

31 August 2022, Australia

ASX RELEASE

TRIPLE DIGIT GROWTH DELIVERS HIGHER END OF FY22 REVENUE GUIDANCE

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), the INTEGRATEDXR™ company, provides the following for release:

1. Fiscal 2022 Company Overview; and
2. Appendix 4E – preliminary final report.

ENDS

INVESTOR RELATIONS CONTACT DETAILS:

Edison:

Dan Ridsdale - Managing Director, TMT
Email: dridsdale@edisongroup.com

Company:

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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 organizations 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

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

■ **VECTION TECHNOLOGIES LTD**

ASX:VR1; OTC:VCTNY | ACN: 614 814 041

■ **GLOBAL OFFICES**

PERTH | SYDNEY | SAN FRANCISCO | MILAN | BOLOGNA | ROME | BARI | ABU DHABI | AHMEDABAD

■ **WEBSITE**

www.vection-technologies.com

■ **REGISTERED OFFICE**

Level 4, Building C, Garden Office Park, 355
Scarborough Beach Road,
Osborne Park WA 6017 - Australia

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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.

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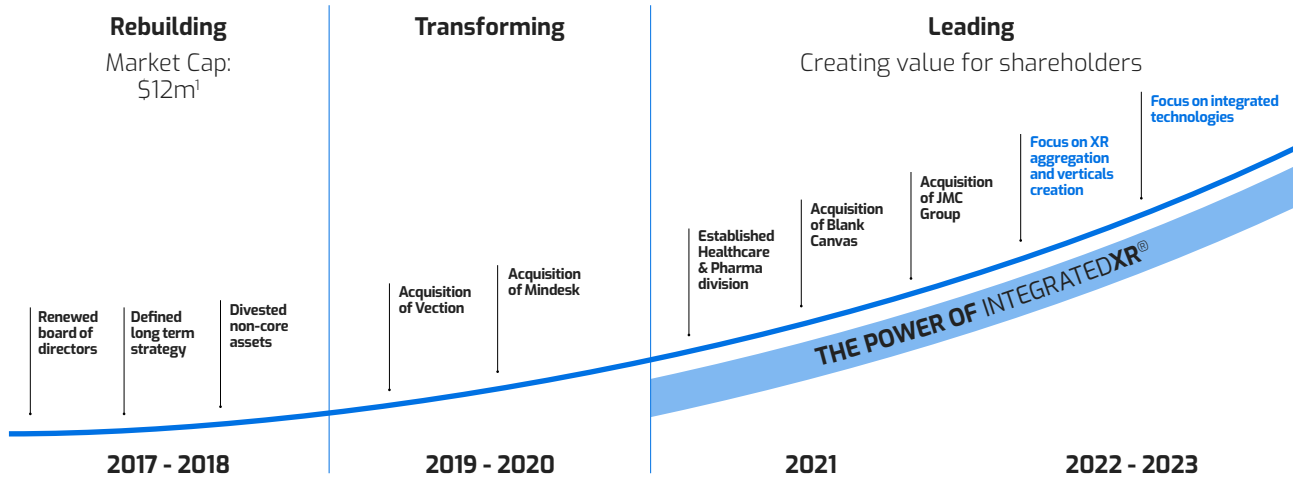


Beyond Reality.

August 2022

Building a global INTEGRATEDXR company

A ROADMAP TO EXPONENTIAL GROWTH, UNDERPINNED BY PROVEN DELIVERY.



Note 1: Based on Share price at 18 December 2018

Revenue growth accelerating

Vection Technologies has recorded strong revenue growth over the past four fiscal years, with a CAGR of 140%. Revenue growth has accelerated in the last twelve months with FY22 revenue lifting by 440% compared to audited FY21, and by 87% compared to unaudited FY21 revenue including effect from acquisitions. Fiscal 2022 revenue was within the guidance provided by the Company during the fiscal year.

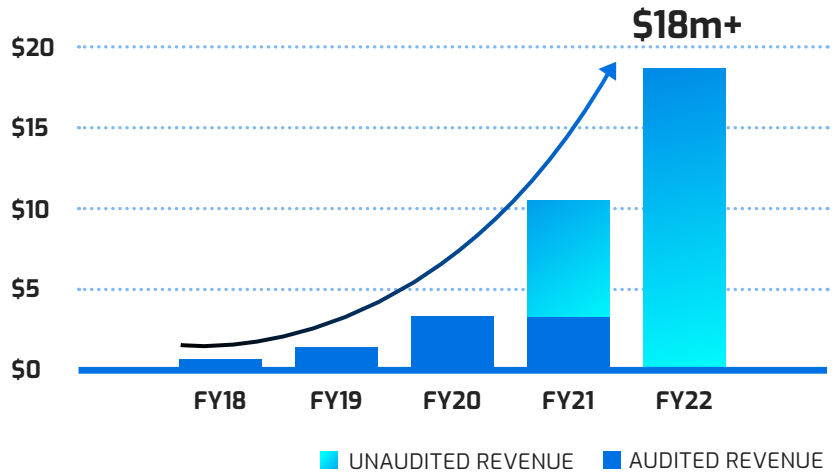
440%

YoY Revenue Growth

140%

FY19-FY22 CAGR Revenue

“2022 represents the confirmation of the Company’s strategy, with full year revenue growing by 440%.”



