30 October 2026, Australia

ASX RELEASE

FY27 Q1 ACTIVITY REPORT AND APPENDIX 4C

Vection Technologies Ltd (ASX: VR1, OTC: VCTNY, FRA: S1X) ("Vection" or the "Company"), an Enterprise & physical AI Company, is pleased to release its Quarterly Activities Report and Appendix 4C Cash Flow Statement for the quarter ended 30 September 2026. The following report provides an overview of the Company's commercial activities, financial performance and cash position during the period, and up to the date of this announcement.

EXECUTIVE SUMMARY

Q1 FY27 delivered customer receipts of $6.4m, a 29% year-on-year improvement on Q1 FY26 ($5.0m). Net operating cash outflow narrowed to $0.2m, compared to $1.7m in Q1 FY26 and $4.3m in Q1 FY25. Three consecutive September quarters have each shown a materially lower operating outflow than the one before, reflecting the expanding contracted recurring revenue base providing a more resilient collection floor through the seasonal European trough.

The Company enters Q2 FY27 with a strong balance sheet, significant long-standing industrial partnerships, including Dell Technologies, Accenture, Xerox and Retelit, and continued delivery under the Defence framework, underpinning both domestic and international commercial growth and development.

Gianmarco Biagi, Managing Director and Executive Chairman, commented:

> *"The September quarter is, and has always been, Vection's softest operating period. European procurement and payment cycles slow materially from July through September, and our results reflect that seasonal reality every year, as a consequence of our European customers' summer shutdowns. The right benchmark is not the absolute figure, but the year-on-year Q1-to-Q1 trajectory, and on that measure the improvement is unambiguous.*
>
> *The structural driver of that improvement is the expansion of contracted revenue, which now provides a meaningful collection floor even when seasonal conditions delay payments. As contracted order books grow, the seasonal effect becomes proportionally smaller. That is exactly what we are seeing.*
>
> *We enter Q2 FY27 with continued Defence framework delivery underway, the Retelit and URBANnext frameworks entering their revenue-generating phases, and collaborations supporting our international expansion. The structural improvement in Q1 results is the outcome of decisions made in prior periods: building contracted recurring revenue that holds through the seasonal trough. We will continue executing on that strategy."*

PERIOD HIGHLIGHTS

Corporate:

- **Retelit Digital Services: Algho AI certified** as the designated reference AI provider for Retelit's full Italian enterprise, government and SME client base. Valued at approximately $3.2m, this is Vection's first reference-provider certification with a major enterprise network operator.
- **URBANnext SA (Switzerland): $7.4m three-year framework agreement** for Algho AI across European smart city and urban infrastructure markets, providing minimum contracted revenue of $2.5m per year. Vection's first significant European channel partnership.
- **Algho AI commercial traction** spans defence, banking, retail, healthcare, airports and public administration, confirming the platform's ability to serve structurally different client environments through a common technology base.
- **$2.0m also invested in intellectual property** during Q1 FY27, up from $1.3m in Q1 FY26, reflecting accelerated platform development across the INTEGRATEDXR®, Algho AI and KIOSK ecosystems as the Company scales its product roadmap.
- **DXLabs integration progressing on schedule**, full team retained, and cross-sell activity underway across the combined APAC customer base. DXLabs contributes $3.5m in annualised revenue and $0.8m EBIT.
- **NATO-aligned Defence framework ($22.3m, scalable to $29.5m, through FY30)** continues to deliver structured order flow. Further material orders are anticipated in Q2 FY27 in line with the multi-year delivery schedule.
- **Recurring revenue from a classified national security and law enforcement customer**, delivered through Dell Technologies AI Appliances, continues to provide contracted annual income with scope extensions anticipated through 2027.

Financial:

- **Customer receipts of $6.4m**, up 29% on Q1 FY26 ($5.0m), demonstrating the expansion of the contracted recurring revenue base.
- **Net operating cash outflow of $0.2m**, compared to $1.7m in Q1 FY26 and $4.3m in Q1 FY25. Three consecutive September quarters have each shown a substantially lower outflow than the one before.
- **Cash of $7.0m at quarter end**, up 204% on the $2.3m held at 30 September 2025, reflecting the strengthened balance sheet the Company carries into FY27 following the FY26 capital raise and $6.1m net debt reduction.
- **Interest costs paid fell to $86k**, compared to $258k in Q1 FY26, confirming the benefit of the $6.1m net debt reduction achieved during FY26.
- **Income taxes paid of $363k**, confirming profitable underlying operations across the Group's subsidiaries.

