

ASX: VR1

Equity Research

14th January 2025

SPECULATIVE BUY

Share Price \$0.036
Valuation \$0.12

52-Week Range \$0.007 - \$0.041
VR1 Shares Outstanding 1,350.5m
Options (\$0.018, exp. 11 Nov 2025) 270m
Performance Rights (VRAA) 23.3m
Performance Rights (VR11 – TDB) 34

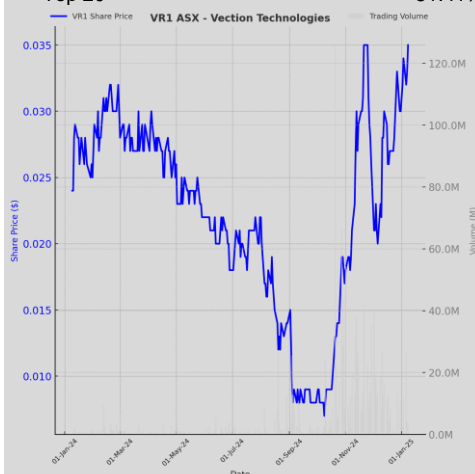
Market Capitalisation \$47.40m
Cash (30 Sep 2024) \$4.8m
Enterprise Value \$66.87m

Board & Management:

Marco Landi Proposed Chairman
Gianmarco Biagi Managing Director/CEO
Lorenzo Biagi Executive Director
Jacopo Merli Executive Director/COO
Gianmarco Orgnoni Non-Executive Director
Bert Mondello Non-Executive Director

Major Shareholders:

Officine 8K Srl 24.69%
Mr Jacopo Merli 4.94%
Cdp Venture Capital Sgr Spa 4.09%
Primo Ventures Sgr Spa 3.58%
Top 20 51.41%



Vection Technologies (VR1) is a global provider of innovative enterprise solutions that merge Artificial Intelligence (AI), Extended Reality (XR), and IoT to connect digital and physical worlds. The company's growth is driven by its flagship Algho platform, a scalable, AI-powered business ecosystem that enhances decision-making, streamlines operations, and boosts productivity. Vection has successfully moved beyond the proof-of-concept phase for Algho, with deployments across key sectors including education, transportation, and healthcare, demonstrating its transformative potential. The next step is a broader rollout targeting businesses of all sizes, from small and medium-sized enterprises (SMEs) to large corporations worldwide, unlocking growth opportunities across various industries.

Vection Technologies

Artificial Intelligence Meets Extended Reality

AI and XR Driving the Next Stage of Growth: Vection Technologies (VR1) is revolutionizing enterprise operations with its integrated Algho platform, which combines Generative AI, Extended Reality (XR), and IoT. The platform enables real-time data analysis, immersive experiences, and smarter decision-making. Through a strategic partnership with Dell Technologies, Algho is being introduced across sectors such as education, transportation, and healthcare, showcasing its transformative potential.

Addressing a Broad Market: Algho is an on-premise AI platform designed for businesses of all sizes, from SMEs to large corporations. By integrating AI, VR, and AR across the value chain, Algho empowers organizations to adopt advanced technologies. Its self-manageable, scalable, cost-efficient, and interface-agnostic design ensures accessibility for clients regardless of resources or infrastructure complexity. Leveraging open-source frameworks, Algho promotes collaboration, seamless integration, and adaptability to evolving business needs, unlocking efficiency and productivity gains.

Experienced Leadership Driving Innovation: Vection's management team, led by CEO Gianmarco Biagi, brings deep expertise in AI, XR, and enterprise solutions. Strategic partnerships, including collaboration with Dell Technologies, further enhance Vection's position as a leader in AI-powered enterprise solutions.

Investment Thesis

AI and XR Revolutionizing Business: The integration of Generative AI and XR is reshaping enterprise operations, driving unprecedented productivity gains. Platforms like VR1's Algho position Vection Technologies as one of the few listed companies capitalizing on this shift.

Expansive Global Market Opportunity: The Generative AI (GenAI), worth ~US\$2 billion in 2024, are projected to grow at ~80% CAGR. Vection Technologies is positioned to capitalize on this demand, leveraging its innovative solutions to capture market share and drive recurring revenue.

Innovative and Scalable Solutions: Businesses are increasingly adopting AI and XR tools to automate workflows, enhance collaboration, and gain real-time insights. Algho is expected to drive significant adoption and revenue growth, reinforcing its valuation potential.

Valuation

Vection Technologies' valuation is driven by the transformative potential of its Algho platform in the rapidly expanding AI and XR markets. A **Discounted Cash Flow (DCF)** analysis suggest an intrinsic valuation of **A\$0.12/share**, with upside to **A\$0.20/share**. These methods underscore the company's robust growth trajectory, fueled by increasing customer adoption, operational scaling, and high-margin opportunities in sectors such as real estate and retail.

Investments in innovations, including **Algho v2.0**, position Vection Technologies to strengthen its market leadership and capture significant value in these high-growth industries. The company's ability to leverage cutting-edge solutions and expand its market footprint solidifies its potential for delivering long-term shareholder returns.

Upcoming catalysts

Event	Expected Timeline
Q2 FY25 Earnings Release	February 26, 2025
Q4 FY25 Earnings Release	August 27, 2025
Integration of MYR Acquisition	Ongoing
Expansion of Dell Partnership	Ongoing
Algho AI Platform Updates	Quarterly
Ongoing Contract Wins	Ongoing

TABLE OF CONTENTS

1. Company Overview: Innovating with AI and XR Platforms	3
Product Overview Aligned with Business Needs	3
How Vection's Products Fulfill Business Needs	5
Services Offered by Vection	6
Industry-Specific Applications.....	6
2. VR1 Strategy and Market Outlook	7
Empowering Businesses Through Innovation	7
Results to Date – Laying the Foundation for Commercial Success.....	7
Near- and Longer-Term Growth Plans	7
Market Opportunity	7
Strategic Positioning.....	7
A History of Successful Acquisitions and the Strategic Rationale Behind Them.....	8
Technology Advantage: Integrated AI and XR Ecosystem	9
3. Strategic Partnerships.....	10
Strategic Partnerships: Expanding Market Reach and Capabilities....	11
4. Proven Success: Case Studies	11
Cometa – Revolutionizing Education Through XR and AI	11
Trenitalia – Enhancing Training in Transportation	12
New Business – Pivot to AI and XR with the Algho Platform.....	13
5. The Algho Advantage: A Tailored Solution for SMEs	15
The Challenge for SMEs in Implementing AI and XR	15
The Enterprise Data Management Opportunity	16
Features of Algho's Data Integration Workflow	17
Benefits of Automating Data Workflows with Algho.....	17
Key Aspects of the Algho Offering.....	17
6. Vection Technologies' Unique Position	20
7. VR1 Valuation and Financials	21
Financials and Revenue Outlook.....	21
Valuation	24
Key Risks	25
Capital Structure.....	Error! Bookmark not defined.
8. Investment Opportunity	25
Vection Technologies: A High-Potential Investment Opportunity	25
9. Leadership Team.....	26
Experienced Leadership and Strategic Vision Driving Innovation	26

All currencies are in Australian dollars unless otherwise specified.

1. Company Overview: Innovating with AI and XR Platforms

Vection is a global operating company specializing in the integration of Extended Reality (XR) and Artificial Intelligence (AI). The company focuses on developing innovative, data-driven enterprise solutions that seamlessly bridge the digital and physical worlds. Through its proprietary INTEGRATEDXR platform, Vection enables organizations to integrate XR technologies such as Virtual Reality (VR), Augmented Reality (AR), and Mixed Reality (MR) into their business processes.

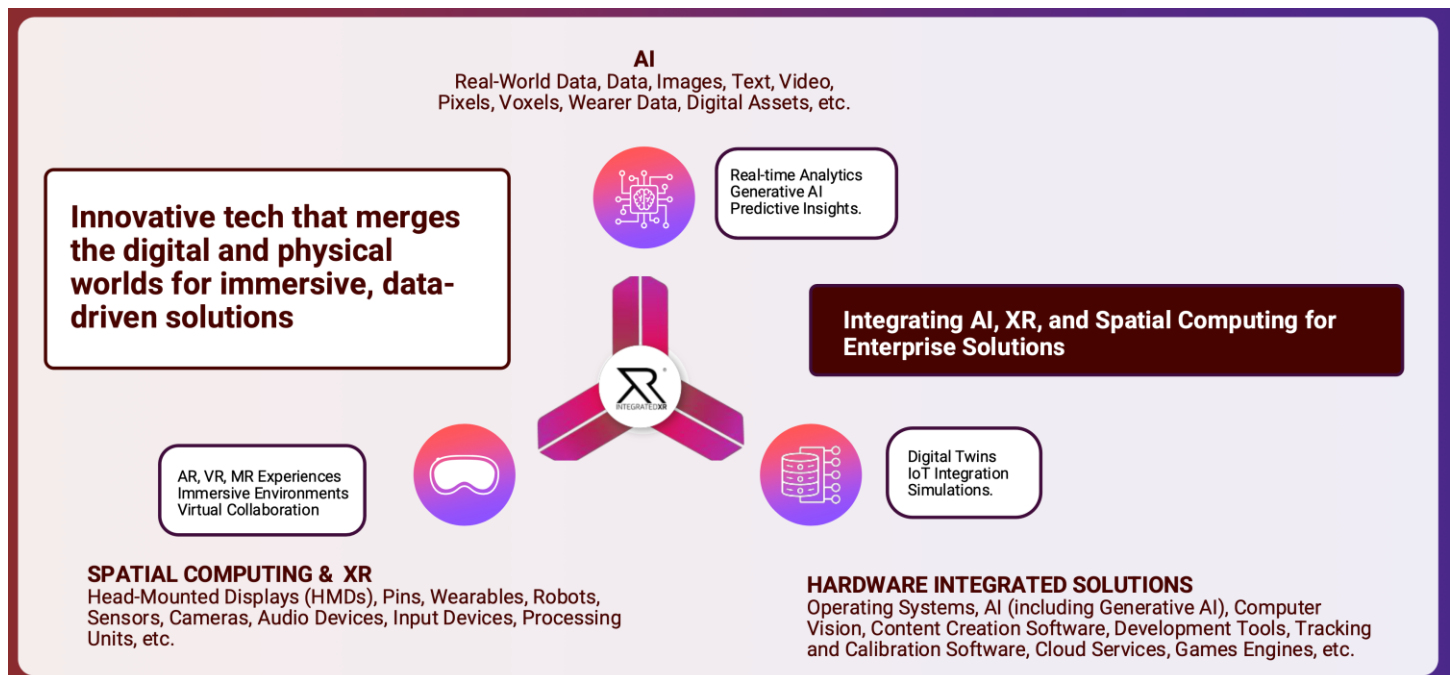
A core focus of the company is the combination of XR and AI to create immersive, intelligent applications. This integration enhances the efficiency of workflows, enables real-time data-driven decision-making, and provides a scalable foundation for digital transformation initiatives. Vection's solutions are applied across various industries, including healthcare, education, transportation, and public administration, to drive operational efficiency and foster innovation.

