25 November 2026

ASX RELEASE

Vection Technologies to enter the USA market with the acquisition of zSpace Inc.

~0.34x entry multiple on FY2025 revenue — 3,500+ institutionally embedded US school districts — AI integration already underway

~US$28m	~US$9.5m	Management	Capital raise
(With ~US$10m ARR) FY2025 revenue	total consideration	to remain	A$4.0m
America's most embedded EdTech immersive platform	0.34x revenue entry multiple; federal funding freeze created the entry point	Presence across major USA states	To support USA expansion

KEY HIGHLIGHTS

- Vection is acquiring a business with **US$27.9m in FY2025 revenue** (including ~US$10.0m ARR) for approximately **US$9.5m**, mostly in Vection shares, an entry multiple of 0.34x revenue (~1x current recurring revenue), reflecting a temporary dislocation in US federal education funding that compressed sector-wide procurement in 2025. The platform, customer relationships and technology were unaffected.
- **Complementary capabilities**: the acquisition brings together Vection's conversational AI, digital humans and XR technology with zSpace's education platform, creating opportunities for product development, shared resources and cross-selling.
- **Debt restructuring** forms part of the transaction, with creditor interests acquired or converted at completion. Scheduled payments to a continuing lender remain payable unless paid out at completion, as summarised in Schedule 1.
- **US market entry**: an established education technology business, with more than 3,500 embedded US school district relationships and distribution channels provide a platform for Vection's US growth strategy.
- **zSpace has an installed base** of more than 3,500 US school districts, approximately 80% of the 100 largest, representing over a decade of embedded hardware deployments and curriculum integrations across American K-12 and career education.
- Approximately 53% of zSpace's quarterly revenue was recurring software and services as of Q4 2025, with gross margin expanding as the mix shifts toward software. This is a software transition story with the hardware installed base acting as a captive distribution channel for Vection's AI and content products.
- The Vection and zSpace teams **have already been working on AI integration**: embedding Algho conversational AI, digital human technology and XR capabilities into the zSpace platform. Vection brings the AI layer zSpace needs to evolve from an immersive content system into an adaptive, intelligent learning environment.
- Management continuity: key zSpace executives are expected to remain following completion, with employment arrangements forming part of the closing requirements. Vection will provide strategic and governance oversight.
- Strong conviction on transaction with Board and Management participating to the value of $1.3M in the $4M Placement.

Sydney, Australia – 25 November 2026: Vection Technologies Ltd (ASX: VR1, OTC: VCTNY, FRA: S1X) ("Vection" or "the Company") announces that it has entered into a binding conditional securities purchase agreement to acquire zSpace, Inc. ("zSpace"), a US augmented and virtual reality education technology business deployed across more than 3,500 American school districts, for approximately US$9.5 million, principally in Vection shares. The acquisition is intended to expand Vection's US operations and combine its AI and XR capabilities with zSpace's education platform.

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The consideration implies entry at approximately 0.34x FY2025 revenue which represents **about 1x current recurring revenue**. Vection's Algho AI, digital human and XR technologies provide a defined transformation roadmap for a platform that is already installed, trusted and embedded across American K-12 and career education.

The approximately US$9.5 million comprises US$5.2 million of closing share consideration, US$3.98 million of deferred share consideration and an estimated US$0.3 million minority cash-out. Additional management incentives, continuing lender payments and other liabilities and transaction costs are described in Schedule 1. Recent financial information for zSpace is set out below.

WHY THIS ACQUISITION MATTERS

The US entry point. zSpace gives Vection an immediate operating presence in the world's largest technology market, with more than 3,500 school district relationships already established across the United States. Building this position organically, through direct sales, curriculum integration cycles and hardware deployment at district scale, would take years and cost multiples of the acquisition price. The proposed acquisition of zSpace represents a transformational industrial growth initiative for Vection Technologies, which will also enable Vection to leverage existing industrial partnerships. The strategic rationale is to accelerate the Group's expansion into the US education market, leverage zSpace's established distribution network and customer relationships, and integrate Vection's AI and XR technologies into a broader product offering.

The transaction is designed to create long-term industrial value through commercial synergies, technology integration, product innovation and operational efficiencies, positioning the combined Group for sustainable revenue growth and international expansion.

Distressed pricing into an intact asset. The entry multiple reflects a sector-wide funding dislocation, not platform impairment. US federal education budget instability in 2025 froze school district procurement across the industry simultaneously. This is the same thesis that has defined some of the most successful technology acquisitions of the past decade: identify a platform with structural stickiness and an embedded customer base, acquire at cyclical trough pricing, and apply AI to transform it. The platform, customer relationships and technology are intact. The price is not.

A defined value creation pathway. Vection brings what zSpace is missing: Algho AI, a conversational AI and digital human platform, to be embedded directly into a learning environment already installed across America's schools. The combined business creates an AI-powered immersive learning platform that neither company could build alone, with a clear revenue expansion opportunity from AI-enhanced product tiers, international hardware distribution and the application of Vection's existing AI capabilities across a 3,500+ district customer base.