Q1 FY27 FINANCIAL PERFORMANCE

The September quarter is structurally the softest operating period for Vection, as European industrial and public-sector shutdowns from July through September temporarily delay both procurement and payment collection across the Company's predominantly European customer base. This pattern has been consistently noted in every prior Q1 report. The meaningful benchmark is the year-on-year Q1-to-Q1 trajectory, and that trajectory is positive across every material metric for the third consecutive year.

Metric ($)	Q1 FY27	Q1 FY26	YoY Change
Customer receipts	**~$6.4m**	~$5.0m	+29%
Net operating cash flow	**-$0.2m**	-$1.7m	+88%
Free cash flow	**-$2.5m**	-$3.0m	+$0.5m
Cash at quarter end	**$7.0m**	$2.3m	+204%
Interest costs paid	**$0.1m**	$0.3m	-67%
Investment (quarter)	**$2.0m**	$1.3m	+$0.7m

Q1 FY27 CASH FLOW DETAIL

The following breakdown shows the composition of Q1 cash movements, comparing Q1 FY27 against Q1 FY26.

Q1 Cash Flow ($'000)	Q1 FY27	Q1 FY26
INFLOWS		
Receipts from customers	6,429	4,977
Interest and other	13	1
Total operating inflows	**6,442**	**4,978**
OUTFLOWS		
Product manufacturing and operating costs	(3,183)	(2,552)
Staff costs	(1,212)	(1,014)
Administration and corporate costs	(427)	(683)
Research and development	(1,134)	(1,283)
Advertising and marketing	(205)	(188)
Leased assets	(54)	(169)
Interest and finance costs paid	(86)	(258)
Income taxes paid	(363)	(625)
Total operating outflows	**(6,664)**	**(6,772)**
Net operating cash flow	**(223)**	**(1,794)**
Net investing activities	(2,280)	(1,239)
Net financing activities	428	2,353
FX effect	(194)	(110)
Opening cash	9,313	3,104
Closing cash	**7,044**	**2,314**

VECTION TECHNOLOGIES LTD

ASX:VR1; OTC:VCTNY; FRA:S1X | ACN: 614 814 041

GLOBAL OFFICES

SYDNEY | SAN ANTONIO | MILAN | BOLOGNA | SIENA | BARI | ABU DHABI |

WEBSITE

www.vection-technologies.com

REGISTERED OFFICE

Level 5, 20 Bond Street
Sydney NSW 2000 - Australia

Investing outflows of $2.3m reflect $2.0m in intellectual property investment and $0.2m in entity-related payments. Financing activities were broadly neutral, with invoice-finance facility drawdowns ($4.6m) approximately matched by invoice-finance repayments ($4.2m) and repayments of long-term borrowings. The net cash movement of $2.3m reflects the investment programme and is consistent with the Company's platform development roadmap and its commercial and structural growth plans.

OUTLOOK

Vection enters Q2 FY27 with:

- **Defence framework delivery.** Further material orders are anticipated under the $22.3m NATO-aligned framework in Q2 FY27, in line with the multi-year delivery schedule running through FY30. Cumulative Defence programme orders stand at $30m, with $13.6m already delivered.
- **Algho AI revenue conversion.** The Retelit reference certification and the URBANnext $7.4m three-year framework both entered their active delivery phases during Q1 FY27. Revenue recognition from these engagements is expected to build through Q2 and into H2 FY27.
- **DXLabs cross-sell programme.** Integration is on schedule with the full team retained and cross-sell activity underway across the combined APAC customer base.

The Company remains focused on converting contracted order flow to delivered revenue, growing the proportion of recurring income, and maintaining cost discipline as the business scales through the seasonally stronger second and third quarters of FY27.