The company's product portfolio includes applications such as digital twins, real-time 3D visualizations, and virtual collaboration platforms. These technologies help businesses optimize their processes by providing real-time data and creating interactive environments that improve collaboration and decision-making. Vection's XR-based tools are designed to integrate seamlessly with existing enterprise systems while leveraging AI capabilities to automate workflows and optimize resource utilization.

Vection follows a clear strategy to expand the adoption of XR and AI in the business world. Its solutions target existing industry partners as well as small and medium-sized enterprises (SMEs) and larger enterprise clients globally. A particular emphasis is placed on the practical application and scalability of these technologies.

The company positions itself as a leader in combining XR and AI to drive technological advancements in business and support organizations in adapting to an increasingly digital and data-driven economy.

Figure 1.1 – Transforming Possibilities with AI, XR, and Spatial Computing



Source: Company data.

Product Overview Aligned with Business Needs

Vection's product suite addresses modern business challenges by offering immersive and interactive solutions that improve collaboration, streamline

workflows, and enhance customer engagement. Each product is designed to fulfill specific needs, integrating XR, 3D, and cutting-edge technologies to drive innovation and operational efficiency.

Mindesk: Transforming Design and Collaboration

Mindesk enables real-time interaction with 3D models in immersive VR environments, helping design teams collaborate efficiently and reduce errors in complex projects. It is ideal for industries where precision, collaboration, and fast iteration are critical, such as architecture, engineering, and manufacturing.

Key Benefits:

- **Real-Time Collaboration:** Teams can work simultaneously on 3D models, enabling instant feedback and updates.
- **Early Issue Identification:** Immersive VR environments help detect design flaws earlier, preventing costly project delays.
- **Workflow Integration:** Seamlessly integrates with industry-standard CAD tools, allowing teams to enhance their existing workflows without disruption.
- **Accelerated Project Timelines:** By enabling faster iterations and decision-making, projects can be completed more efficiently.

Enworks: Bridging Hybrid and Remote Work Needs

Enworks is tailored for organizations adapting to hybrid or remote work models, providing customized, interactive virtual workspaces that foster productivity and engagement. It bridges the gap between remote and in-person collaboration, helping teams maintain operational efficiency regardless of location.

Key Benefits:

- **Customizable Virtual Workspaces:** Create interactive environments tailored to team needs, including virtual meeting rooms and collaborative spaces.
- **Enhanced Team Communication:** Improves team interaction and alignment, ensuring seamless collaboration in hybrid settings.
- **Productivity Boost:** Facilitates project management and task execution in virtual environments, maintaining productivity levels in remote teams.
- **Adaptability:** Supports a range of industries and use cases, from brainstorming sessions to client meetings.

3D Frame: Accessible Immersive Experiences

3D Frame enables businesses to create and share interactive 3D content directly via a web browser. This eliminates the need for specialized software or hardware, making immersive experiences more accessible to diverse audiences. It is ideal for retail, education, and event management sectors where engaging and scalable solutions are critical.

Key Benefits:

- **Web-Based Access:** Allows users to interact with 3D environments from any browser, reducing technical barriers.
- **Immersive Presentations:** Enables the creation of visually compelling content for marketing, training, or educational purposes.
- **Cost Efficiency:** Eliminates the need for expensive hardware or software, making immersive technology accessible to businesses of all sizes.
- **Scalability:** Easily deployable across multiple use cases, from product showcases to virtual events.

Configurator: Revolutionizing Product Customization for Customers and Designers

The Configurator transforms product customization by enabling real-time visualization, modification, and purchase decisions. Using advanced 3D and AR technologies, it enhances customer experiences while streamlining the customization and prototyping process for designers and businesses.

Key Benefits:

- **Personalized Experiences:** Allows customers to tailor products to their preferences and empowers designers to explore variations and present tailored solutions effectively.
- **Enhanced Decision-Making:** Real-time 3D visualizations simplify understanding product features and configurations, leading to faster, more informed decisions.
- **Streamlined Design Processes:** Reduces iteration cycles and enhances collaboration with stakeholders, making it a valuable prototyping tool for design firms.
- **Higher Conversion Rates:** The interactive platform boosts customer confidence, driving sales and enabling quicker approvals for design projects.
- **Reduced Returns and Revisions:** Accurate product visuals minimize mismatched expectations, decreasing customer returns and design revisions.

The Configurator is a game-changer for both customers and designers, delivering efficiency, creativity, and satisfaction.

XR Kiosk: Enhancing On-Site Customer Interaction

XR Kiosk is designed for physical locations such as retail stores, trade shows, and exhibitions, offering immersive AR/VR-powered customer interactions. It helps businesses create memorable experiences that increase engagement and strengthen brand loyalty.

Key Benefits:

- **Immersive Customer Interactions:** Uses AR/VR technologies to create engaging experiences such as virtual product demonstrations or gamified applications.
- **On-Site Engagement:** Encourages customers to actively interact with products or services in a physical environment, blending digital and physical experiences.
- **Brand Differentiation:** Delivers unique and impactful experiences that set businesses apart from competitors.
- **Flexibility:** Can be deployed across various industries and events, from retail to marketing expos.

How Vection's Products Fulfill Business Needs

Vection addresses key business challenges through its innovative products:

- **Improving Collaboration and Workflow Efficiency:** Tools like Mindesk and Enworks enhance team productivity in hybrid and design-heavy environments by reducing bottlenecks.
- **Enhancing Customer Engagement:** Solutions such as Configurator, 3D Frame, and XR Kiosk enable businesses to create immersive and personalized customer experiences, boosting satisfaction and sales.
- **Driving Innovation and Competitiveness:** Leveraging advancements in XR, 3D, and AI, Vection's products transform workflows, making businesses more agile and competitive.

By delivering tailored solutions, Vection equips businesses to innovate, streamline operations, and achieve lasting success in a digital economy.

Services Offered by Vection

Vection provides a range of services to complement its AI- and XR-driven solutions, helping businesses fully harness their potential. Through consulting, custom development, system integration, training, and technical support, Vection ensures seamless implementation, scalability, and value creation.

Consulting services focus on identifying the most effective AI and XR applications for each client's needs. By analyzing workflows and business goals, Vection tailors solutions to deliver measurable outcomes. For specialized demands, custom development creates bespoke XR experiences and advanced AI integrations to align with operational objectives.

System integration connects Vection's platforms, like Algho, with existing enterprise systems, allowing businesses to leverage current infrastructure while adopting cutting-edge technologies. Comprehensive training programs enhance employee proficiency, streamlining onboarding and maximizing the impact of AI and XR solutions.

Ongoing technical support ensures long-term performance and reliability. Vection's team assists with troubleshooting, updates, and optimization, keeping solutions aligned with evolving business needs. Partnerships with industry leaders also ensure access to the latest AI and XR advancements, helping clients stay competitive.

By combining advanced platforms with robust services, Vection empowers organizations to implement, scale, and sustain AI and XR solutions, driving success in the digital age.

Industry-Specific Applications

Vection's innovative solutions are tailored to meet the unique challenges and opportunities of diverse industries. By **leveraging AI, XR, and 3D technologies**, the company empowers businesses to optimize workflows, enhance collaboration, and deliver exceptional experiences that drive growth and innovation.

In the **Engineering sector**, Vection's solutions improve processes and collaboration by providing real-time data visualization and immersive tools that enhance decision-making. This enables engineering teams to streamline their workflows, reduce inefficiencies, and deliver higher-quality outcomes.

The **Architecture, Engineering, and Construction (AEC)** industry benefits significantly from Vection's XR technology, which redefines project workflows. By offering real-time design reviews, immersive visualizations, and enhanced project management tools, Vection helps AEC professionals innovate and execute projects more efficiently, reducing errors and costs.

In the **Automotive industry**, Vection's technologies are transforming workflows to drive efficiency and productivity. From streamlining the design and prototyping process to optimizing manufacturing operations, Vection empowers automotive companies to adapt to the fast-paced demands of the industry while maintaining high standards of quality and performance.

For **Furniture retailers**, Vection's solutions create immersive retail experiences that blend the physical and digital worlds. By using 3D and AR technologies, furniture retailers can showcase their products in dynamic and interactive ways, helping customers visualize items in their own spaces and enhancing the shopping experience.

The **Fashion industry** leverages Vection's capabilities to enhance consumer brand engagement. Through personalized virtual try-ons, interactive product

displays, and immersive storytelling, fashion brands can connect with their audiences on a deeper level, driving customer loyalty and boosting sales.

