m	\$11.7m	\$9.0m	\$2.7m

**Pro-forma cash adjusts for the \$4.4m Defence payment as indicated in the latest report 4c.*

- **Trade payables:** Increased only ~\$1.6m YoY to \$15.7m despite the TDB acquisition, **showing solid working capital control.**
- **Employee Liabilities:** current liabilities \$0.7m relate to ordinary salary obligations, while non-current liabilities \$3.1m reflect long-term accruals that **do not structurally absorb cash.**
- **Accruals & Sundry Creditors:** consist of \$9.4m in taxes payable in annual instalments until 2033, deferred revenues from government grants (to be recorded as income in future periods), and accruals of costs of competence.
- **Intangible assets of \$39m:** the Increase reflecting **goodwill on the TDB acquisition PPA ~\$15m, and, specifically, the Algho software platform.**
- Other financial liabilities \$5.9m: Relating to the Invrsion acquisition; **these do not absorb cash.**
- **Borrowings \$19.1m (\$10.3m working capital facility; \$8.7m 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 \$10.3 million. The remaining long-term bank debt of \$8.7 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.

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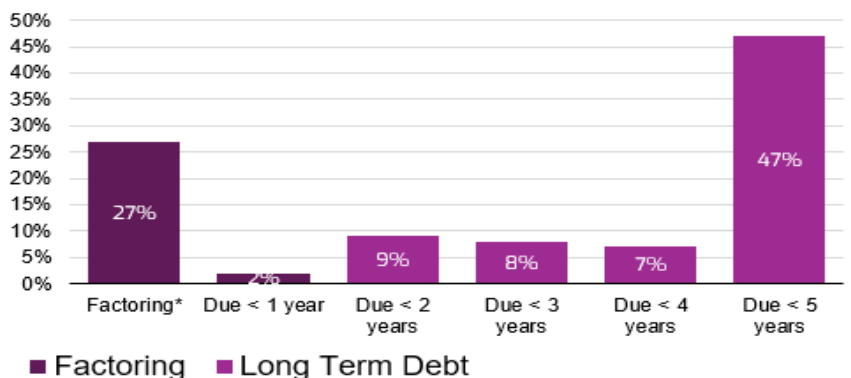
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Total current debt (Jun 2025)



**covered by customer receivables*

OUTLOOK

With multi-year Defence contracts, proven vertical templates, an AI-focused product suite, and a stronger capital base, Vection is set to increase recurring revenues globally in FY26. Management is focused on achieving sustainable profitability in FY26, driven by continued momentum in Defence, expanding SaaS, and deeper strategic partnerships.

AUTHORISATION:

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

ENDS

INVESTOR RELATIONS CONTACT DETAILS:

Gianmarco Biagi - Managing Director (Europe Based)

Email: gianmarco.biagi@vection-technologies.com

Cameron Petricevic - Independent, Non-Executive Director (Australia Based)

Email: cameron.petricevic@vection-technologies.com

Lorenzo Biagi: Executive Director (Europe Based)

Email: lorenzo.biagi@vection-technologies.com

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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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