

A close-up photograph of a person's eyes, looking directly at the camera. The eyes are a light brown color. The background of the image is a gradient from blue on the left to purple on the right.

# VECTION TECHNOLOGIES

## **Acquisition of Generative Artificial Intelligence (AI) company**

29 August 2024

# Disclaimer



This presentation has been prepared by Vection Technologies Limited (ACN 614 814 041) (**Vection Technologies** or the **Company**) and is for information purposes only. It does not constitute financial product or investment advice or a recommendation to acquire Vection Technologies shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Vection Technologies is not licensed to provide financial product advice in respect of Vection Technologies shares.

Vection Technologies, its subsidiaries and their respective logos, are trademarks or registered trademarks of Vection Technologies, or its subsidiaries. All other registered or unregistered trademarks mentioned in this presentation are the property of their respective owners, and no trademark rights to the same are claimed.

**Financial Data** - All dollar values are in AUD dollars (AUD or \$) and are unaudited (unless otherwise presented).

**ASX Release** authorised by the Board of Directors of Vection Technologies Ltd.

**Future performance** - Forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. An investment in Vection Technologies shares is subject to investment and other known and unknown risks, some of which are beyond the control of Vection Technologies.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Vection Technologies employees, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances.

# VECTION TECHNOLOGIES



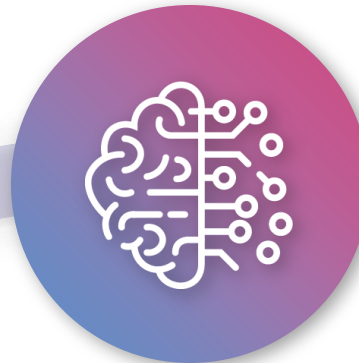
Originating in XR technology, **Vection Technologies has expanded** to include hardware, **IoT**, and **3D services**. The company is poised for its next growth phase through an acquisition that introduces **AI capabilities**.

Vection Technologies is a technology company that **enhances operational efficiency**, reduces costs, and **supports sustainability ("ESG")** in the B2B sector.

This strategic move will enhance Vection Technologies' product offerings with complete **Spatial Computing solutions** powered by the evolved **SmartXR tech stack**, integrating **AI for smarter, scalable applications**.