Across these industries, Vection is at the forefront of driving innovation and efficiency. By tailoring its solutions to the specific needs of each partner, the company delivers transformative tools that empower businesses to stay competitive, adapt to changing markets, and unlock new opportunities for growth.

2. VR1 Strategy and Market Outlook

Empowering Businesses Through Innovation

Vections' solutions empower businesses to address real-world challenges, enhance collaboration, and improve decision-making. By bridging the gap between physical and digital realms, Vection enables enterprises to redefine their operations, elevate customer engagement, and drive growth in a rapidly evolving digital economy.

Results to Date – Laying the Foundation for Commercial Success

Vections' Algo platform has successfully completed its proof-of-concept (POC) phase and transitioned into advanced commercial deployment. The platform has already demonstrated its transformative impact across various industries. A key milestone is the launch of the Algo Appliance, a hybrid hardware-software solution that integrates advanced deep-learning models and machine learning algorithms, providing businesses with a highly scalable AI platform.

Strategic partnerships, such as the collaboration with Dell Technologies, have significantly expanded the platform's global market reach, strengthening its position as an innovative enterprise solution.

Near- and Longer-Term Growth Plans

With the successful launch of the Algo Appliance, Vection has laid the groundwork for broader commercial adoption. This platform combines optimized large language models (LLMs) with proprietary AI algorithms to deliver context-specific insights and domain-tailored intelligence.

The next phase focuses on expanding into additional industries and markets, leveraging the high growth rates of the AI and XR sectors (projected CAGR of ~80% for AI workflows). With a comprehensive product strategy, Algo is well-positioned to support businesses in their digital transformation journeys and drive sustainable long-term growth.

Market Opportunity

According to Precedence Research, the global AI market is expected to reach US\$638 billion by 2024, with a compound annual growth rate (CAGR) of 19%. Within this, the Generative AI (GenAI) segment is projected to grow at an impressive CAGR of 42%, reaching US\$80 billion, according to Bloomberg Intelligence.

Vections' Algo platform targets specialized segments such as GenAI-powered workflows, XR applications, and business services. These segments are estimated at ~US\$2 billion in 2024 and are expected to grow significantly, potentially reaching ~US\$174 billion by 2032 (CAGR of ~80% p.a.). Even modest adoption of Algo's solutions could drive substantial revenue and earnings growth for Vection.

Strategic Positioning

With the successful launch of the Algo Appliance and continued scaling of its AI and XR solutions, Vection is well-positioned to capitalize on strong thematic tailwinds driving demand for digital transformation. Operating at the right time and in the right place—with a European base and an internationally scalable platform—Vection stands out as a leading provider of innovative enterprise solutions. Its ability to integrate Generative AI and XR into practical applications

underscores its pivotal role in transforming enterprise operations and creating competitive advantages in an increasingly digital economy.

A History of Successful Acquisitions and the Strategic Rationale Behind Them

Vection has consistently pursued targeted acquisitions to enhance its technological capabilities, expand into new markets, and diversify its offerings. Each acquisition aligns with the company's strategic vision to strengthen its leadership in AI and XR technologies and deliver transformative enterprise solutions.

2016 – ServTech Global Holdings

Vection began its journey as *ServTech Global Holdings*, focusing on IT services and digital transformation. The company provided outsourced IT solutions across various industries, laying the foundation for future growth.

2019 – Officine 8K

With the acquisition of *Officine 8K*, Vection shifted its focus from IT services to immersive digital solutions. This marked its entry into AR/VR software, significantly enhancing its capabilities in virtual and augmented reality.

2020 – Mindesk

The acquisition of *Mindesk* brought real-time CAD and VR capabilities for design and engineering into Vection's portfolio. This was particularly transformative for industries like architecture, engineering, and construction, where real-time visualization and immersive collaboration are critical.

2021 – JMC Group

In 2021, Vection acquired *JMC Group*, expanding its footprint in the European market. This acquisition strengthened Vection's AI and digital twin capabilities while introducing expertise in real-time software development for manufacturing and engineering industries.

2021 – Blank Canvas

That same year, the acquisition of *Blank Canvas* added innovative 3D and VR tools for marketing and brand engagement. This enabled Vection to offer tailored solutions for creative industries such as retail and fashion, meeting the growing demand for immersive customer experiences.

2023 – Invrsion

The acquisition of *Invrsion* further strengthened Vection's VR solutions for retail experiences. This move expanded the company's presence in the retail industry and provided specialized, immersive solutions for the digital retail environment.

2024 – MYR

In 2024, Vection acquired *MYR*, enhancing its digital prototyping capabilities specifically for the fashion industry. This strategic move solidified Vection's position in high-value, creative industries.

2024 – The Digital Box

The most recent acquisition of *The Digital Box* integrated generative AI capabilities and advanced XR technologies into Vection's platform. This has

enabled the company to deliver even more powerful and innovative solutions to its clients.

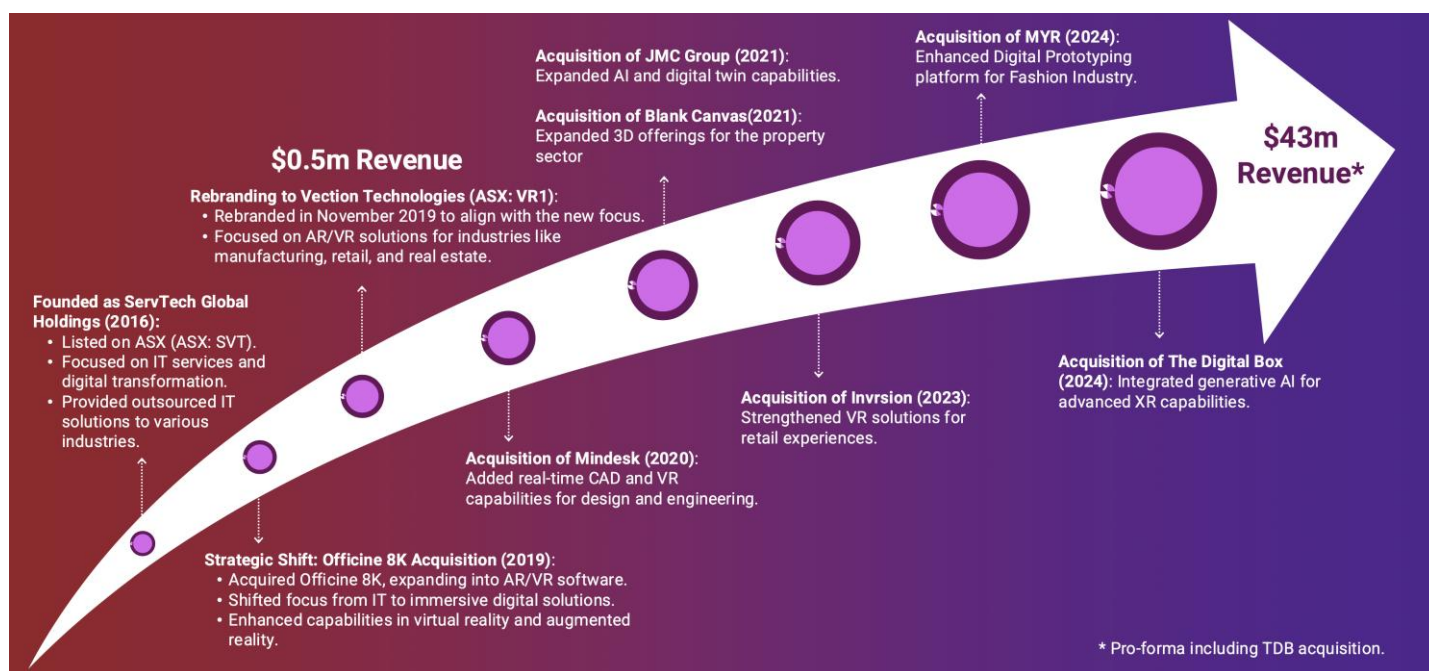
Strategic Rationale

The rationale behind these acquisitions lies in Vection's commitment to long-term growth and innovation. Acquisitions such as *Mindesk* and *The Digital Box* have enhanced the company's technological capabilities, while *JMC Group* and *Invrision* have supported geographic expansion and market penetration. Simultaneously, acquisitions like *Blank Canvas* and *MYR* have diversified Vection's market offerings, enabling tailored solutions for industries such as retail, fashion, and real estate.

By integrating expert teams specializing in AI, XR, and software development, Vection has strengthened its ability to innovate and deliver cutting-edge solutions. A focus on seamless integration has further ensured operational alignment and created synergies to drive efficiency and value creation.

Looking ahead, Vection plans to expand into high-growth markets such as North America and the Asia-Pacific region, while targeting emerging industries like healthcare and real estate. This strategic acquisition-driven approach positions Vection as a key player in the AI and XR markets, enabling sustained growth and long-term value creation for its stakeholders.

Figure 2.1 – A history of successful acquisitions



Source: Company data.

Technology Advantage: Integrated AI and XR Ecosystem

Vection's unique Integrated AI and XR Ecosystem establishes the company as a leader in the enterprise solutions market. Unlike competitors that offer standalone AI or XR tools, **VR1 unifies Artificial Intelligence (AI), Extended Reality (XR), and IoT within a single, comprehensive platform.** This integrated approach enables seamless connectivity between **hardware, real-time 3D data, and AI-driven insights**, creating immersive and data-rich environments that enhance decision-making, improve collaboration, and **optimize operational efficiency.** By bridging the gap between physical and digital realms, Vection provides businesses with solutions that are both forward-looking and practical.

