

Vection Technologies

Recent newsflow

Apple and AI integrations plus latest acquisition

Vection Technologies (VR1) recently announced that its ChatGPT-powered mixed reality solution, 3D Frame, will now be available on Apple's macOS. The release further highlights the interoperability of VR1's technology with global powerhouses in the virtual (VR) and augmented (AR) reality space, positioning it well to capitalise on the latest breakthrough advancements, such as Apple's Vision Pro AR headset. 3D Frame's cross-platform compatibility with Windows and macOS should ensure wider availability across devices and reaffirms VR1's position as a major player in the field. Management also announced the proposed acquisition of Invrision, which it expects to be immediately earnings accretive and brings with it a portfolio of tier 1 customers, including Walgreens, Coca-Cola and Diageo.

Year end	Revenue (A\$m)	Adj EBITDA* (A\$m)	PBT** (A\$m)	EPS** (c)	EV/sales (x)	P/sales (x)	Net cash*** (A\$m)
06/21	3.5	(0.4)	(2.5)	(0.27)	11.6	14.0	2.2
06/22	18.9	0.9	(7.0)	(0.67)	2.1	2.6	10.8
06/23e	26.1	3.7	(6.4)	(0.59)	1.5	1.9	11.5

Note: *Adjusted EBITDA is normalised, excluding non-cash payments, exceptional items and interest revenue. **PBT and EPS are normalised, excluding exceptional items and interest revenue. ***Includes debt, financial leases and term deposits.

On 6 June, VR1 announced the early release of its ChatGPT-power mixed reality solution, 3D Frame, on Apple's macOS. In our previous [note](#), we discussed how the integration of a ChatGPT-powered artificial intelligence (AI) assistant can enhance 3D Frame's virtual training environments. VR1's latest [video demonstration](#) further showcases these advancements and highlights the cross-platform capabilities of 3D Frame, including across Android, Windows, Apple and VR devices.

The interoperability of VR1's technology with product leaders in the VR and AR landscape could allow it to access wider audiences. The latest partnership with Apple could also allow the company to capitalise on the latest technological advancements, such as Apple's recently announced Vision Pro AR headset. Apple's headset launch provides a strong indication of the transition of extended reality technologies from niche applications into the mainstream market.

On 7 June, VR1 announced its collaboration with Marotta's aerospace engineers to develop the first civilian use hypersonic jet, involving the integration of 3D Frame into SolidWorks' design suite to create a virtual training environment.

Management also announced the proposed acquisition of Invrision, a 3D and mixed reality solutions provider in fashion, retail, consumer goods and real estate. The acquisition is expected to be immediately earnings accretive, with Invrision delivering revenue of A\$1.7m and positive EBITDA in FY22. Invrision brings with it a strong client portfolio, including Walgreens, Ferrero, Nestlé, Coca-Cola and Diageo.

The acquisition will have an all performance-based consideration with a A\$0.1 floor share price, vesting after 30 June 2026. To fund the acquisition, the company has proposed the issue of 62m performance rights at an estimated value of A\$2.67m (ceiling of c A\$6m). The performance rights will convert into fully paid ordinary shares following the achievement of certain revenue milestones.

We will revise our estimates following VR1's Q423 trading update in July.

TMT

8 June 2023

Price **A\$0.04**
Market cap **A\$48m**

Net cash (A\$m) at 31 March 2023 (including H123 lease liabilities of A\$0.4m) 8.9

Shares in issue 1,127m

Free float 49%

Code VR1

Primary exchange ASX

Secondary exchange OTC (VCTNY)

Share price performance



Business description

Vection Technologies, an Australia-based technology company, operates in the field of extended reality, which encompasses immersive technologies such as augmented reality, virtual reality and mixed reality. The company's immersive solutions suite, IntegratedXR, is a combination of technology solutions designed to integrate systems, processes and technologies via digital transformation. Vection Technologies partners with companies to build out the foundational elements that enable them to engage with the metaverse.

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