LISTING RULE 4.7C.3:

The aggregate payments to related parties and their associates included in the current quarter cash flows from operating activities totalled approximately $295k. These payments consisted of Directors' fees and salaries paid to directors. All payments were on normal commercial terms.

AUTHORISATION:

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

ENDS

INVESTOR RELATIONS CONTACT DETAILS

Lorenzo Biagi, Executive Director (Europe Based)
lorenzo.biagi@vection-technologies.com

Gianmarco Biagi, Managing Director and Executive Chairman (Europe Based)
gianmarco.biagi@vection-technologies.com

Cameron Petricevic, Independent Non-Executive Director (Australia Based)
cameron.petricevic@vection-technologies.com

ABOUT VECTION TECHNOLOGIES:

Vection Technologies is a global technology company specialising in Extended Reality (XR) and Artificial Intelligence (AI). We design integrated digital ecosystems that combine XR, AI and 3D data to transform how enterprises train people, design products, support operations and engage customers. Through immersive experiences, digital humans and intelligent platforms, we help organisations optimise processes, enhance collaboration, accelerate decision-making and create measurable business value across the entire enterprise lifecycle.

Vection Technologies is listed on the Australian Securities Exchange (ASX) with ticker code VR1, trades on the U.S. over-the-counter (OTC) markets under the symbol VCTNY, and is listed on Germany's Frankfurt Stock Exchange under the ticker S1X.

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. 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, that are difficult to predict and could cause actual results to differ materially from those expressed or implied in the forward-looking statements. 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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

VECTION TECHNOLOGIES LIMITED

ABN	**Quarter ended ("current quarter")**
93 614 814 041	30 SEPTEMBER 2026

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	6,429	6,429
1.2	Payments for		
	(a) research and development	(1,134)	(1,134)
	(b) product manufacturing and operating costs	(3,183)	(3,183)
	(c) advertising and marketing	(205)	(205)
	(d) leased assets	(54)	(54)
	(e) staff costs	(1,212)	(1,212)
	(f) administration and corporate costs	(427)	(427)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	13	13
1.5	Interest and other costs of finance paid	(86)	(86)
1.6	Income taxes paid	(363)	(363)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(223)**	**(223)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	(241)	(241)
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(2,003)	(2,003)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	79	79
	(c) property, plant and equipment	-	-
	(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 (Cash disposed on selling of business)	(114)	(114)
2.6	**Net cash from / (used in) investing activities**	**(2,280)**	**(2,280)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	4,608	4,608
3.6	Repayment of borrowings	(4,180)	(4,180)
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**	**428**	**428**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	9,313	9,313
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(223)	(223)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,280)	(2,280)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	428	428
4.5	Effect of movement in exchange rates on cash held	(194)	(194)
4.6	**Cash and cash equivalents at end of period**	**7,044**	**7,044**

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	7,044	9,313
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)**	**7,044**	**9.313**

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	295
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	19,224	18,760
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	19,224	18,760

7.5	**Unused financing facilities available at quarter end**	464

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.

The Company's financing facilities are summarised below:

Facilities	Lenders	Security	Avg Interest Rate	Maturity
Loans	Nab, Banca BCC Felsinea, Banca Chianti Credito Cooperativo, Banca Ifis, Banco BPM, Banco di Sardegna, Borsa del Credito, BPER, BPPB, Credimi- Lumen spv srl, Credimi-Perseveranza, Fondo Crescita, MCC Fabbrica intelligente, Mediocredito Centrale Invitalia, MPS, Opym, SGRAFFETTO, Simest, SMART&START, Unicredit	Secured	3.9%	2026 - 2035
Leasing	Dell Financial	Unsecured	5.3%	2027
Invoice finance	MPS, Intesa San Paolo, Unicredit, Banca di Bologna, Banca BCC Felsinea, Banca Chianti Credito Cooperativo	Unsecured	6.5%	Short-term
Bonds	Obbligazioni	Unsecured	7.0%	2035

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(223)
8.2	Cash and cash equivalents at quarter end (item 4.6)	7,044
8.3	Unused finance facilities available at quarter end (item 7.5)	464
8.4	Total available funding (item 8.2 + item 8.3)	7,508
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	34

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.

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: 30 October 2026

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.