One of the defining aspects of Vection's approach is its ability to cater to both **B2B and public sectors**, addressing the unique challenges of industries such as education, healthcare, transportation, and real estate. In education, the company offers tools for virtual learning environments and immersive training simulations, empowering institutions to modernize and enrich their teaching methods. In healthcare, Vection's solutions support medical professionals with interactive visualization tools for patient care, training, and remote collaboration. The transportation sector benefits from real-time insights that improve infrastructure planning, maintenance workflows, and safety measures. Meanwhile, in real estate, Vection's technology transforms property marketing and development processes through digital twins, 3D visualizations, and virtual walkthroughs, providing clients and stakeholders with enhanced interactivity and transparency.

Vection's solutions are built with **scalability and accessibility** in mind, ensuring that businesses of all sizes can leverage advanced AI and XR capabilities. The Algho platform, known for its cost efficiency and integration-ready architecture, is designed to meet the diverse needs of enterprises, from small and medium-sized businesses (SMEs) to large corporations. This adaptability allows businesses to modernize workflows, remain competitive in evolving markets, and achieve growth through innovative, data-driven strategies.

Strategic partnerships further strengthen Vection's position in the market. Collaborations with global leaders like **Dell Technologies** amplify the company's reach, enabling it to deliver tailored solutions at scale and enhancing its credibility as a reliable, future-focused partner. These alliances not only expand the accessibility of Vection's offerings but also ensure that its clients benefit from cutting-edge advancements and global support networks.

The growth potential for AI and XR markets further underscores the significance of Vection's positioning. The global AI market is expected to reach \$638 billion by 2024, with a compound annual growth rate (CAGR) of 19%, while XR technologies are projected to grow even faster, with AI-powered XR applications anticipated to reach \$174 billion by 2032 at a CAGR of 80%. By integrating AI and XR technologies into a unified platform, Vection's is uniquely equipped to capitalize on these rapidly expanding markets, offering solutions that address real-world challenges while empowering businesses to innovate and grow.

With its **comprehensive ecosystem**, adaptable **product offerings**, and **strong industry partnerships**, Vection is not only driving operational transformation but also delivering long-term value to its clients. The company's integrated approach and focus on practical applications set it apart as a pioneer in the evolving landscape of AI and XR enterprise solutions.

Figure 2.2 – Technology Advantage

Integrated AI and XR Ecosystem

- Vection offers a unique, all-in-one ecosystem that combines AI, Virtual Reality, and Augmented Reality, allowing seamless integration across the entire business value chain.

Ecosystem for B2B and Public Sector

- Our technology is designed specifically for professional applications in B2B and Public Administration, making it adaptable and highly relevant to enterprise needs.

SmartXR: All-in-One Solution

- SmartXR integrates hardware, real-time 3D data, and AI to create an immersive, data-driven experience for smarter decision-making.

Spatial Computing and IoT Integration

- Supports real-time data analysis through spatial computing and IoT, ideal for advanced applications like digital twins and simulations.

Source: Company data.

3. Strategic Partnerships

Vection stands at the forefront of technological innovation, supported by an ecosystem of strategic partnerships and a leadership team with unparalleled expertise. Together, these factors empower the company to deliver cutting-edge solutions that redefine enterprise operations, bridging the physical and digital

worlds through AI and XR. These alliances and leadership initiatives reflect a commitment to innovation, scalability, and long-term value creation.

Strategic Partnerships: Expanding Market Reach and Capabilities

Dell Technologies: A Flagship Collaboration

One of the most significant partnerships for Vection is its collaboration with Dell Technologies, a global leader in IT infrastructure and solutions. This partnership combines Dell's extensive hardware expertise with VR1's AI and XR platforms, significantly enhancing VR1's market presence and technical capabilities.

As part of this collaboration, the **Algho platform** was launched in the EMEA region, resulting in an initial sale valued at approximately **USD 0.5 million**. The integration of VR1's solutions into Dell's global ecosystem provides access to a broad market, including small and medium-sized enterprises (SMEs) and large corporations across various industries.

Key Elements of the Partnership:

- **Integration into Dell's Distribution Network:** VR1's solutions are embedded into Dell's global ecosystem, enabling seamless scalability and broad market penetration.
- **Customized Hardware-Software Bundles:** Dell delivers high-performance computing solutions specifically optimized for Algho's AI and XR requirements, ensuring smooth integration and peak performance.
- **Sector-Specific Campaigns:** Together, Dell and VR1 target high-growth industries such as **healthcare, education, and real estate**. Co-branded initiatives showcase the transformative potential of AI and XR technologies.

This strategic partnership positions Vection as a leading provider of AI-powered enterprise solutions. By combining Dell's global reach and hardware expertise with VR1's innovative platforms like Algho, this collaboration opens up new opportunities to deliver transformative solutions across industries and secure long-term growth.

4. Proven Success: Case Studies

Cometa – Revolutionizing Education Through XR and AI

Cometa, a leader in educational innovation, leverages Vection Technologies' XR ecosystem to enhance the training capabilities of educational institutions. Cometa has adopted the Algho platform to improve operational workflows, personalize learning experiences, and deliver immersive training environments. Through a structured three-year partnership, Cometa aims to scale the deployment of Algho across 500 institutions, generating an expected A\$3.6 million in subscription revenue by FY25. This project demonstrates the transformative potential of VR1's AI-powered solutions in the education sector.

Figure 4.1 – Cometa – Case Study

Educational Sector

Vection Technologies has provided its XR-based ecosystem to Cometa to extend the potential of educational institutions' training offerings, specifically **enhancing school laboratories**.

- Agreement with Cometa structured over a 3-year period
- Revenue includes:
 - Licences for teachers and students
 - Content and software for teachers and students
 - Remote assistance
 - Software updates
- Cometa committed to selling the project to 500 institutions.
- Expected revenue: \$3.6m in subscription revenue over FY25



Source: Company data.

Trenitalia – Enhancing Training in Transportation

Trenitalia, Italy's leading train operator, has partnered with Vection to implement virtual and augmented reality solutions for on-the-job training. The partnership focuses on developing operational scenes and procedures within a virtual environment, boosting employee safety and reducing equipment risks. This collaboration highlights the effectiveness of Vection's solutions in enhancing real-world applications, showcasing the scalability of Algho to other high-impact industries like logistics and manufacturing.

These existing projects serve as proof-of-concept for VR1's advanced technology, paving the way for broader adoption across diverse sectors globally.

Figure 4.2 – Trenitalia – Case Study

Transportation Sector

Vection Technologies has provided solutions to Trenitalia to strengthen its training offerings, specifically enhancing on the job training.



Source: Company data.

New Business – Pivot to AI and XR with the Algho Platform

Vection's Algho platform is an advanced, AI-powered Business Operating System (BOS) that seamlessly integrates Generative AI (GenAI), Extended Reality (XR), and IoT into a unified solution. This groundbreaking platform is designed to revolutionize how businesses manage workflows and resources, addressing specific challenges such as complex and time-consuming processes, limited resources, and the traditionally high costs associated with implementing innovative technologies.

The Algho platform focuses specifically on the needs of small and medium-sized enterprises (SMEs). While large corporations often have substantial budgets and dedicated IT teams, SMEs face the challenge of staying competitive with limited resources. Algho provides a solution by making access to advanced AI and XR technologies more accessible and affordable.

By integrating Generative AI, Algho empowers businesses to handle complex tasks such as data analysis, decision-making, and process automation efficiently. The platform's XR functionalities create immersive environments that can be used for training, design reviews, or virtual collaboration. Enhanced by IoT technologies, which integrate real-time data from physical devices and processes, Algho bridges the gap between the digital and physical worlds seamlessly.

A standout feature of the platform is its user-friendly design and cost-effectiveness. Algho is built to deliver transformative results with minimal technical resources and training, making it particularly attractive to SMEs that may have been deterred by the complexity and expense of modern technologies.

By adopting the Algho platform, businesses can:

- **Enhance Efficiency:** Automation and AI-driven decision-making optimize workflows and reduce manual errors.
- **Boost Innovation:** XR technologies open new opportunities for product development, customer engagement, and training.
- **Maximize Resource Utilization:** Achieve significant results with minimal resources.
- **Capitalize on Market Opportunities:** Algho enables businesses to respond quickly to market changes and remain competitive.

The Algho platform positions Vection as a leading provider of AI and XR solutions, particularly for SMEs. It offers not just a technological solution but also a clear value proposition for businesses aiming to advance their digital transformation without overburdening their limited resources. With Algho, businesses can not only keep pace with technological advancements but also set new standards for efficiency and innovation in their industries.

The Offering – Automating Workflows, Elevating Collaboration, and Boosting Business Performance

Algho automates routine workflows and leverages AI-driven micro-roles and XR-powered visualizations to increase productivity, improve decision-making, and align operations with real-time data. Targeted specifically at the underserved SME segment, the platform enables businesses to

transition from a manual “co-pilot” approach to an AI-driven “autopilot” model, automating up to 80% of tasks. This allows employees and management to focus on strategic challenges, creativity, and customer satisfaction.

Over time, the platform adapts to automate increasingly complex workflows, driving efficiency and ensuring alignment with organizational goals.

Unlocking Competitive Advantage Through AI and XR

Algho empowers businesses to dynamically rearchitect workflows in response to real-time data, improving operational agility and decision-making. Its unique combination of GenAI and XR capabilities positions enterprises to capture new

value, maintain a competitive edge, and deliver enhanced customer experiences. By automating routine tasks and enabling data-driven insights, Algho equips SMEs with the tools needed to thrive in an AI-first economy, outpacing competitors reliant on traditional methods.

This shift to AI- and XR-driven operations ensures Vection remains at the forefront of enterprise transformation, driving productivity and innovation across industries.

The Rollout – Starting with Proven Case Studies

Vection is utilizing its Algho platform to transform enterprise operations through collaborations with partners such as Cometa and Trenitalia. These implementations demonstrate Algho's ability to automate routine workflows, improve decision-making, and create immersive experiences. For example, Cometa leverages Algho to optimize operational workflows in education, while Trenitalia integrates XR-based training modules to enhance safety and efficiency. These successful deployments pave the way for broader commercial adoption across various industries.

