VECTION TECHNOLOGIES

INTEGRATEDXR® and AI-POWERED

31 August 2026, Australia

ASX RELEASE

Vection Technologies Reports FY26 Full Year Results

Earnings Inflection Confirmed: Adjusted EBITDA +596% to $3.8m; First Positive Operating Cash Flow; Dual Platform Engines Reaching Commercial Scale

PRO FORMA FY26 | Including DXLab contribution for the full year (unaudited)

$43.2m	$4.8m	$3.4m
+21.5% vs FY25 reported	+785% vs FY25 reported	EBITDA contribution $987k
Pro Forma Revenue	Pro Forma Adj. EBITDA	DXLab Pre-Acq Revenue

$42m	$3.8m	+$959k	$34m
+14% YoY	+596% YoY	First positive year	+157% YoY
Revenue FY26	Adjusted EBITDA	Operating Cash Flow	Net Assets
$6.0m	**65.1%**	**$41.5m**	**+75%**
+178% YoY	+18.3pp expansion	+21.9% YoY	NTA improvement YoY
Underlying EBITDA	Gross Margin	Customer Receipts	NTA per Share

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY, FRA:S1X) ("Vection" or the "Company"), a leading provider of **INTEGRATEDXR® and Artificial Intelligence-powered** digital transformation solutions, today released its preliminary unaudited financial results for the full year ended 30 June 2026.

FY26 marks an earnings inflection point for Vection. The Company delivered revenue growth of 16%, expanded Adjusted EBITDA by 596% to $3.8m, and generated positive operating cash flow for the first time in its history. Underlying EBITDA reached $6.0m. Underpinning these results are two commercial engines now operating at scale: multi-year contracted programmes generating structured order flow over multiple years, and the Algho AI platform, which secured contracts across more than ten enterprise verticals during the year. The Company substantially strengthened its balance sheet, with net assets more than doubling to $33.9m, also following a $21m institutional placement.

Gianmarco Biagi, Managing Director and Executive Chairman, Vection Technologies Ltd, commented:

"FY26 is the year we moved from building the platform to proving that it works at scale. Adjusted EBITDA increased nearly sevenfold, we generated our first positive operating cash flow, and we reduced debt while continuing to fund acquisitions and technology development. Our defence programme is progressing in line with the multi-year plan, Algho AI has established itself across more than ten verticals, and DXLabs is integrating well and on schedule. We enter FY27 with the strongest balance sheet in our history.

The Company has reached a level of organisation, product range&quality, and financial stability that lays the foundation for significant future growth. The question is no longer whether the model works, but how quickly we can scale it."

KEY HIGHLIGHTS

EARNINGS INFLECTION

- Revenue of **$42m**, up 14% on FY25, reflecting a structural shift toward recurring, higher-margin contracts.
- Adjusted EBITDA of **$3.8m**, up 596% from $0.5m in FY25, driven by gross margin expansion and operating leverage as platform investment matures.
- Underlying EBITDA of **$6.0m** (+178%), adding back $2.2m in one-off acquisition costs ($1.5m) and non-recurring restructuring charges ($0.7m).
- Operating cash flow of **+$959k**, the first positive full-year result in the Company's history (FY25: -$3.3m), demonstrating cash conversion from earnings.
- Net loss reduced 19.4% to **$7.5m** (FY25: $9.3m), with the trajectory pointing to profitability as the platform continues to scale. The loss also includes $3.8m of non-recurring share-based payment expense.
- Net Tangible Assets per share improved to **(0.41) cents** from (1.60) cents in FY25, reflecting the substantially strengthened equity base.

DUAL PLATFORM ENGINES AT SCALE

Defence — Multi-Year Framework Delivering Structured Order Flow

- $7.7m in defence orders secured (July 2025): a $7.2m extension to a European client's annual AI delivery plan, plus a $0.5m inaugural order from a new customer department.
- $22.3m multi-year framework with NATO-approved partner (September 2025, scalable to $29.5m): the largest contract in Company history, structured through December 2030. First order of **$7.8m** received in October 2025; further material orders are expected over the term of the framework.