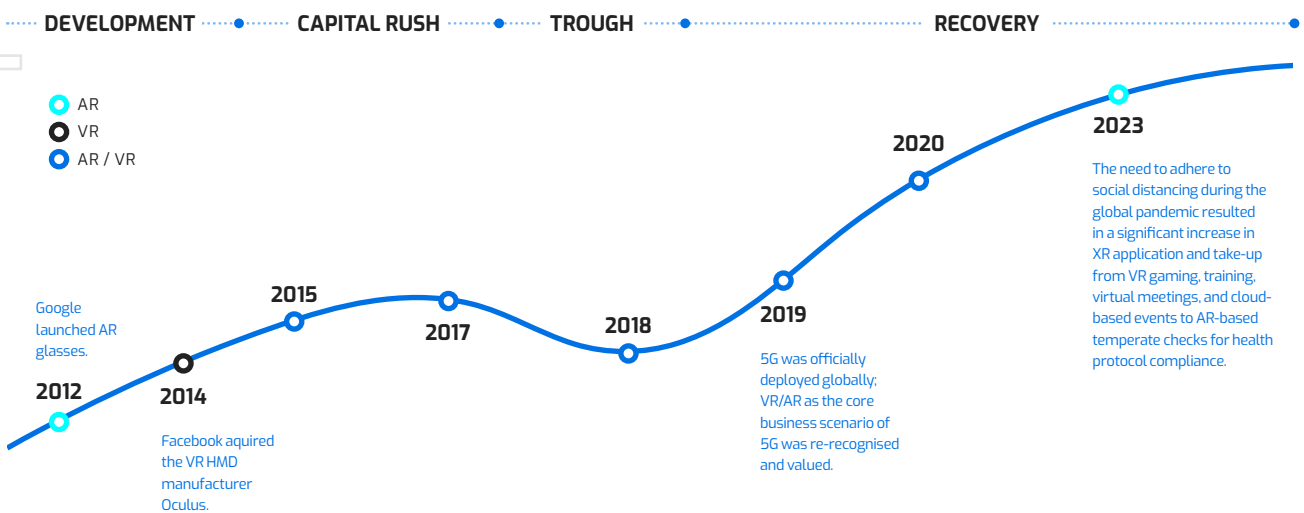
Fast-growing industry

Vection Technologies operates in the fast-growing metaverse trend, an industry with a market opportunity estimated at over \$1 trillion in yearly revenues.¹ The metaverse is a seamless convergence of the physical and digital worlds that allows people to have immersive experiences: from training, commerce and gaming to social meetings and interactions. It is the result of several different technologies coming together, including virtual reality (VR), augmented reality (AR), internet of things (IoT), artificial intelligence (AI), non-fungible tokens (NFTs), ICT infrastructure and more.

With a strong focus on the XR application layer, and the convergence with other tech, Vection Technologies is already being recognised in the market as a leading XR application company:

<https://www2.deloitte.com/cn/en/pages/technology-media-and-telecommunications/articles/metaverse-whitepaper.html>

AR/VR DEVELOPMENT STAGES



¹ <https://www.ipmorgan.com/content/dam/ipm/treasury-services/documents/opportunities-in-the-metaverse.pdf>

Source: <https://www2.deloitte.com/cn/en/pages/technology-media-and-telecommunications/articles/metaverse-whitepaper.html>

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Leading proprietary technology

To address this fast-growing sector, Vection Technologies continues to invest in the development of its proprietary solutions & services suite of metaverse -related technologies, called INTEGRATEDXR®. The Company is forging a pathway for businesses to seamlessly adopt metaverse technologies within their workflows, through INTEGRATEDXR®, while many of its competitors are focussing on niche applications or developing custom customer-specific solutions. During the past four years, the Company has been expanding its patent portfolio in the EU and the U.S. and is currently seeking legal advice for protection strategies.

**“ INTEGRATEDXR®
represents a unique
opportunity for
businesses looking
to join the future of
metaverse technologies.”**