**ESG**



**AI EXPANSION**



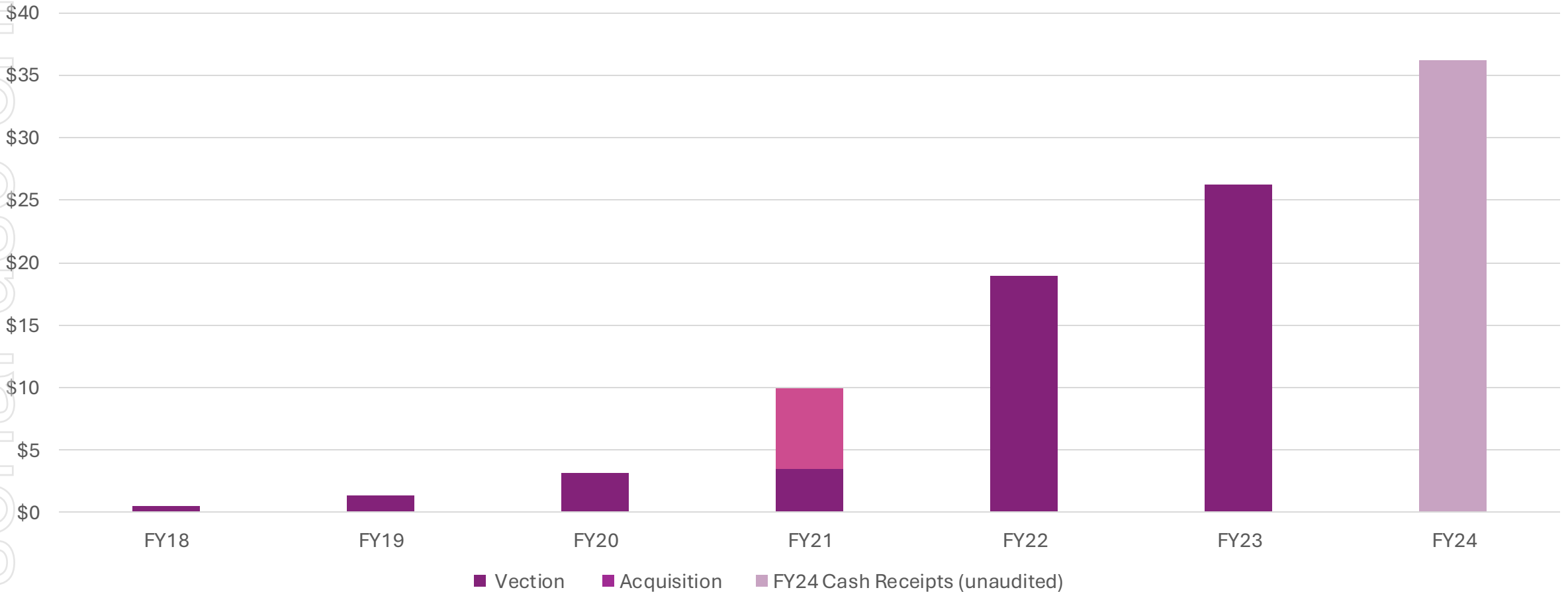
**SCALABLE SPATIAL COMPUTING**

ersonal use only

# OUR REVENUE GROWTH



## Historical Revenue & FY24 Cash Receipts (unaudited)



# WHY AI AND SPATIAL COMPUTING?

**AI and Spatial Computing** are pivotal in transforming how businesses interact with digital information and the physical world.

AI enhances our existing XR platforms by enabling intelligent real-time analytics and more personalized user experiences.

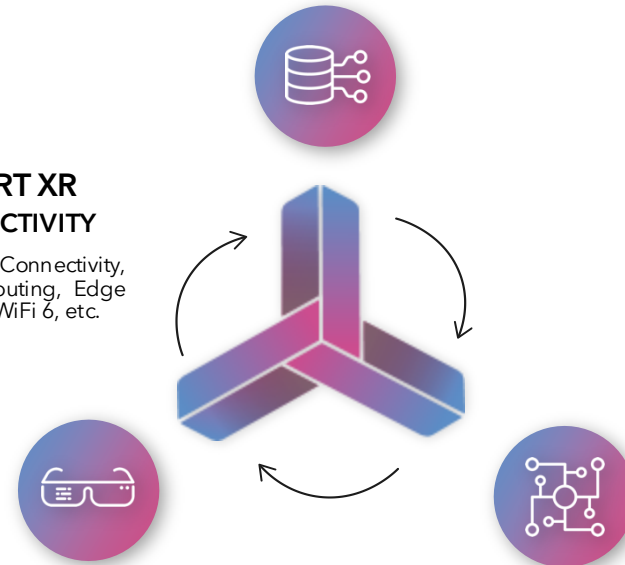
Spatial Computing allows for the seamless integration of digital and physical spaces, leading to innovative solutions for complex business challenges.

## INFORMATION

Real-World Data, Data, Images, Text, Video, Pixels, Voxels, Wearer Data, Digital Assets, etc.

## SMART XR CONNECTIVITY

5G/6G, IoT, Connectivity, Cloud Computing, Edge Computing, WiFi 6, etc.



## HARDWARE

Head-Mounted Displays (HMDs), Pins, Wearables, Robots, Sensors, Cameras, Audio Devices, Input Devices, Processing Units, etc.

## SOFTWARE

Operating Systems, AI (including Generative AI), Computer Vision, Content Creation Software, Development Tools, Tracking and Calibration Software, Cloud Services, Games Engines, etc.

# ACQUISITION OF THE DIGITAL BOX



Proprietary multisensory, **generative artificial intelligence** ("AI") cutting-edge technology.

---



Market-leading company recognized by Gartner as **one of the top AI Avatar vendors, integrating AI technology** within Vection virtual and augmented reality customer offering.

---



Established, multi-faceted business with **3,000+ customers and 100+ resellers**.