- $2.2m FEDRA order (February 2026): first commercial delivery of the Company's proprietary Far Edge Data Retention Appliance under the $22.3m framework, launching a new high-margin product category.
- $1.64m ARR with a classified national security and law enforcement partner (March 2026): renewed in partnership with Dell Technologies, confirming multi-year recurring revenue in the defence sector.

Algho AI — Commercial Traction Across 10+ Enterprise Verticals

- ~$9.7m across two major channels in Q1 FY26 (July-September 2025): a $4.0m AI and XR framework with Omniacom Group for phased enterprise deployments in Italy, plus $5.7m in contracted projects through the Company's exclusive R&D partnership, both secured within the opening quarter of the financial year.
- ~$5.5m across 16+ new enterprise verticals (October 2025 and March 2026): $1.5m across agritech, cybersecurity, automotive, healthcare and public administration (October 2025), followed by ~$4m spanning HR, water utilities, rail transport, food & hospitality and regional innovation (March 2026), confirming the breadth of Algho AI platform adoption.
- ~$5.6m in new ARR and project contracts (June 2026): a ~$3.3m Accessibility Kiosk order for a new customer, embedding Algho AI in a purpose-built public terminal for airports and government offices; plus ~$2.3m across five sectors, including a ~$1.3m ARR component extending the recurring revenue base into FY27.

STRATEGIC AND CORPORATE HIGHLIGHTS

- $21m institutional placement (September 2025): proceeds funded the defence expansion programme, platform development and scalability, commercial development and organisation, and the DXLabs acquisition. **Net assets increased from $13.2m to $33.9m (+157%); total borrowings decreased by approximately $3m** to $16.0m despite the completion of two acquisitions during the year. **NFP, representing $6.7m of net debt, equates to 1.78x Adjusted EBITDA.**
- **DXLabs (Digital Experience Labs Pty Ltd) acquired (completed 30 March 2026):** a fast-growing Australian digital transformation and enterprise automation company with government and insurance sector clients. It contributed positively to Group earnings from the acquisition date; cross-selling opportunities across the INTEGRATEDXR® platform are being progressed.
- Significant commercial strengthening through structured partnerships and a new commercial organisation, enabling platform scalability, particularly across **defence, healthcare and retail.**
- Blank Canvas Studio divested (completed July 2026): proceeds of approximately $800k. The exit from the non-core creative studio sharpens the Group's focus on higher-margin technology and AI services.

FINANCIAL PERFORMANCE

The table below summarises the Group's consolidated financial performance for the year ended 30 June 2026, compared with the prior corresponding period.

Income Statement ($'000)	FY26	FY25	Change
Revenue	42,060	37,103	+14%
Gross Profit	25,948	16,867	+53.8%
Gross Margin	65.1%	46.8%	+18.3pp
Adjusted EBITDA (non-IFRS)	**3,779**	**543**	**+596%**
Underlying EBITDA (non-IFRS)	**6,011**	**2,161**	**+178%**
Net loss after tax	**(7,517)**	**(9,322)**	**-19.4%**
Basic EPS (cents)	(0.35)¢	(0.65)¢	+46%

Reconciliation: Adjusted EBITDA

Adjusted EBITDA of $3.8m excludes share-based payments of $3.9m and impairments of $1.8m. Underlying EBITDA of $6.0m further excludes $2.2m comprising $1.5m in acquisition costs and $0.7m in non-recurring and restructuring charges. These non-IFRS measures are presented to assist investors in understanding the Company's core operating performance and are not prescribed by Australian Accounting Standards.

Balance Sheet ($'000)	FY26	FY25	Change
Cash and cash equivalents	9,313	3,104	+$6.2m
Total current assets	44,811	33,837	
Total assets	89,649	76,340	
Total borrowings	16,032	18,982	-$3.0m
Total liabilities	55,719	63,108	-$7.4m
Net assets	**33,930**	**13,232**	**+157%**
Net Financial Position (NFP, net debt)	**(6,719)**	**(15,878)**	**+$9.2m**
NFP / Adjusted EBITDA	**1.78x**	**n/m**	
NTA per share	**(0.41)¢**	**(1.60)¢**	**+75%**