PRODUCT LINES



3D FRAME



EnWORKS



MINDESK



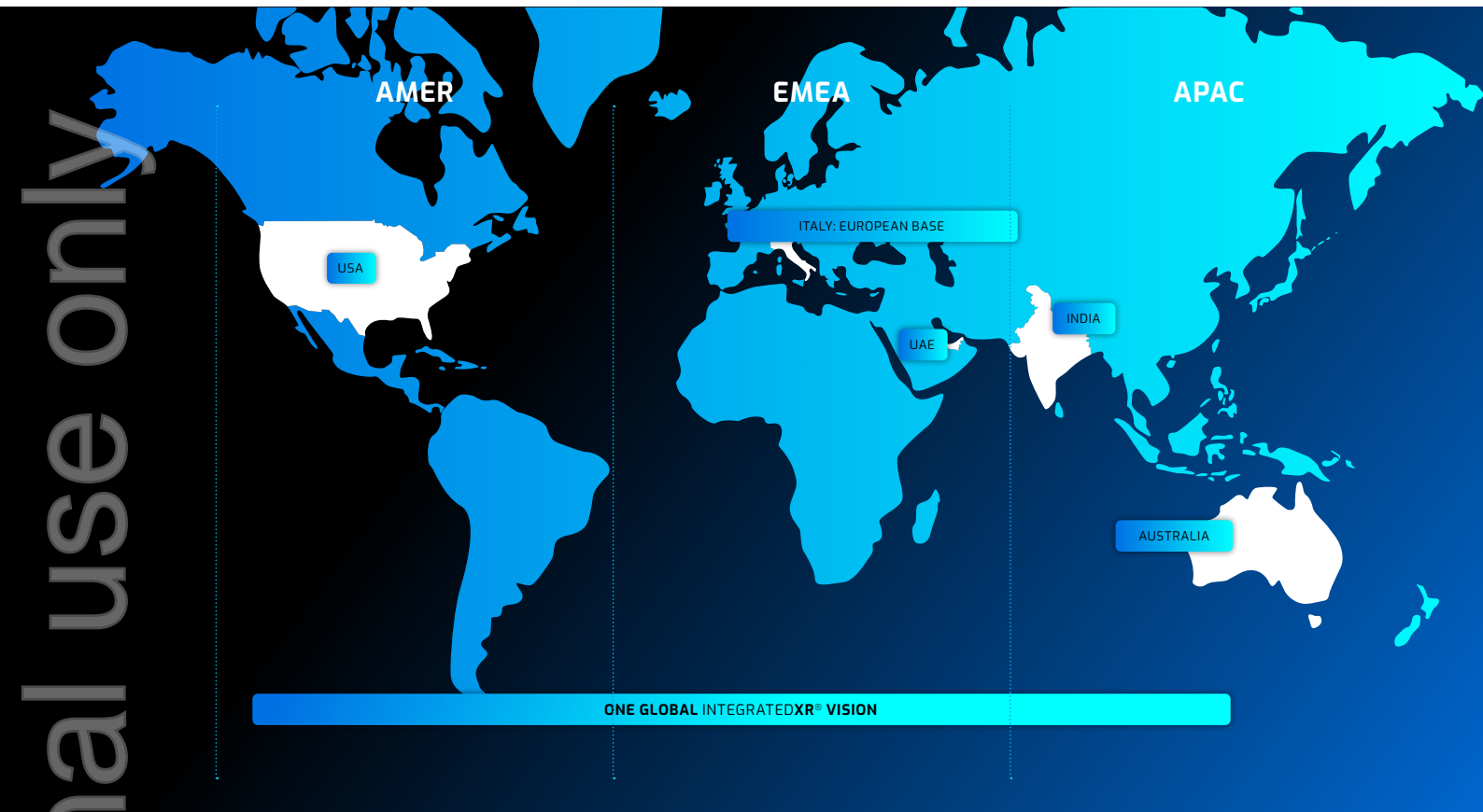
Configurator



XR KIOSK

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Global presence to service multinational customers

During the last four years, the Company has expanded its operational presence through Asia Pacific, Europe, the Middle East, and the U.S. With nine locally based offices, Vection Technologies can today support global corporations in the adoption of its INTEGRATEDXR® suite.

“Our multinational presence with local delivery supports global corporations in the adoption of INTEGRATEDXR®.”

Partnering with some of the biggest names in enterprise tech

Vection Technologies has secured partnerships and built commercial relationships with some of the biggest names in the technology and consulting industry. These include Webex by Cisco, NTT Data, DXC Technology and Accenture. These partnerships are expected to drive foundational growth in the coming years, with more unique technology offerings aligned with existing and core products in the market today.

Well-funded and growing with key investors

On 30 November 2021, Vection Technologies completed a \$12 million capital raise from predominantly technology focussed domestic and international institutional investors. The Company today has \$21 million in total liquid assets and counts shareholders like the Italian government

“With hybrid work on the rise, organisations must adopt new technologies to ensure inclusivity, flexibility and collaboration among the workforce. 3DFrame gives Webex Meetings participants the ability to join a shared 3D virtual environment, where they can naturally present and interact with objects and people, regardless of their physical location.”

and HTC Vive. On 22 June 2022, the Company further announced the launch of a sponsored American Depositary Receipt (ADR) program to increase Vection Technologies' exposure and attractiveness to North American investors and partners.

Pathway to profitability emerging

The company has invested significantly over the past four years to expand its technology portfolio to enable its global grow strategy. As the Company continues its growth trend it expects to significantly improve its underlying EBITDA result and increase its profitability in the next fiscal year.

Acquisitions

Over the past four years, Vection Technologies has successfully conducted several value accretive acquisitions, with a view to reinforce its technology and commercial foundations to support its global expansion plans. The Company is in discussions with several potential targets to continue on its growth trajectory and exceed objectives during the next 12 and 24 months.

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Investor Relations Contact Details

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vection-technologies.com



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ASX RELEASE

APPENDIX 4E

Preliminary Final Report to the Australian Securities Exchange

Rule 4.3A

Name of entity:	Vection Technologies Limited
ABN or equivalent company reference:	93 614 814 041

1. Reporting Period

Preliminary report for the financial year ended:	30 June 2022
Previous corresponding period is the financial year ended:	30 June 2021

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities (item 2.1)	up	440%	to	18,740
Loss from ordinary activities after tax attributable to members (item 2.2)	up	130%	to	5,641
Loss for the period attributable to members (item 2.3)	up	126%	to	5,223

3. Dividends

No dividend has been declared during or subsequent to the financial year.