---



**Former Apple COO**, Marco Landi, **to join Vection's board**, adding significant expertise and credibility.

---



**Adds ~\$10m in revenue and ~\$1m in EBITDA** for Vection based on FY24 pro-forma.

---



Strengthens competitive advantage to **support market growth and opportunities**.

# The Digital Box: Acquisition Rationale

Enhancing Human-Machine Interactions

- **Core Vision:** Use AI to improve interactions in various sectors (healthcare, real estate, manufacturing, banking, gaming, and more).
- **Vection's Suite of Technologies:**
  - Not a single product
  - Includes hardware and software solutions
  - Focuses on virtual and augmented reality (VR & AR)
- **Key Features with Acquisition:**
  - AI-powered VR & AR interfaces
  - Facial animation and speech generation
  - Immersive interactions
- **Real-World Example:**
  - Digital human pharmacist
  - Can converse and understand emotions via VR headset or AR glasses
- **Future Vision:**
  - Realistic virtual humans
  - Seamless blend of AI with VR & AR



---

**Vection is building a future where AI and VR/AR transform human-machine interactions.**

ersonal use only

# Potential Opportunities: Health Care & Retail/Fashion

## Health Care:

- **Tech Opportunity:** VR+AI global licensing system for doctor and laboratory training; elderly assistance at home; first-level diagnostics 24/7 without language barriers.
- **Market Opportunity:** Healthcare professionals, institutions, and universities globally.
- **Cost-Saving Opportunity:** Leveraging joint human and tech capital to reduce training costs and diagnostic expenses and decrease travel and accommodation expenses for training.



## Retail/Fashion:

- **Tech Opportunity:** AI virtual assistant + kiosk for global retail; new e-commerce platforms with AI-driven consumer behaviour analysis.
- **Market Opportunity:** Global retail businesses, including shops, pharmacies, hospitals, schools, and public administrations.
- **Cost-Saving Opportunity:** Utilizing shared AI and XR technologies to reduce staffing costs, enhance inventory management, and optimise marketing strategies.





# Potential Opportunities: Space Economy, Gaming & Real Estate

## Space Economy & Gaming:

- **Tech Opportunity:** AI-enhanced VR space travel platform; user-created video games in VR with AI support.
- **Market Opportunity:** VR users interested in space travel and gaming.
- **Cost-Saving Opportunity:** Combining AI and XR resources to reduce development costs and create a scalable platform that lowers operational costs.



## Real Estate:

- **Tech Opportunity:** 24/7 multi-language virtual assistant + kiosk for customer reception; high-performance space sales and training.
- **Revenue & Market Opportunity:** Real estate companies globally.
- **Cost-Saving Opportunity:** Integrating AI and XR technologies to reduce staffing costs, improve customer service and lead management, and enhance training efficiency, thereby lowering turnover.