Version 1.0 Platform

Vection is refining its version 1.0 Algho platform with a focus on seamless onboarding, system integration, real-time AI inference, and enhanced user experiences. The platform's architecture is designed for scalability, allowing businesses to integrate Algho effortlessly into existing systems.

To support this development, Vection is expanding its multidisciplinary team of engineers, AI specialists, XR designers, and project managers, ensuring smooth and efficient implementation across industries.

With its emphasis on continuous improvement and strategic partnerships, the Algho platform is well-positioned to revolutionize operations across diverse sectors, delivering significant value for both SMEs and large enterprises.

Figure 4.3 – Algho's Future Proof Configurations

The Algho Appliance offers different configurations to match client's existing and future needs.

Current installations can be easily empowered with a plug-an-play configuration or integrate with a third party solution.



ALGHO 4 EDGE

DELL XR4520c
Dual Node up to x2 NVIDIA L4
per node (24 GB RAM each)
coming soon

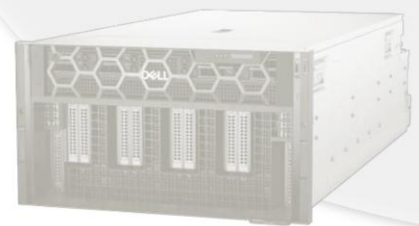


DELL R760XA
x4 NVIDIA H100 NVL
(94 GB RAM each)
ready to buy



ALGHO 4DC

DELL XE9680
x8 NVIDIA HGX H200 SXM5
(141 GB RAM each)
coming soon



Source: Company data.

Figure 4.4 – DELL Technologies

Leveraging Dell's entire salesforce to promote Vection's ecosystem, particularly Algho AI. Through this partnership, Vection gains access to Dell's expansive market reach, joint marketing initiatives, and co-hosting opportunities at major international events. With shared communication strategies and Dell's trusted brand presence, Vection's solutions are effectively positioned to reach Dell's clients worldwide, amplifying visibility and market adoption.

KEY Advantages

This partnership provides extensive EMEA and international market coverage, streamlining and accelerating the deal-making process. With a formal go-to-market approach through Dell's distribution network, our joint sales efforts become more efficient, supported by Dell's established direct purchase interactions.



Revenue Structure

Revenue generation with Dell follows a **reselling model**, not a commission-based structure

Source: Company data.

5. The Algho Advantage: A Tailored Solution for SMEs

We now turn to Vection's Algho platform as a core growth driver for the company. This AI-powered business operating system (BOS) provides an exciting opportunity for VR1 to demonstrate its capabilities through proof-of-concept (POC) deployments in education, transportation, and other key sectors. By automating workflows and leveraging advanced AI, Algho showcases how businesses can achieve cost savings, operational efficiencies, and maximize human capital.

The Challenge for SMEs in Implementing AI and XR

The widespread adoption of software-as-a-service (SaaS) has enabled businesses to access off-the-shelf solutions for specific needs. However, implementing a holistic AI and XR system remains particularly challenging for SMEs due to constraints in resources, expertise, and infrastructure.

Cost Remains the Largest Barrier

While SMEs can subscribe to various AI platforms, these tools often fail to meet the tailored demands of businesses, and the costs of custom solutions are prohibitive. Advanced AI models, particularly those trained on proprietary datasets, require significant investment. Industry estimates suggest that such models can cost US\$2–3 million to develop, with ongoing operational and update expenses adding to the financial burden. For example, OpenAI reports annual costs of A\$2 million over three years for maintaining advanced generative AI models. Additionally, hiring AI professionals or relying on external consultants to integrate these technologies can quickly exhaust budgets, with salaries for AI engineers averaging US\$400,000 annually.

SMEs Have the Most to Gain but Lack Access

Although SMEs stand to benefit significantly from Generative AI (GenAI) and XR technologies, they face challenges in terms of time, infrastructure, and knowledge to effectively implement these solutions. Current adoption rates of AI by SMEs remain relatively low - 25% in Australia, 25% in the US, and 32% in Europe - due to the complexity and costs involved.

Vection Technologies offers solutions designed to make advanced AI and XR capabilities accessible to businesses of all sizes, including SMEs. Their platforms

are built for seamless integration with existing systems, enabling companies to achieve transformative results with minimal effort.

While many SMEs currently see only incremental improvements in specific areas such as marketing or finance, they often miss out on the broader efficiencies achievable with more advanced technologies. Vection Technologies aims to bridge this gap by simplifying the adoption and utilization of AI and XR for SMEs, empowering them to unlock the full potential of these transformative technologies.

The Enterprise Data Management Opportunity

The global enterprise data management (EDM) market is projected to reach approximately US\$112 billion in 2024, according to Grand View Research, with a compound annual growth rate (CAGR) of 12%. This growth underscores the increasing importance of data as a strategic asset for businesses of all sizes. While small and medium-sized enterprises (SMEs) account for about one-third of this market and are expected to grow faster than the overall sector, large enterprises are also driving substantial investments in EDM to streamline operations and derive actionable insights from complex datasets.

For many businesses, the costs of data management pose a significant challenge. Typical annual expenses for data analytics range from US\$10,000 to US\$100,000 for smaller companies, while larger enterprises face significantly higher costs due to the scale and complexity of their operations. Traditional solutions require substantial resources to integrate diverse data sources and maintain accuracy across systems.

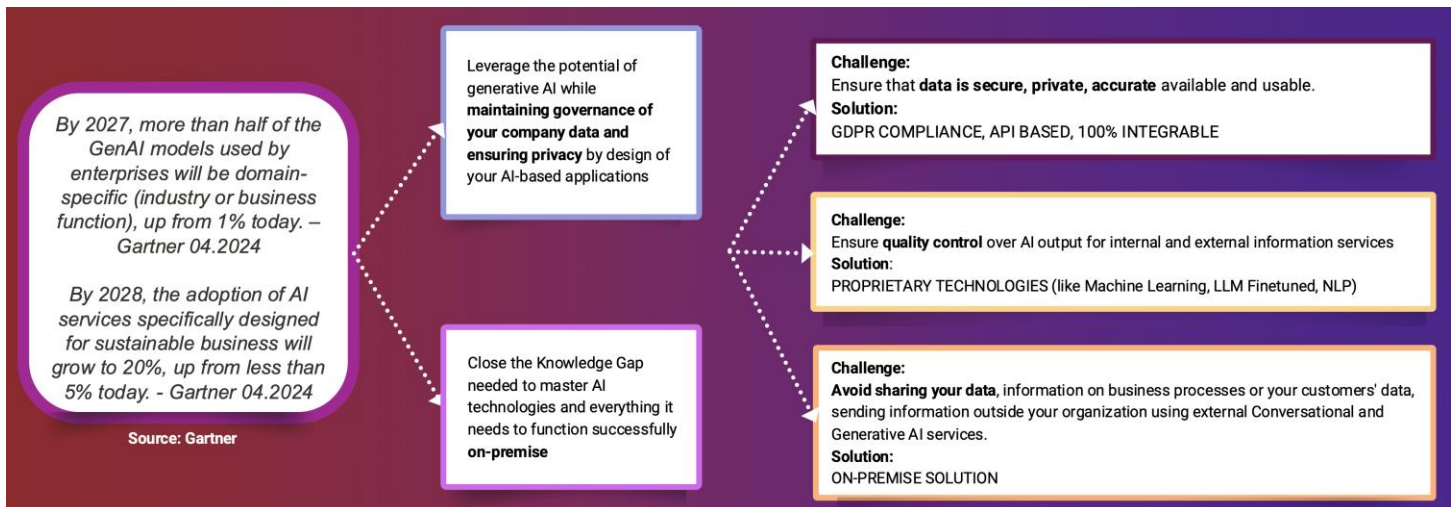
Vection's Algho platform addresses these challenges by offering an integrated, AI-powered solution that automates data collection, integration, and analysis. Unlike standalone analytics tools, Algho unifies enterprise data management processes into a single platform, reducing costs and improving efficiency. Its ability to handle diverse data types—such as PDFs, images, videos, and CSV files - enables businesses to extract and utilize valuable information that was previously siloed or underutilized.

Additionally, Algho's multi-agent architecture cross-references data from various sources, providing enriched and accurate insights. For incomplete datasets, the platform's specialized agents can identify gaps, retrieve missing information from internal or public sources, and ensure data integrity. This automated approach reduces manual workloads while enhancing decision-making capabilities by offering a holistic view of organizational data.

For large enterprises, Algho provides a scalable solution capable of managing vast and complex datasets across multiple departments. Meanwhile, businesses of all sizes benefit from its cost-effectiveness, eliminating the need for separate analytics tools and minimizing operational inefficiencies.

With the enterprise data management market continuing to expand, Algho positions itself as a transformative solution for businesses seeking to unlock the full potential of their data. By combining cost efficiency with advanced AI capabilities, Vection Technologies is poised to drive innovation and growth in a data-driven global economy.

Figure 5.1 – Challenges and Solutions



Features of Algho's Data Integration Workflow

Key features of this workflow include:

- **Seamless Integration:** Automatically connects and integrates various data types from databases, spreadsheets, and external APIs, eliminating manual entry and reducing errors.
- **Data Enrichment:** AI agents validate, link, and enrich information with contextual insights, providing a complete and reliable data set.
- **Real-Time Updates:** Ensures data remains current and accurate, supporting informed decision-making at every level.
- **Scalable Architecture:** Handles large data volumes efficiently, making it suitable for SMEs and large enterprises alike.
- **Auditability:** Records all activities for full traceability and compliance.