4. Net tangible assets per security

	Current period	Previous corresponding Period
Net tangible asset backing per ordinary security	0.0073	0.0075

5. Details of entities over which control has been gained or lost during the period

Not applicable.

6. Details of associates and joint venture entities

Not applicable.

7. Review of Operations

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), the **INTEGRATEDXR®** company, reports the following for the Financial Year ended 30 June 2022.

During fiscal 2022, Vection Technologies has exponentially accelerated its growth strategy supported by its proprietary **INTEGRATEDXR®** solutions suite.

The initial success of this strategy, has led to:

- **Revenue growth accelerating** - has recorded strong revenue growth over the past four fiscal years, with a CAGR of 140%. Revenue growth has accelerated in the last twelve months with FY22 revenue lifting by 440% compared to audited FY21 to \$18.7 million.
- **Fast-growing industry** - Vection Technologies operates in the fast-growing metaverse trend, an industry with a market opportunity estimated at over \$1 trillion in yearly revenues.¹
- **Leading proprietary technology** - To address this fast-growing sector, Vection Technologies continues to invest in the development of its proprietary solutions & services suite of metaverse -related technologies, called **INTEGRATEDXR®**.
- **Global presence to service multinational customers** - During the last four years, the Company has expanded its operational presence through Asia Pacific, Europe, the Middle East, and the U.S.
- **Partnering with some of the biggest names in enterprise tech** - Vection Technologies has secured partnerships and built commercial relationships with some of the biggest

¹ <https://www.ipmorgan.com/content/dam/ipm/treasury-services/documents/opportunities-in-the-metaverse.pdf>

* FY22 Unaudited Revenue includes unaudited revenue from acquisitions conducted during fiscal 2021.

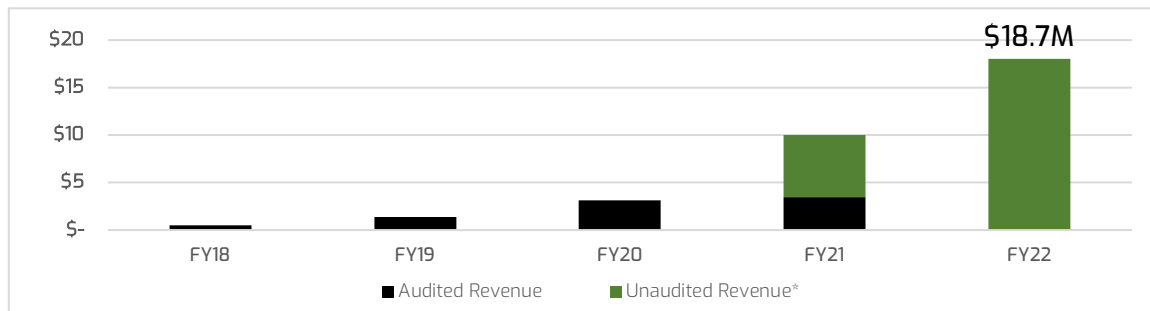
names in the technology and consulting industry. These include Webex by Cisco, NTT Data, DXC Technology and Accenture.

- **Pathway to profitability emerging** - The company has invested significantly over the past four years to expand its technology portfolio to enable its global grow strategy. As the Company continues its growth trend it expects to significantly improve its underlying EBITDA result and increase profitability in the next fiscal year.
- **Well-funded and growing with key investors** - The Company today has \$21 million in total liquid assets and counts shareholders including the Italian government and HTC Vive.
- **Acquisitions** - Over the past four years, Vection Technologies has successfully conducted several value accretive acquisitions, with a view to reinforce its technology and commercial foundations to support its global expansion plans. The Company is in discussions with several potential targets to continue its growth trajectory and exceed objectives during the next 12 and 24 months.

Overview

Vection Technologies delivered on its revenue guidance with triple digit revenue growth in the 2022 fiscal year to \$18.7 million, representing a 440% increase over fiscal 2021. FY22 Total Revenue was \$18,740,801 (2021: \$3,471,358).

Vection Technologies' Yearly Revenue (2018-2022):



The Company's strong investment in global infrastructure, people, partnerships, and product development has led to a **final cash position of \$14,869,095 up by 110% compared to June 2021 (\$7,083,890)**. This robust cash position will enable the Company to pursue its long-term growth objectives from a position of strength. **Total Assets at 30 June 2022 increased by 23% to \$41,078,303 (2021: \$33,435,621)**, while **Net Assets increased by 114% to \$26,021,562 (2021: \$12,147,727)**.

During fiscal 2022, the Company continued investments have led to a total expenditure from ordinary activities (including discontinued operations) of \$24,260,441 (2021: \$5,801,215). This increase is aligned with the Company's increase in revenue and its strategic global initiatives. The strong investment performed in fiscal 2022 in technology, people, and global infrastructure, is expected to significantly improve the underlying EBITDA result and increase profitability in the next fiscal year.