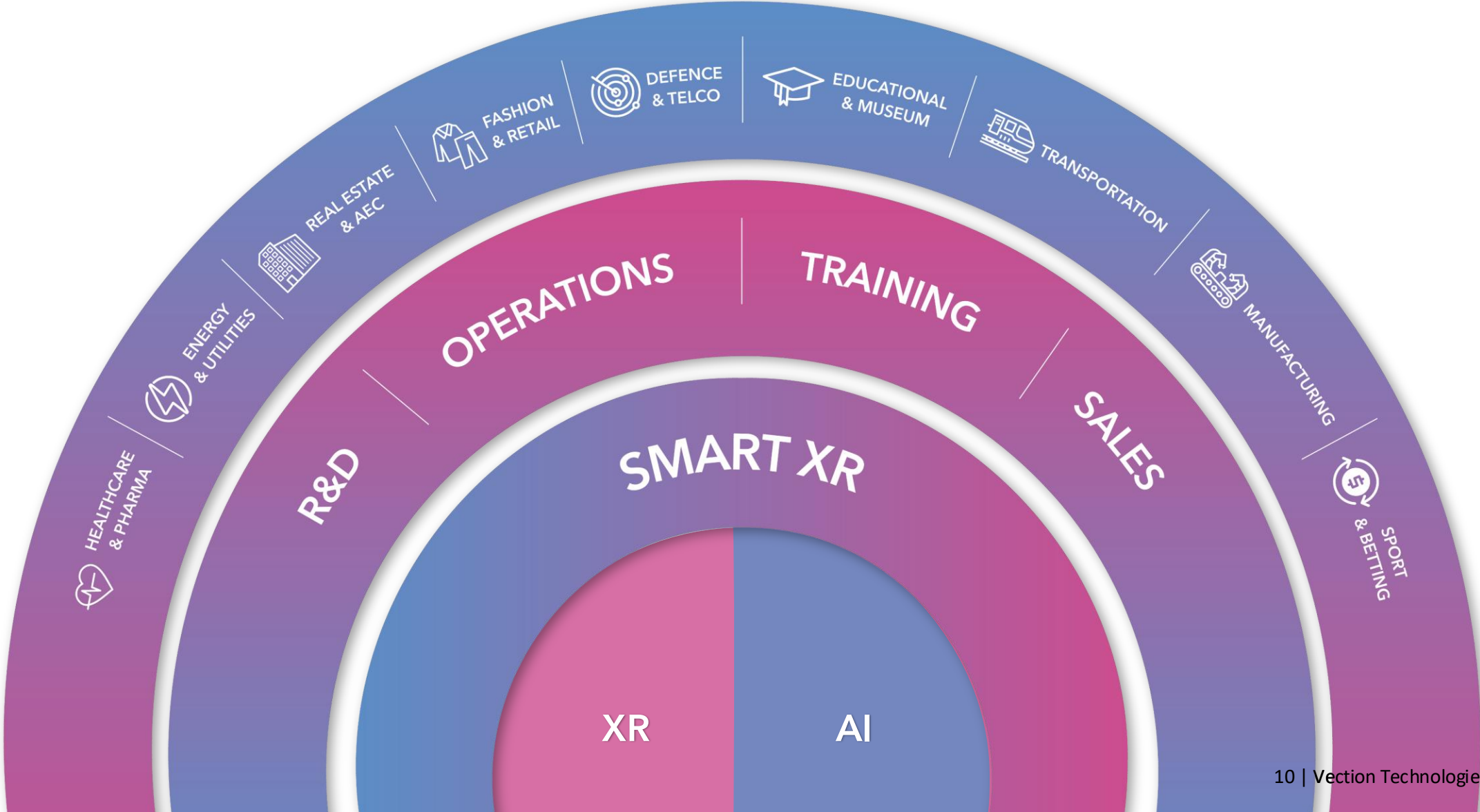


ersonal use only

# Empowering a Stronger Ecosystem



ersonal use only



# Transaction Overview



- Vection has entered into an agreement to acquire 100% of The Digital Box Group and its interest in its three subsidiaries (QuestIT 75%, The Digital Box France 100%, The Digital Box Inc 100% and Upmedia).
- 157,014,000 VR1 ordinary shares at Settlement
- Up to 54,813,000 VR1 ordinary shares are available, subject to certain financial performance hurdles (revenue, EBITDA, and asset impairment) to be met over the FY25 financial year.
- The transactions is expected to be underlying EBITDA positive and EBT neutral in FY25, and EBT positive in FY26.
- Addition of \$10.5m in structured long-term debt, expected to be serviced via existing cashflows.
- After completion, the Digital Box’s management team will remain a core part of the business.
- Digital Box will operate as a wholly owned subsidiary of Vection while integrating its technology into its portfolio.
- The Digital Box will continue to operate in the market, servicing its current customers while offering the integrated technology suite to accelerate growth and synergies.
- Target completion date in Q2 FY25.

<sup>1</sup>. Subject to conditions precedent and excluding advisory fees.