Benefits of Automating Data Workflows with Algho

- **Increased Efficiency:** Automates tedious data collection and entry processes, allowing human resources to focus on higher-value tasks.
- **Enhanced Accuracy:** Reduces human errors through automated validation and high-quality data integration.
- **Seamless Connectivity:** Integrates with existing business systems, ensuring uninterrupted workflows across tools and platforms.
- **Real-Time Insights:** Provides continuous updates, ensuring data accuracy for agile and informed decision-making.
- **Scalability:** Adapts to the size and needs of any business, from SMEs to large enterprises, effectively supporting evolving objectives.

By automating data workflows Vection's Algho platform delivers a holistic, scalable, and cost-effective solution that transforms how businesses manage and leverage their data.

Key Aspects of the Algho Offering

Innovative Whole-Business AI Approach

Vection Technologies' Algho platform is at the forefront of the AI revolution, offering a network of specialized AI micro-roles designed to manage a broad range of digital tasks across workflows. These function-agnostic micro-roles, available off the shelf, replace traditional vertically focused roles, delivering significant impact with minimal setup. Businesses can purchase pre-built AI workflows tailored to their industries. For example, a retail business can use Algho to optimize inventory management, process payments, monitor fraud, and handle

customer inquiries. These workflows are seamlessly aligned with organizational goals and designed to drive efficiency and growth.

The Algho platform is available in multiple deployment models, including Cloud, On-Premise, and Appliance, making it adaptable to diverse business needs. Through a strategic partnership with Dell Technologies, Algho has been launched in the EMEA region, marking the first implementation of its kind. This collaboration enables advanced enterprise-grade AI solutions to be deployed to Dell's sales teams and global customer base.

Additionally, Vection has acquired the Italian Generative AI company The Digital Box (TDB), whose core technology powers the Algho platform. This acquisition enhances Vection's AI and extended reality offerings, integrating generative AI capabilities into its existing technologies.

With these advancements, Vection Technologies solidifies its position as a leader in AI-driven and spatial computing solutions, empowering businesses with innovative tools to optimize operations and achieve strategic objectives.

Seamless and Efficient Data Integration

Algho enables seamless integration with structured and unstructured data sources, as well as APIs for popular SaaS platforms. By consolidating fragmented data into a unified and structured format, Algho creates a perfect foundation for AI-driven intelligence. Businesses can upload data spreadsheets, engage through conversational AI using natural language processing (NLP), or integrate Algho into tools like the Microsoft Office suite for real-time optimization. This ensures streamlined workflows and accurate forecasts derived from a single source of truth.

Real-Time Optimization and Trust Building

Algho operates continuously, providing real-time intelligence, decision-making support, and actionable insights to business leaders. Using its dynamic schema—a flexible database structure that evolves with incoming data—Algho connects business targets with real-time parameters like budgets and unit economics. This system enables businesses to track key performance metrics against goals and make immediate adjustments to stay on course. For instance, if a sales lead converts into revenue, Algho updates backend metrics in real-time, offering managers clear insights into progress toward revenue targets. This transparency fosters trust with stakeholders and ensures reliable operations.

Advanced Multi-Agent Model with High Fault Tolerance

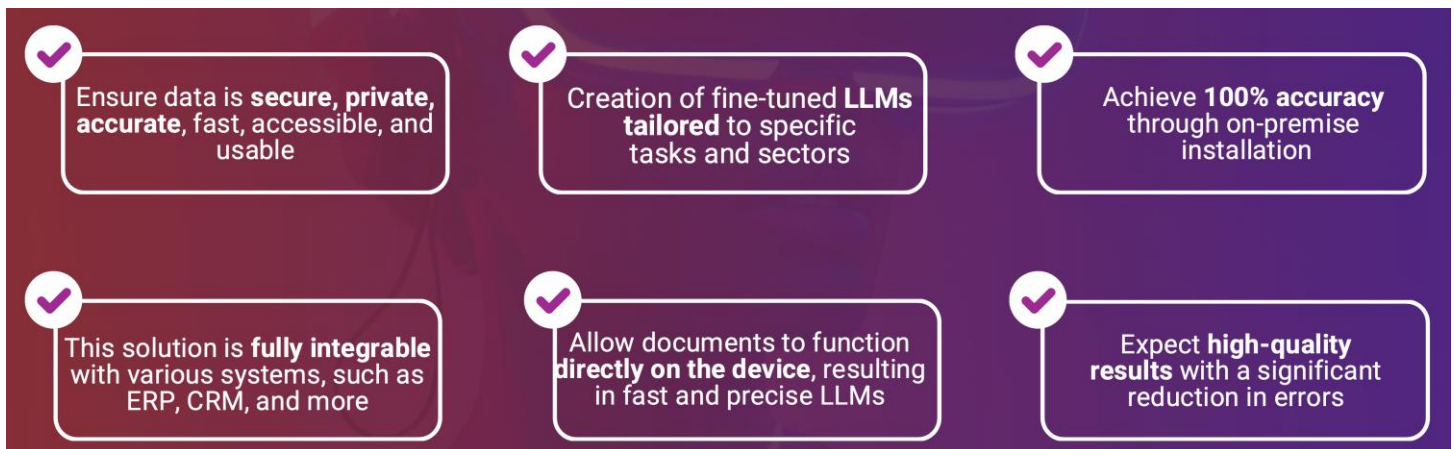
Algho's multi-agent AI architecture enhances scalability, efficiency, and robustness. Using hyperdimensional vectors, the platform optimizes data processing and reduces computational load across its agents while increasing fault tolerance. Even if one agent malfunctions or "hallucinates," other agents continue their tasks unaffected, ensuring the system's overall reliability. For example, in an eCommerce setting, Algho's agents could handle customer service, inventory updates, and personalized recommendations. If the customer service agent encounters an error, the system still ensures inventory management and recommendations function seamlessly, while a human-in-the-loop (HITL) system resolves the issue.

Unified AI-Powered Business Solution

Algho offers a holistic solution that goes beyond traditional SaaS models by dynamically aligning business metrics with performance-managed processes. This unified approach ensures that all business areas operate efficiently and synergistically. The platform evolves with data, staying ahead of the competition and addressing complex strategic questions.

By streamlining workflows, enhancing decision-making, and ensuring operational continuity, Algho positions businesses to succeed in an AI-driven world.

Figure 5.2 – Key advantages



Source: Company data.

Upcoming Catalysts for Vection Technologies

Vection demonstrates significant potential for future growth, driven by several key factors. While some of these catalysts have been confirmed through public sources, others may still be in the planning stages or not yet fully disclosed.

A confirmed growth driver is the strategic partnership with **Dell Technologies**, which included the introduction of the Algho platform in the EMEA region. This collaboration also involves the development of optimized hardware-software packages and co-branded marketing initiatives targeting industries such as healthcare and education. The partnership has already delivered initial results, including a first sale valued at approximately USD 0.5 million.

Additionally, Vection is building on its existing success stories, such as its projects with **Cometa** and **Trenitalia**. At Cometa, Algho is being implemented across more than 500 educational institutions to optimize workflows, while at Trenitalia, Algho-powered training modules are being rolled out across the transportation network. These projects demonstrate the scalability and cross-industry applicability of Vection's solutions.

Geographic expansion into high-growth markets, including North America and the Asia-Pacific region, is another key focus. Although specific details about this strategy are limited in publicly available sources, this approach aligns with the typical strategies of AI and XR companies seeking global growth.

Industry-specific solutions for sectors like healthcare and retail are also part of Vection's growth strategy. In healthcare, the company is integrating AI-enabled diagnostics with XR visualization tools, while in retail, it is enhancing 3D e-commerce solutions to deliver personalized customer experiences. These initiatives create new opportunities in sectors with high demand for cutting-edge technologies.

Some of the mentioned growth drivers, such as the launch of **Algho v2.0** with improved multi-agent AI systems, deeper integration with tools like Microsoft 365 and Salesforce, and enhanced no-code features, have not yet been publicly confirmed. Similarly, announced products like **XRKiosk 2.0** and expanded **3DFrame** functionalities may still be under development.

Financially, Vection aims to grow its **annual recurring revenue (ARR)** through new client acquisitions and subscription renewals. Strategic capital raises are

planned to fund research and development, as well as market expansion activities—a common strategy in the industry.

In conclusion, confirmed catalysts such as the partnership with Dell, the projects at Cometa and Trenitalia, and geographic expansion provide a solid foundation for Vection Technologies' growth. At the same time, potential products and features like Algho v2.0 and XRKiosk 2.0 indicate that the company remains committed to innovation to stay competitive in a fast-evolving market.

6. Vection Technologies' Unique Position

Vection has established itself as a leader in the dynamic and competitive markets of artificial intelligence (AI) and extended reality (XR) by offering an integrated platform called Algho. This platform combines AI, XR, and the Internet of Things (IoT) into a user-friendly and cost-effective solution tailored to meet **the needs of various industries**. Unlike competitors who often provide isolated solutions, VR1 enables its customers to holistically transform their business processes and seamlessly integrate different technologies.

The company stands out in both the AI and XR sectors through its flexible, **industry-specific applications**. For instance, VR1 has developed induction-based training solutions for the transport sector that help reduce training costs and enhance efficiency. In the retail sector, the company's XR technologies facilitate improved 3D product visualizations and personalized shopping experiences, while in the real estate sector, it provides virtual tours and interactive planning tools. These applications deliver tangible value and contribute to efficiency gains in their respective fields.