Vection Technologies posted an after-tax loss attributed to members of \$5,223,224 for the financial year ended 30 June 2022, representing an increase of 127% over the prior corresponding period (30 June 2021: loss \$2,305,713). The Company significantly improved its

loss margin from -70% in FY21 to -32% in FY22. Several non-cash and one-off expenses were recorded in the Company's accounts during the period, specifically for legacy assets related expenses and for costs incurred pursuant to the acquisitions of Blank Canvas, JMC Group and the establishment of Vection Health (the Company's healthcare and pharma focussed division).

	Full Year Ended 30-Jun-22 \$	Margin on Revenue FY22	Full Year Ended 30-Jun-22 \$	Margin on Revenue FY21
Profit (Loss) after Income Tax	(5,640,954)	-31%	(2,442,889)	-70%
Interest and Financing related Costs	95,557		111,091	
Depreciation and Amortisation	987,226		657,973	
One-Off Transaction Costs	1,720,467		728,753	
Non-Cash Accounting Charges	1,246,809		214,778	
Income Tax	121,314		76,563	
Underlying EBITDA¹	(1,469,581)	-8%	(653,731)	-19%

(1) Underlying EBITDA is an unaudited, non-AIFRS financial measure which is not prescribed by Australian Accounting Standards ('AAS')

The Company reported Net Cash Outflows from Operating activities of \$1,235,096 compared to Net Cash outflows of \$2,324,805 in FY21. Net Cash Inflow from Investing activities increased to \$2,024,609 from \$908,474 in FY22.

The Company reported borrowings of \$3,614,021, representing:

- National Australia 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 5.75%.
- A fixed rate bank loan provided by Banco BPM to Vection Italy. The loan has a 6 years term with an expiry date of 19 May 2026. The loan has a fixed Interest rate of 1.25%
- A variable rate bank loan provided by Intesa San Paolo to Vection Italy. The loan has a 6 years term with an expiry date of 9 June 2026. The loan has a variable Interest rate of circa 1.75% plus EURIBOR 1m 360.
- An invoice financing facility provided by BPER to Vection Italy. This is a short term liability at an interest rate of 2.6%
- An invoice financing facility provided by BPM to Vection Italy. This is a short term liability at an interest rate of 3.05%
- An invoice financing facility provided by Banca Cambiano to Vection Italy. This is a short term liability at an interest rate of 3.377%
- Two invoice financing facilities provided by Intesa San Paolo to Vection Italy. They are short term loan at an interest rate of 3.125%
- An invoice financing facility provided by Intesa San Paolo to Vection Health. This is a short term liability at an interest rate of 2.75%
- A Banco BPM bank loans by JMC Group. The loans have a 6 years terms with expiry date of 13 August 2026. The loans have a variable Interest rate of 1.25% + EURIBOR 3m 360.
- A Banca Monte Dei Paschi Di Siena (MPS) bank loan by JMC Group. The loan has a 71 months terms with an expiry date of 31 October 2026. The loan has a variable Interest rate of 0.45% + EURIBOR 6m 360.
- A fixed rate facility provided by Dell Financial Services to JMC Group. The facility has 3 years term with an expiry date of 1 January 2024. The average overall effective rate is 8.95%.

- Three fixed rate leasing facilities provided by Dell Financial Services to JMC Group. The facilities have 3 years term and interest rate of 7.85%, 8.10% and 8.11%.
- An Invoice financing facility provided by MPS to JMC GROUP. This is a short term liability at an interest rate of 1%.
- An Invoice financing facility provided by BPM to JMC GROUP. This is a short term liability at an interest rate of 1%.
- A variable rate bank loan provided by Banco BPM bank loans to Xinntex. The loans have a 6 years terms with expiry date of 11 March 2027. The loans have a variable interest rate of 1.4% + EURIBOR 3m 360.

Operational Highlights

During the fiscal year 2022, Vection Technologies continued to support the acceleration of enterprises' digital strategies towards the metaverse, by investing in critical **INTEGRATEDXR®** global foundations: from research and development, creation of partnerships and onboarding of clients, to talent acquisition and M&A integration.

- **Operations & Infrastructure:**

During the fiscal year, Vection Technologies continued to invest in the integration of its 2021 acquisitions, JMC Group (ASX: 15 June 2021) and Blank Canvas (ASX: 15 April 2021), resulting in significant commercial benefits. During fiscal 2023 the Company plans to bring this to completion by merging key commercial, administration and management infrastructure, with a particular focus on its critical European infrastructure.

- **Organization & People:**

During fiscal 2022, Vection Technologies established its Advisory Board to gain a technological advantage in specific verticals and gain wider market recognition and global market positioning. The objective of this initiative is to drive material commercial opportunities while ensuring the strategy is aligned with the required market expectations. As part of this strategic effort, the Company appointed

- Dr Siegmund Haasis: a highly experienced automotive executive with twenty-six years international digitization experience with Daimler/Mercedes-Benz (ASX: 21 July 2021), to assist with the Company's strategy within the global automotive industry.
- Mr Vittorio Emanuele Terzi: a renowned global advisor, appointed to assist the Company in its global strategic initiatives to partner with tier-1 consulting, industrial and technological partners focussing on the creation of value for all Vection's stakeholders (ASX: 20 October 2021). Mr Terzi also currently serves as independent director of Banca Generali S.p.A., a bank listed on the Italian bourse with a market capitalization of over \$6 billion.