# About the Digital Box

## One of the top AI Avatar Vendors

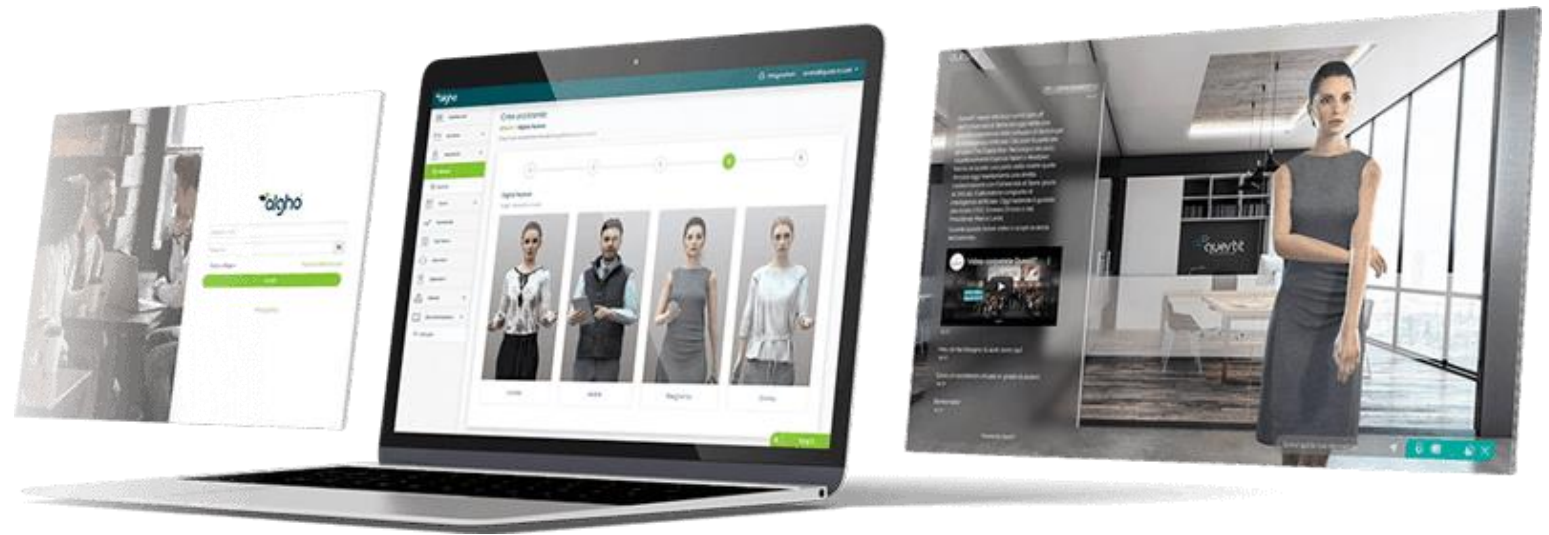
### At a glance:

|              |              |
|--------------|--------------|
| <b>3,000</b> | Customers    |
| <b>100</b>   | Resellers    |
| <b>\$10m</b> | FY24 revenue |
| <b>\$1m</b>  | FY24 EBITDA  |