Cash Flow ($'000)	FY26	FY25	Change
Customer receipts	41,537	34,079	+21.9%
Operating cash flow	**+959**	**(3,285)**	**+$4.2m**
Investing cash flow	(9,575)	(7,729)	
Financing cash flow	15,209	6,108	
Net increase in cash	**6,593**	**(4,906)**	
Closing cash	**9,373**	**3,104**	**+$6.3m**

SUPPLEMENTARY INFORMATION: DXLAB PRO FORMA FULL-YEAR FY26

DXLab (Digital Experience Labs Pty Ltd) was acquired with an effective completion date of 30 March 2026. Vection's reported FY26 results include DXLab's contribution from the acquisition date only. The table below presents pro forma full-year FY26 figures, incorporating DXLab's unaudited results for the pre-acquisition period from 1 July 2025 to the acquisition date, to assist investors in understanding the combined earnings capability of the enlarged Group.

$'000	Vection Reported	DXLab Pre-Acquisition	Pro Forma FY26
Total revenue	**42,118**	**3,427**	**45,545**
Cost of goods sold	(12,857)	(1,079)	(13,936)
Employee expenses	(10,460)	(798)	(11,258)
Consulting and professional	(7,210)	(354)	(7,564)
Other operating expenses	(6,733)	(210)	(6,943)
Adjusted EBITDA	**3,779**	**987**	**4,766**

Note: DXLab pre-acquisition figures (1 July 2025 to the acquisition date) are unaudited. Pro forma Adjusted EBITDA excludes depreciation, amortisation, acquisition costs and share-based payments, consistent with the Group's Adjusted EBITDA definition. Intercompany eliminations, purchase price accounting adjustments and integration costs have not been applied to this supplementary schedule.

POST-PERIOD EVENTS

Since 1 July 2026, the Company has secured the following material orders and recorded the following events, demonstrating continued momentum into FY27:

- July 2026: **~$3.2m order from Retelit Digital Services**. Vection's Algho AI platform has been certified as Retelit's enterprise AI platform, with Retelit being one of Italy's leading IT services companies. Two Algho AI Appliances are installed at Retelit's DC Avalon 3 data centre, powering AI agent and model services delivered to business and government clients, including the banking sector.

- July 2026: **$7.5m three-year framework agreement with URBANnext SA**. Vection has executed a framework agreement with a Switzerland-based smart city technology company. URBANnext SA will utilise and commercialise the Algho AI platform across smart city, urban infrastructure and public services deployments, with a minimum annual commitment of $2.5m.
- August 2026: **$1.2m in non-dilutive Government R&D grant funding** received across Vection's AI, XR, Digital Health and Inclusive AI product programmes. The funding is non-repayable and improves the Company's working capital position while validating the quality of its R&D pipeline.

Combined post-period contracted value: **>$10.6m**, with further orders and framework deliveries expected through FY27.

OUTLOOK

Vection enters FY27 with a substantial contracted pipeline, a strengthened balance sheet and two platform engines — defence and Algho AI — operating at commercial scale, including across healthcare and retail. The Company's strategic priorities for FY27 are: further conversion of the defence framework into delivered revenue; acceleration of Algho AI across European, APAC and U.S. markets; integration of DXLabs to generate APAC EBITDA contribution; and continued improvement in cash conversion from the underlying earnings base.

The audited annual report and Appendix 4E will be released in the coming weeks following completion of the audit process.

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 technology company providing INTEGRATED**XR®** and Artificial Intelligence-powered digital transformation solutions. The Company helps organisations leverage digital data to bridge the physical and digital worlds through AI agents, extended reality interfaces and proprietary platforms including Algho AI. Vection Technologies is listed on the Australian Securities Exchange (ASX:VR1), trades on the U.S. over-the-counter markets (OTC:VCTNY) and is listed on Germany's Frankfurt Stock Exchange (FRA:S1X).

FORWARD-LOOKING STATEMENTS

Certain statements made in this release are forward-looking statements. These statements are not historical facts but are based on Vection Technologies' current expectations, estimates and projections. Forward-looking statements can generally be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and similar expressions. 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. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views 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 statements.