Vection Technologies is actively seeking to add global experienced professionals to its advisory board, to strategically position as a global leader in **INTEGRATEDXR®**.

- **Verticalization:**

The Company's verticalization strategy has continued to demonstrate a strong commercial validity, diversifying **INTEGRATEDXR®** sales by industry, service, and product. Strong growth opportunities in currently underserved industry/vertical segments are expected to continuously increase during the 2023 fiscal year. Specifically, Vection Technologies has continued to set the foundations for incremental growth within the healthcare & pharma

division, media & communication, and defence, while gaining wider market footprint with strategic consultancy partnerships.

- **Technology Advancements:**

During fiscal 2022, Vection Technologies continued to invest in the development of its proprietary solutions & services suite of metaverse -related technologies, called **INTEGRATEDXR®**. The Company is forging a pathway for businesses to seamlessly adopt metaverse technologies within their workflows, through **INTEGRATEDXR®**, while many of its competitors are focussing on niche applications or developing custom customer-specific solutions. During the past four years, the Company has been expanding its patent portfolio in the EU and the U.S. and is currently seeking legal advice for protection strategies.

During fiscal 2022, Vection Technologies:

- Announced the launch of Mindesk for Autodesk Revit (ASX: 1 July 2021) gaining exposure to its ~11m AEC users², and the collaboration with Cisco Webex (ASX: 26 October 2021).
- Announced the creation of VRONE V-Pro, an integrated appliance layer for Virtual Production in the filmmaking industry. The solution was developed in partnership with LunoStudios and successfully tested with the largest LED wall in Europe, located within the largest film studio in Europe. (ASX: 2 May 2022)
- Unveiled 3DFrame for Webex by Cisco. 3Dframe is the no-code metaverse presentations App that brings Webex meetings' content to life. (ASX: 14 May 2022) Subsequently, Vection Technologies published this first-of-its-kind metaverse embedded app in the Webex App Hub. The 3DFrame embedded app enables Webex Meeting participants to engage in virtual environments custom built in a simple, no-code interface without ever leaving the Webex Meeting. The Company will separately announce the progression of this initiative to the market as applicable.

- **M&A Initiatives:**

Over the past four years, Vection Technologies has successfully conducted several value accretive acquisitions, with a view to reinforce its technology and commercial foundations to support its global expansion plans. The Company is in discussions with several potential targets to continue its growth trajectory and exceed objectives during the next 12 and 24 months. The Company will separately announce any material progression to the market as applicable.

Corporate Overview:

During the first half of fiscal year 2022, the Company:

- Issued 63,912,230 fully paid ordinary shares under its Listing Rule 7.1 capacity in consideration for the acquisition of JMC Group. (ASX: 4 August 2021)
- Issued 8,493,548 fully paid ordinary shares as a result of unlisted options being exercised. (ASX: 16 November 2021)
- Issued 60,000,000 fully paid ordinary shares pursuant to a \$12 million equity funding round. (ASX: 3 December 2021)
- Issued 32,500,000 unlisted options with an exercise price of \$0.25 per share and expiry 3 years from issue date, in consideration for lead manager services. (ASX: 3 December 2021)
- Issued 13,500,000 performance rights to directors as approved by shareholders at the Annual General Meeting held on 6 December 2021. (ASX: 31 December 2021)
- Issued 4,793,417 performance rights to Mr Jacopo Merli, as part of his employment agreement, and pursuant to the Company's Employee Incentive Performance Rights

- Plan, which will convert into fully paid ordinary shares on the achievement of audited revenue and/or audited EBITDA targets for JMC Group. (ASX: 31 December 2021)
- Issued 6,000,000 performance rights to staff, pursuant to the Company's Employee Incentive Performance Rights Plan. (ASX: 31 December 2021)
 - Issued 900,000 fully paid ordinary shares as a result of staff having achieved relevant milestones, pursuant to the Company's Employee Incentive Performance Rights Plan. (ASX: 31 December 2021)
 - Issued 500,000 fully paid ordinary shares in lieu of fees for advisory services (Red Leaf Securities PL). (ASX: 31 December 2021)
 - Issued 6,500,000 fully paid ordinary shares in accordance with the terms of the Company's Performance Rights Plan, to directors and staff. (ASX: 24 January 2022)
 - Advised that 50,000,000 Class A Performance Rights held by directors lapsed in accordance with the terms of their issue. Following this adjustment, 50,000,000 Class A Performance Rights remained on issue. (ASX: 7 February 2022)

Outlook:

During fiscal 2023, the global foundations built over the last four years are expected to generate increased global growth. From partnerships with Fortune Global 500 professional services companies to the development of innovative technology integrations, Vection Technologies is uniquely positioned to leverage the inevitable metaverse trend. The prospective M&A initiatives are expected to improve the outlook further significantly for fiscal 2023 aligned with the overarching growth strategy.

During fiscal 2023, the Company's growth channels are underpinned by:

- Sales growth driven by global partnerships with consulting firms.
- Platforms sales with technology partners.
- Direct sales leveraging the Company's global sales infrastructure.
- Achieving further synergies and growth from acquisitions performed in 2021.
- M&A activities to drive further growth.