### Features:

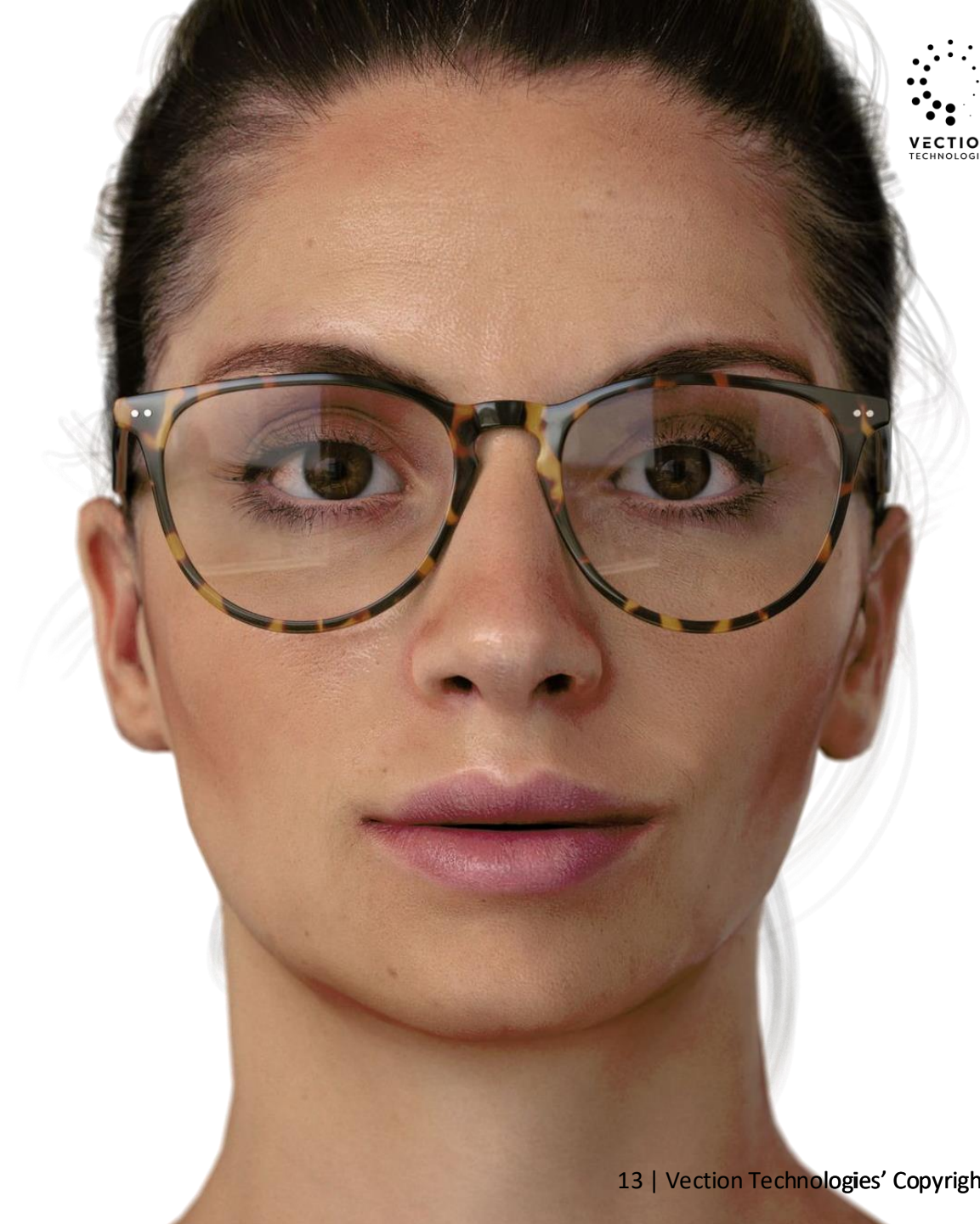
- **Large language models**
- **Sign language** understanding and processing
- **Omnichannel** capabilities
- **Virtual Human** capabilities
- **Emotions** AI detection
- **Voice** cloning
- 100% **integrability**

- A European-based, privately owned company founded in 2013 with 100 workforce today.
- Market - leading **natural language processing AI technology** improving business processes (from virtual employees to marketing).
- Existing **integrations with OpenAI** and other open - source libraries.
- Combines **proprietary technology** with an extensive ecosystem of third-party integrations to deliver omnichannel capabilities.
- **SaaS** and service business model.
- Uniquely positioned to **increase adoption of XR technologies** with smart decision-making and conversational AI



# The Digital Box introduces critical AI capabilities to Vection

- Multisensory conversational artificial intelligence.
- First Digital Human capable of communicating in Italian Sign Language (LIS).
- No-code platform
- Proprietary technology.
- Empathetic engagement.
- Omnichannel.
- GDPR compliant.



# Via the transaction, Vection strengthens its capabilities in AI towards Spatial Computing

## SPATIAL COMPUTING ECO SYSTEM:

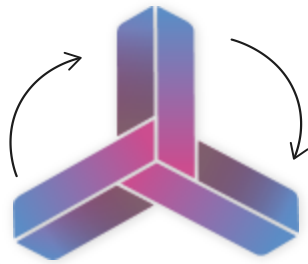
### INFORMATION

Real-World Data, Data, Images, Text, Video, Pixels, Voxels, Wearer Data, Digital Assets, etc.



### SMART XR CONNECTIVITY

5G/6G, IoT, Connectivity, Cloud Computing, Edge Computing, WiFi 6, etc.



### HARDWARE

Head-Mounted Displays (HMDs), Pins, Wearables, Robots, Sensors, Cameras, Audio Devices, Input Devices, Processing Units, etc.