Figure 6.1 – Involved Sectors

 Finance	AP/AR -Invoices - Contracts	<ul style="list-style-type: none"> ◦ Automate data extraction and verification from documents ◦ Enhance monitoring, compliance, and risk management
 Healthcare	Medical records - Health insurance forms - Diagnostic reports	<ul style="list-style-type: none"> ◦ Improve access to patient information ◦ Facilitate medical review and analysis
 Logistics	Shipping documents - Transportation invoices - Warehouse documents	<ul style="list-style-type: none"> ◦ Digitize and organize warehouse documents to enhance traceability and operational efficiency
 Manufacturing	Supplier invoices - Purchase orders - Compliance documentation	<ul style="list-style-type: none"> ◦ Reduce errors and accelerate the procurement process ◦ Improve accounts payable efficiency
 Government	Identity documents - Regulatory and legal documents	<ul style="list-style-type: none"> ◦ Improve identity verification efficiency ◦ Speed up approval processes
 Education	Educational materials - Evaluation documents	<ul style="list-style-type: none"> ◦ Facilitate access and distribution of educational resources ◦ Simplify information access and result analysis
 Utilities	Utility bills - Supply contracts	<ul style="list-style-type: none"> ◦ Improve efficiency and reduce errors ◦ Streamline contract management

Source: Company data.

One of VR1's core strategies is global market expansion, focusing on high-growth regions like **North America, Europe, and the Asia-Pacific**, which hold significant potential for the adoption of AI and XR solutions. VR1 pursues a multidimensional strategy that includes forming strategic partnerships, adapting the Algho platform to regional requirements, and providing localized support. These measures not only enhance market presence but also increase customer satisfaction through readily available assistance and customized solutions.

Additionally, VR1 continuously **invests in next-generation technologies** and plans to launch Algho v2.0, which will feature enhanced functionalities such as

multicriteria AI models and deeper integrations with business tools. **Sustainability** also plays a key role in VR1's innovation strategy, as the company develops energy-efficient XR applications and AI solutions that optimize resource usage. The real-world impacts of VR1's solutions are substantiated by numerous case studies. For example, the company collaborated with Trenitalia and implemented an AI-powered training module that reduced training costs by 30% while boosting employee productivity by 20%. Such achievements underscore VR1's role as a trusted partner in supporting companies through digital transformation.

In summary, Vection, through its comprehensive innovation strategy, adaptation to specific industry needs, and commitment, is not only addressing current market demands but also actively shaping the future of AI- and XR-driven business solutions. With a clear vision and the right strategies, VR1 is well-positioned to leverage the potential of the digital economy and assist organizations of all sizes in becoming more efficient and competitive.

7. VR1 Valuation and Financials

Financials and Revenue Outlook

Vection Technologies is in a robust expansion phase, having successfully established the Algho platform and other innovative solutions in the market. The company has secured significant revenue streams and is collaborating with prominent customers across various industries. In Q1 FY25, recurring revenue increased by 140% year-on-year, reflecting the growing demand for Vection's offerings. Total revenue for FY24 reached AUD 32.82 million, and we project revenue growth to **AUD 51.50 million in FY25**, **AUD 60.50 million in FY26**, and **AUD 73.00 million in FY27** (forecast provided by Evolution Capital). This strong growth is bolstered by strategic partnerships and the expanding application of the Algho platform in key sectors such as education, healthcare, and transportation. The company reported a **24% increase in recurring revenue** in Q1 FY25 and a total revenue growth of 32% compared to the previous year. Recurring revenue, which rose by an impressive **140% year-on-year**, underscores the stability and scalability of Vection's business model. The company's net debt as of **FY24 was AUD 1.03 million**.

A notable achievement includes the award of a cybersecurity-focused defense contract valued at AUD 0.5 million, expected to be recognized in Q2 FY25. This is part of a series of high-value contracts Vection has secured:

- An **AUD 4.9 million contract in February 2024** for national **security** use cases.
- **Two multi-year contracts** totaling **AUD 1.2 million in June 2024**, focused on law enforcement and security agencies.
- An **AUD 1.8 million defense contract for FY25**, strengthening Vection's presence in the defense, law enforcement, and government sectors.
- A three-year distribution agreement with **SolidWorld worth AUD 1.6 million**, enhancing market reach and broadening its presence.
- Distribution deal with **Synergy Simulation and Training Ltd** to expand into Bulgaria (**FY27 – 0.6 million sales**)

These contracts underline Vection's successful integration into critical markets, particularly in national security intelligence. By embedding its solutions into customers' supply chains, Vection has enabled repeatable and scalable projects, further solidifying its market position.

Long-term EBITDA margins are expected to range between 15% and 25%, with profitability projected by FY25. The company's operating cash flow for **FY24 was AUD 1.29 million**, highlighting its ability to internally fund strategic initiatives.

Vection is demonstrating a clear trajectory of financial improvement, highlighted by significant **EBITDA growth** over the forecast period. Starting from a loss of **AUD 9.72 million in FY23**, the company has strategically reduced this gap to a **AUD 6.38 million loss in FY24**. This improvement reflects early success in streamlining operations and capturing value through its innovative AI and XR solutions.

Looking ahead, Vection is projected to achieve positive **EBITDA of AUD 7.26 million in FY25**, marking a major turnaround driven by scaling revenue streams and operational efficiencies. **By FY26**, EBITDA is expected to grow further to **AUD 12.8 million, with FY27** projecting a robust **AUD 18.34 million**, representing consistent year-on-year growth.

Leveraging its position as a first mover in AI and XR for SMEs, the Algho platform is projected to achieve an ARR of AUD 100 million by FY31, unlocking significant value for the company. These projections demonstrate Vection's potential for sustainable growth and long-term profitability. The company's success in the defense sector and its expansion into other industries highlight its ability to deliver mission-critical and data-sensitive solutions. With a growing customer base and global market reach, Vection continues to scale its solutions and strengthen its leadership in AI and XR enterprise applications.

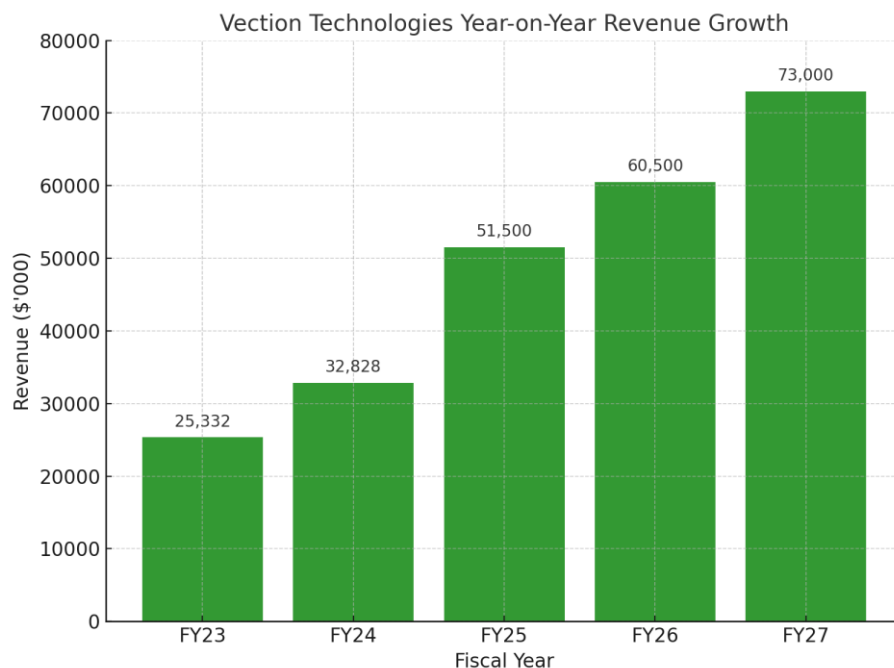
Vection Technologies has articulated a clear strategy for sustained long-term growth:

- **Expanding** into untapped, high-growth markets such as North America and **Asia-Pacific**.
- Continuously innovating to **meet the needs of emerging industries** like healthcare, retail, and real estate.
- Scaling recurring revenue through a **SaaS-driven** business model to ensure stable and predictable income streams.

This growth positions the company to capitalize on the rising demand for AI and XR solutions while maintaining profitability and focusing on long-term value creation for customers and investors.

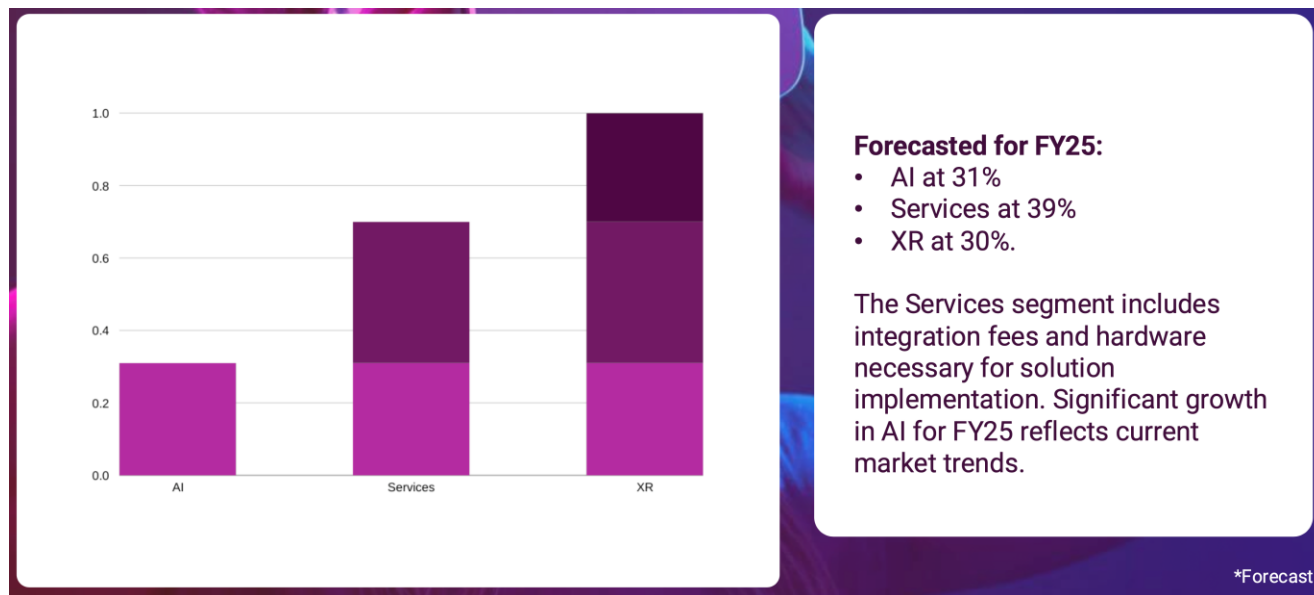
With a proven ability to execute its strategic vision, Vection is well-positioned to deliver sustained growth, market leadership, and innovation-driven profitability in the years ahead.