8. Information on Audit

This Appendix 4E and Preliminary Final Report is based on financial statements which are in the process of being audited.

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Consolidated	
		30 June 22	30 June 21
Revenue			
Revenue	2	18,740,801	3,471,358
Expenses			
Acquisition Costs		21,387	(25,000)
Changes in inventories		(84,832)	339,512
Variable cost of sales		11,527,737	509,433
Employee benefits expense	3	4,839,626	1,162,401
Consulting and professional fees		2,884,098	1,449,195
Finance costs		95,557	111,091
Depreciation and amortisation		987,226	657,973
Impairment		20,364	84,909
Other expenses	3	2,677,009	1,381,832
Share based payments		1,292,269	129,869
Total Expenditure		24,260,441	5,801,215
Net loss before income tax expense from continuing operations		(5,519,640)	(2,329,857)
Income tax expense		(121,314)	(76,563)
Net loss after income tax from continuing operations		(5,640,954)	(2,406,420)
Discontinued Operations			
Loss for the year after income tax from discontinued operations		-	(36,469)
Loss after income tax expense for the year		(5,640,954)	(2,442,889)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Profit/(loss) from hedging instrument		77,737	
Exchange differences on translation of foreign operations		(435,951)	(300,071)
Total comprehensive loss for the period		(358,214)	(300,071)
Total comprehensive loss for the year		(5,999,168)	(2,742,960)
Loss for the year is attributable to:			
Non-Controlling Interest		(417,730)	(137,176)
Members of Vection Technologies Limited		(5,223,224)	(2,305,713)
		(5,640,954)	(2,442,889)
Loss per share for the year attributable to the members of Vection Technologies Limited			
Discontinued operations profit (loss) per share for the year (per share)		0.00	(0.004)
Continuing operations loss per share for the year (per share)		(4.146)	(0.262)
Overall basic loss per share		(4.478)	(0.244)
Overall diluted loss per share		(4.478)	(0.244)

ANNUAL REPORT AS AT 30 JUNE 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Consolidated	
	30 June 22	30 June 21
	Notes	
	5	5
Current Assets		
Cash and cash equivalents	14,869,095	7,083,890
Receivables	4 6,219,156	4,878,715
Inventories	1,341,235	1,083,871
Income tax receivable	18,213	16,855
Total Current Assets	22,447,699	13,063,331
Non-Current Assets		
Property, plant & equipment	287,807	239,957
Right-of-use asset	424,079	631,895
Intangible assets	17,878,192	19,437,289
Financial assets	40,526	63,149
Total Non-Current Assets	18,630,604	20,372,290
Total Assets	41,078,303	33,435,621
Current Liabilities		
Trade and other payables	6,996,672	3,615,025
Provisions	2,063,142	9,915,043
Employee benefits	78,251	36,299
Current tax liabilities	-	-
Lease liabilities	194,613	167,756
Borrowings	1,113,004	1,047,145
Total Current Liabilities	10,445,682	14,781,268
Non-Current Liabilities		
Provisions	774,176	1,869,262
Employee benefits	433,418	333,179
Deferred tax liabilities	616,155	599,128
Lease liabilities	286,293	529,926
Borrowings	2,501,017	3,175,131
Total Non-Current Liabilities	4,611,059	6,506,626
Total Liabilities	15,056,741	21,287,894
Net Assets	26,021,562	12,147,727
Equity		
Issued capital	45,081,391	27,502,218
Reserves	5,552,540	3,616,924
Accumulated losses	(24,612,369)	(18,971,415)
	26,021,562	12,147,727
Equity attributable to the members of Vection Technologies Limited	26,556,510	12,264,945
Non-Controlling Interest	(534,948)	(117,218)
Total Equity	26,021,562	12,147,727

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated	
	30 June 22	30 June 21
	\$	\$
Cash flows from operating activities		
Receipts from customers	17,529,571	2,566,597
Payments to suppliers and employees	(18,607,491)	(4,817,392)
Interest received	44,026	26,226
Interest paid / Finance costs	(95,557)	(76,061)
Tax paid	(105,645)	(24,175)
Net cash outflow from operating activities	(1,235,096)	(2,324,805)
Cashflows from investing activities		
Purchase of plant and equipment	(170,415)	(66,325)
Purchase of subsidiary (net cash acquired)	(21,387)	2,304,962
Payments for intangible assets	(1,832,807)	(1,330,163)
Net cash inflow from investing activities	(2,024,609)	908,474
Cash flow from financing activities		
Proceeds from issues of fully paid shares	12,951,277	7,485,000
Payment of transaction costs	(824,685)	(264,000)
Repayment of lease liabilities	(72,557)	(96,347)
Repayment of borrowings	(674,114)	-
Proceeds from borrowings	65,859	71,056
Net cash inflow from financing activities	11,445,780	7,195,709
Net increase in cash and cash equivalents	8,186,075	5,779,378
Cash and cash equivalents at the beginning of the financial year	7,083,890	1,584,715
Effect of movement in exchange rates on cash held	(400,870)	(280,203)
Cash and cash equivalents at the end of the financial year	14,869,095	7,083,890