### SOFTWARE

Operating Systems, AI (including Generative AI), Computer Vision, Content Creation Software, Development Tools, Tracking and Calibration Software, Cloud Services, Games Engines, etc.

- **AI and Spatial Computing** are pivotal in transforming how businesses interact with digital information and the physical world.
- AI enhances Vection's existing **XR platforms** by enabling intelligent real-time analytics and more personalised user experiences.
- Spatial Computing allows for the **seamless integration of digital and physical spaces**, leading to innovative solutions for complex business challenges.

# Via the transaction, Vection Technologies broadens its customer portfolio



EDGE

Blackburne



FINCANTIERI



FERRERO



ETH zürich



ARUP

MBDA



STAFF JEANS & Co.

NEXT



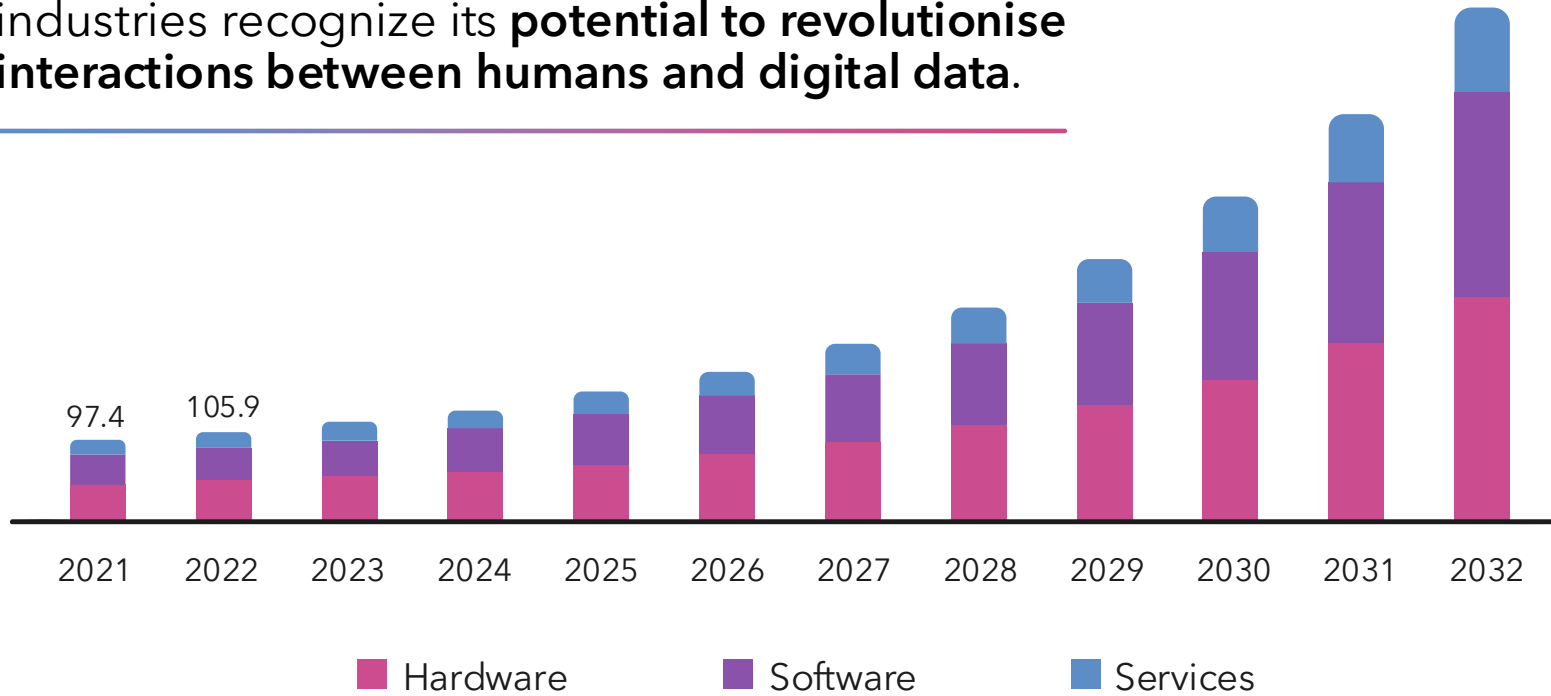
SHAHI



ersonal use only

# Via the transaction, Vection Technologies strengthens its capabilities in high growing industry

**Spatial Computing** is rapidly growing as industries recognize its **potential to revolutionise interactions between humans and digital data.**