Figure 7.1 – Revenue Growth



Source: Evolution Capital.

Figure 7.2 – Financial Performance History



Source: Company data.

Algho's revenue significantly impacts Vection's total revenue. As a central platform for collaborative virtual reality solutions, Algho generates recurring revenue through subscription models and upfront payments. These earnings are stable and predictable, supporting Vection's financial health.

The table below provides a detailed list of the different upfront revenues and subscription prices for Algho's various products.

Table 7.1 – Tiers and Pricing

Product Tier	Target	Upfront Revenue	Year 1&2 subscription	From Year 3 subscription
ALGH04EDGE	B2B, B2G (Medium)	Avg \$200k	\$50k	\$70k
ALGHO	B2B, B2G (Large)	Avg \$400k	\$60k	\$70k
ALGH04DC	B2B Cloud Providers	Avg \$1.1m	\$130k	\$170k

Source: Company data.

Valuation

Vection Technologies is poised for significant growth, with a **discounted cash flow (DCF)** analysis supporting a base-case valuation of **A\$0.12/share**. This reflects robust top-line growth aligned with industry benchmarks for AI and XR enterprise solutions. In a more optimistic scenario, with accelerated customer adoption and recurring revenue growth, the valuation could reach **A\$0.20/share**, highlighting the transformative potential of the company's Algho platform.

The company's ability to execute its ambitious growth strategy will be critical. Successfully integrating recent acquisitions and scaling the Algho platform across diverse sectors are pivotal to maintaining its trajectory. Vection's focus on high-margin opportunities in sectors like healthcare, real estate, and transportation further reinforces its valuation outlook.

Table 7.2 – DCF Model

DCF Model Data				
(\$ '000)				
Year	Free Cash Flow	Discount Factor	Discounted FCF	Enterprise Value
2025	6.155	0.909	5.592	
2026	11.078	0.826	9.149	
2027	15.963	0.751	11.987	
2028	22.098	0.683	15.099	
2029	29.431	0.621	18.268	
Terminal Value	358.214	0.621	222.572	169.56

Equity Value	168,13
Target Price	0.12
Net debt	1,434

Source: Evolution Capital.

Key Risks

While Vection Technologies demonstrates significant potential, certain risks must be considered:

1. **Revenue Security:** The company is not yet profitable and relies on securing new contracts to sustain growth. A failure to convert opportunities into revenue could challenge its ability to achieve profitability.
2. **Competition:** Established players in the AI and XR markets may capture market share more aggressively. This could limit Vection's ability to expand in key sectors and impact its competitive positioning.
3. **Integration Risks:** Scaling the Algho platform and integrating recent acquisitions across different sectors involves operational complexities. Delays or inefficiencies in this process could hinder growth.
4. **Regulatory Compliance:** Operating in multiple jurisdictions exposes Vection to varying regulatory standards, such as data privacy laws like GDPR. Non-compliance could lead to legal challenges and financial penalties.
5. **Market Dynamics and Adoption Rates:** The adoption of AI and XR solutions varies significantly across industries. If market readiness or customer acceptance falls short of expectations, it could slow revenue growth.
6. **Dependence on Key Partnerships:** Vection's reliance on strategic partnerships, such as with Dell Technologies, introduces dependency risks. Any changes in these relationships could affect market reach and operational scalability.

By addressing these risks and maintaining its focus on innovation, strategic partnerships, and operational excellence, Vection Technologies is well-positioned to navigate challenges and deliver long-term value to its stakeholders.

Outlook

Vection's strategic investments and careful management of its financial structure position it well for future growth. With a focus on maintaining a balance between equity and debt, the company aims to sustain its market momentum while building long-term shareholder value. The reduction in lease liabilities and the increase in reserves underline the company's commitment to maintaining financial stability as it continues to expand its operations and market reach.

8. Investment Opportunity

Vection Technologies: A High-Potential Investment Opportunity

Vection Technologies presents a compelling case for investment, with its stock currently trading **at 3.7 cents, approximately 69% below our fair value estimate of A\$0.12/share**. This significant discount underscores substantial upside potential, positioning the company as an attractive opportunity for forward-looking investors.

While challenges such as the lack of profitability and low profit margins pose risks, these are offset by Vection's strategic focus on high-growth markets and innovative technologies. Businesses in the AI and XR sectors have historically demonstrated resilience and potential for outsized returns, especially when capturing significant market share early in the adoption curve.

With a favorable price-to-value ratio and growing market interest, Vection Technologies is positioned as a **high-upside investment opportunity**. As the company strengthens its market position and scales its innovative solutions, it is poised to deliver meaningful long-term value for its shareholders.

9. Leadership Team

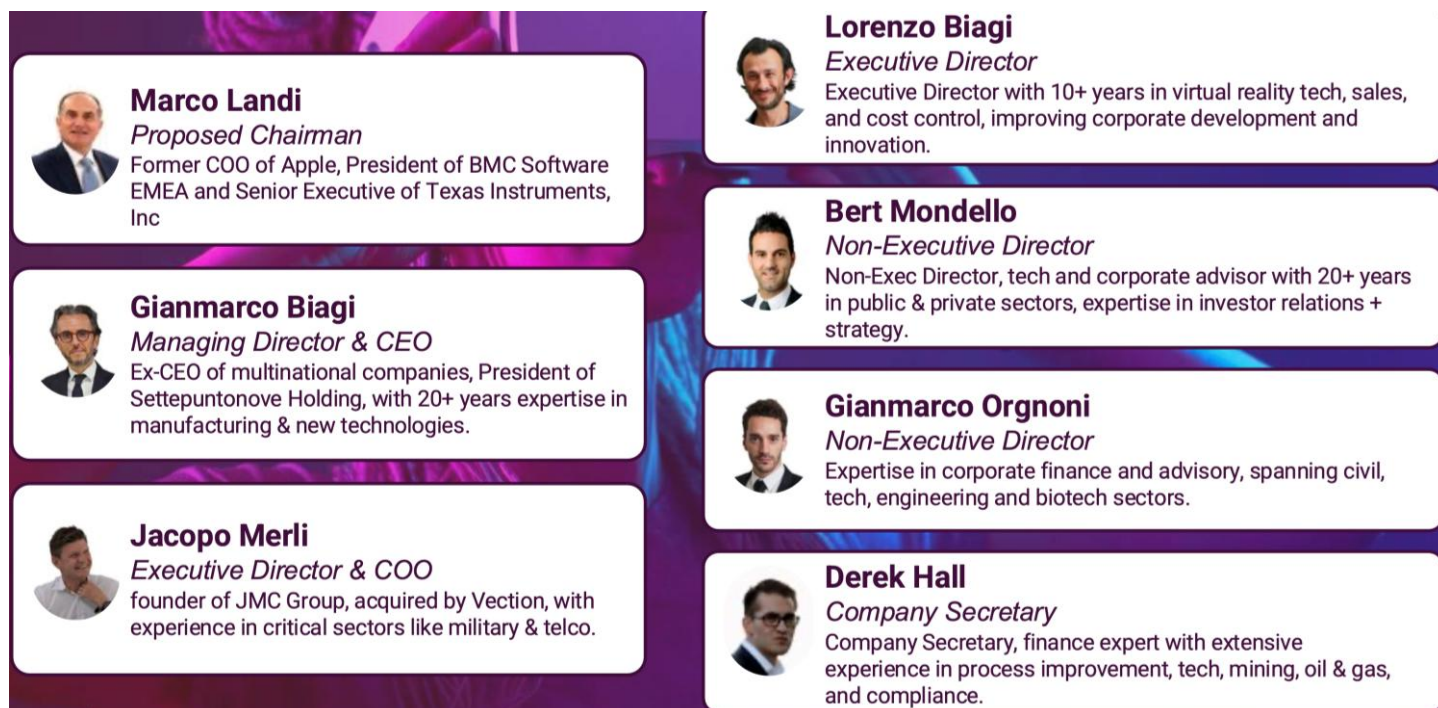
Experienced Leadership and Strategic Vision Driving Innovation

Vection Technologies' leadership team and strategic partners are uniquely positioned to drive the adoption of its Algho platform, combining expertise in AI, XR, and enterprise solutions. **CEO Gianmarco Biagi** brings over 20 years of global leadership experience in manufacturing and new technologies, with a strong track record of guiding companies through complex digital transformations. **Proposed Chairman Marco Landi, former COO of Apple**, adds unparalleled industry insights, having played a key role in scaling one of the most innovative technology companies in the world. His strategic vision aligns with VR1's mission to redefine enterprise solutions at the intersection of AI and XR.

Executive Director Jacopo Merli, founder of JMC Group (acquired by VR1), has deep experience in high-tech sectors, including military and telecommunications, further strengthening the company's operational and technical capabilities.

The leadership team is supported by a network of advisors and strategic partners, such as Dell Technologies, who bring expertise in scaling AI solutions globally. Together, this seasoned team is equipped to deliver transformative AI-powered tools, identify new growth opportunities, and execute Vection Technologies' vision of empowering enterprises through cutting-edge technologies.

Figure 9.1 – Board Members



Evolution Capital Pty Ltd

Level 8, 143 Macquarie Street
Sydney, NSW 2000
Tel: +61283792960
www.eveq.com

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