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Consolidated					Total
	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Non-Controlling Interest	
	\$	\$	\$	\$		\$
Balance at 1 July 2021	27,502,218	(18,854,197)	3,790,499	(173,575)	(117,218)	12,147,727
Loss for the period		(5,223,224)			(417,730)	(5,640,954)
Other comprehensive (loss)/profit			77,737	(435,951)		(358,214)
Total comprehensive (loss)/profit for the period		(5,223,224)	77,737	(435,951)	(417,730)	(5,999,168)
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs	17,579,173					17,579,173
Share based payments			2,293,830			2,293,830
Acquisition of subsidiaries with Non-Controlling Interest						
Balance at 30 June 2022	45,081,391	(24,077,421)	6,162,066	(609,526)	(534,948)	26,021,562
Balance at 1 July 2020	22,376,991	(16,548,484)	104,362	126,496	-	6,059,365
Loss for the period	-	(2,305,713)	-	-	(137,176)	(2,442,889)
Other comprehensive loss	-	-	-	(300,071)	-	(300,071)
Total comprehensive loss for the period	-	(2,305,713)	-	(300,071)	(137,176)	(2,742,960)
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs	5,125,227	-	-	-	-	5,125,227
Share based payments	-	-	3,686,137	-	-	3,686,137
Acquisition of subsidiaries with Non-Controlling Interest	-	-	-	-	19,958	19,958
Balance at 30 June 2021	27,502,218	(18,854,197)	3,790,499	(173,575)	(117,218)	12,147,727

NOTE 1: BASIS OF PREPARATION OF THE FINAL REPORT

BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by the Vection Technologies Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The Preliminary Financial Report of Vection Technologies Limited and its controlled entities, comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the consolidated entity.

NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 2: REVENUE

The following is an analysis of the Group's revenue for the year.

	30 June 22	30 June 21
	\$	\$
REVENUE		
Integrated XR sales	18,170,788	3,079,330
Interest received	44,026	26,226
R&D Tax refund	280,306	190,661
Foreign exchange gain	178,392	-
Other revenue	67,289	175,141
TOTAL REVENUE	18,740,801	3,471,358

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	30 June 22	30 June 21
	\$	\$
Geographical regions:		
EMEA	15,150,825	2,703,878
APAC	3,209,215	665,227
AMER	380,761	102,253
	18,740,801	3,471,358
Timing of revenue recognition:		
Transferred at a point in time	15,637,871	2,959,808
Transferred over time	3,102,930	511,550
	18,740,801	3,471,358

NOTE 3: EXPENSES

	30 June 22	30 June 21
	\$	\$
EMPLOYEE BENEFITS		
Director Fees	742,591	457,050
Staff Wages & Amenities	4,097,035	705,351
TOTAL EMPLOYEE BENEFITS	4,839,626	1,162,401
OTHER EXPENSES		
Advertising & Marketing expense	817,846	250,457
Rent	604,476	133,176
Travel	204,110	151,653
Administration expense	1,050,577	846,546
TOTAL OTHER EXPENSES	2,677,009	1,381,832

NOTE 4: TRADE AND OTHER RECEIVABLES

	30 June 22	30 June 21
	\$	\$
Trade and other receivables	6,047,786	5,002,819
Expected credit loss allowance	(179,273)	(165,485)
	5,868,513	4,837,334
Prepayments	350,643	41,381
	6,219,156	4,878,715

NOTE 5: SEGMENT REPORTING

	Discontinued Operations	IT Development	Outsourced Services	Corporate	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2022					
Segment Revenue	-	15,513,835	3,110,533	116,433	18,740,801
Significant items					
Changes in inventories	-	84,832	-	-	84,832
Variable cost of sales	-	(10,261,800)	(1,265,937)	-	(11,527,737)
Employee benefits expense	-	(3,356,504)	(1,216,786)	(266,336)	(4,839,626)
Consulting and professional fees	-	(2,026,182)	(83,849)	(774,067)	(2,884,098)
Financing costs	-	(17,965)	(5,674)	(71,918)	(95,557)
Depreciation and amortisation	-	(928,481)	(1,037)	(57,708)	(987,226)
Other administrative expenses	-	(2,071,697)	(725,908)	(1,213,424)	(4,011,029)
Tax expenses	-	(121,314)	-	-	(121,314)
Segment operating loss after tax	-	(3,185,276)	(188,658)	(2,267,020)	(5,640,954)

	Discontinued Operations	IT Development	Outsourced Services	Corporate	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2021					
Segment Revenue	-	2,678,978	511,552	280,828	3,471,358
Significant items					
Changes in inventories	-	(339,512)	-	-	(339,512)
Variable cost of sales	-	(509,433)	-	-	(509,433)
Employee benefits expense	-	(884,874)	(118,229)	(159,298)	(1,162,401)
Consulting and professional fees	(9)	(1,065,481)	(25,178)	(358,527)	(1,449,195)
Financing costs	-	(81,521)	(2,031)	(27,539)	(111,091)
Depreciation and amortisation	-	(600,265)	-	(57,708)	(657,973)
Other administrative expenses	(36,460)	(1,526,203)	(21,167)	(24,249)	(1,608,079)
Tax expenses	-	(76,563)	-	-	(76,563)
Segment operating loss after tax	(36,469)	(2,404,874)	344,947	(346,493)	(2,442,889)

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