Spatial Computing Market Size, by component, 2021-2032 (USD Billion)

## GLOBAL STATISTICS

Market Value (2022) **\$ 105.9 BN**  
 CAGR (2023-2032) **> 19 %**  
 Market Value (2023) **\$ 560.9 BN**

## SEGMENT VALUATION

Hardware segment Market Share (2022) **45 %**  
 Augmented Reality (AR) segment Market Share (2022) **40 %**

## REGIONAL ANALYSIS



North America Market Share (2022) **> 30 %**

Personal use only



# Corporate Structure

|  | #                    |
|--|----------------------|
| VR1 Shares on Issue                    | 1,126,588,969        |
| Transaction Settlement Scrip           | 157,014,000          |
| Placement (Issue Price of \$0.01)      | 200,000,000          |
| <b>Consolidated</b>                    | <b>1,483,602,969</b> |
| <b>Pro-forma Market Capitalisation</b> | <b>A\$14.84M</b>     |

## **Other securities:**

- VR1AA : PERFORMANCE RIGHTS: 85,295,612
- VR1AN : OPTION EXPIRING 03-DEC-2024 EX \$0.25: 32,500,000
- TRANSACTION PERFORMANCE RIGHTS: 54,813,000
- PLACEMENT ATTACHING LISTED OPTIONS 3-YR EX \$0.018: 200,000,000

<sup>1</sup> Including transaction fees.

# The Digital Box Acquisition in Summary

- Highly technological **complementary business** with **proprietary AI**.
- Transaction to accelerate evolution of **human to machine interaction via AI**-powered virtual human interfaces.
- **Strengthens Vection's** solutions portfolio, aiming to deliver revenue synergies.
- **Complements Vection's** solutions for end-to-end spatial computing offering.
- Increases' virtual and augmented reality adoption via **smart interfaces**.
- **Former Apple COO**, Marco Landi, addition to Vection's board, **adds significant expertise and credibility**.

## Financial Summary

157m shares in upfront consideration.

Up to a further 54.8m shares over 1 year.

## Financial Impacts

FY25: EBITDA positive and EBT neutral.

FY26: EBITDA positive and EBT positive.

# Forecast Financials Breakdown (Notes)



- **Projected Upsell on Existing Clients of Vection with TDB's AI Technology:**

Vection is anticipated to implement an upsell strategy, targeting its existing client base with the advanced AI technology developed by TDB. This initiative is expected to increase revenue from clients adopting enhanced AI solutions.

- **Expected Cross-Sell of Vection Technologies on TDB:**

The company projects that the cross-selling of Vection's diverse technological solutions on TDB's platform will lead to an increase in sales. This synergy between Vection and TDB is expected to expand the customer base and enhance the overall product offering.

- **Anticipated reduction in COGS and Operating Costs Growth:**

It is anticipated that both the Cost of Goods Sold (COGS) and operating costs will not grow at the same rate as revenue. This is primarily due to the expected expansion of offerings to clients, which includes more long-term solutions with fewer implementation fees. As adoption of these solutions becomes established, the costs associated with initial implementation are projected to decrease.

- **Stable Costs through Utilisation of Existing Departments:**

Vection plans to leverage its existing departments, such as marketing and administration, to maintain stable costs. The efficient use of these established resources is expected to allow the company to manage its expenses effectively despite the expanded offerings.

- **Long-Term Structured Debt for Stable Finance Costs:**

The use of long-term structured debt is expected to enable Vection to maintain relatively stable finance costs over the next two years. This strategic financial management aims to support the Company's growth initiatives without significant fluctuations in financing expenses.



CONFIDENTIAL - NOT TO BE DISTRIBUTED  
ersonal use only

VECTION TECHNOLOGIES