TRANSACTION OVERVIEW

Under the SPA, Vection's US subsidiary will acquire approximately 95.1% of zSpace's common stock following the agreed recapitalisation, together with the existing debt rights being purchased under the SPA. A short-form cash-out merger is then required within five business days, with zSpace surviving as a wholly owned Vection subsidiary, subject to the applicable minority cash-out and appraisal arrangements.

Consideration Component	Amount (USD)	Notes
Share consideration at Closing	US$5.2m	Vection shares issued to zSpace security holders at Closing
Minority cashout merger	US$0.3m	Cash to remaining minority shareholders via short-form Delaware cashout merger
Deferred share consideration	US$3.98m	Quarterly issues and a separate July 2027 creditor issue; see Schedule 1

Existing financial indebtedness	Restructured	Acquired by Vection US subsidiary; no separate cash repayment required — forms part of the agreed share consideration
Total aggregate consideration	**~US$9.5m**	~$14.6m at prevailing rates | ~0.34x FY2025 revenue | ~1x current recurring revenue

Note: AUD equivalent of approximately $14.6m is indicative at prevailing exchange rates and is subject to currency movements. Vection shares issued as consideration will be subject to applicable ASX Listing Rules requirements, including any required shareholder approvals. The cash outflow to Vection is limited to the approximately US$0.3m payable to minority shareholders through the cashout merger. The balance of the consideration is payable in Vection shares, with no debt funding required.

Completion remains subject to customary and transaction-specific conditions precedent, including required regulatory and shareholder approvals, completion of the agreed recapitalisation, and satisfaction of financing and business planning conditions. The parties are working towards Completion during the first quarter of calendar year 2027, subject to the satisfaction of all conditions. A further ASX announcement will be made upon Completion.

Key acquisition terms

- The approximate US$9.5 million acquisition consideration is principally payable in Vection shares, together with the estimated US$0.3 million minority cash-out.
- Closing share consideration is US$5.2 million. Deferred share consideration totals US$3.98 million.
- Deferred consideration of US$3.98 million in four equal tranches at months 3, 6, 9 and 12, each at the higher of 4c (at month 3), 4.5c (at month 6), 5c (at month 9) and 6c (at month 12) respectively and the applicable 5-day VR1 VWAP
- Shares issued to the principal zSpace creditors / sellers will be subject to a lock-up period of up to 12 months.
- Post-lock-up, the issued shares can be sold daily up to 5% of the 30-day average daily trading volume
- A summary of the SPA's material terms, including pricing, timing, seller restrictions, management incentives, continuing lender payments and completion conditions, is set out in Schedule 1.

STRATEGIC RATIONALE

The acquisition is intended to accelerate Vection's US growth strategy by combining zSpace's education platform and market presence with Vection's AI and XR capabilities. The complementary technologies and channels create opportunities to develop new products, share resources and broaden distribution.

- **US market entry:** First operating platform in the United States. Immediate commercial presence across 3,500+ school districts without the time and capital cost of building from zero.
- **AI transformation of the platform:** Algho conversational AI, digital human virtual instructors and XR content tools embedded into zSpace's existing hardware and curriculum platform, turning static immersive content into adaptive, AI-powered learning.
- **Synergies**: Management are expecting at least ~US$2m in cost reduction and other revenue synergies through cross-selling of Vection's existing product suite into the USA installed client base. A solid and comprehensive integration plan between Vection and zSpace has been defined to drive upsell and cross-sell opportunities, product integration, cost control, IT systems harmonization and general organization.
- **Cross-distribution leverage:** Vection's European commercial network provides an opportunity to offer zSpace platform into international education markets. zSpace's US channels provide a pathway for Vection's AI and XR solutions in North America.
- **Career and technical education:** zSpace's CTE platform, used in skilled trades training, health sciences and workforce preparation, aligns directly with Vection's existing strengths in defence, industrial and workforce simulation, broadening the combined group's addressable market into higher education and professional training.

COMBINED GROUP OVERVIEW

- Following Completion, the combined Vection and zSpace group will operate across three revenue streams: Vection's European enterprise AI and XR business (recurring and project-based), the classified Defence and national security programme (annual recurring revenue), and zSpace's US EdTech platform (hardware, recurring software subscriptions and professional services). **Management estimates the combined group at approximately A$100m in revenue by 2028 on a pro-forma basis**.

MANAGEMENT CONTINUITY

zSpace's key management team is expected to remain with the business following Completion. The 3,500+ school district relationships that make this acquisition valuable were built by those people over more than a decade, and retaining them is a deliberate part of the transaction structure. Vection will provide strategic and governance oversight for the combined US operations, while the existing zSpace leadership team continues to manage commercial relationships, product delivery and day-to-day operations. A combined business plan and technology integration roadmap is being developed by both teams in parallel with the transaction process, to ensure that the AI integration work already underway continues without interruption through Completion.

ABOUT zSPACE

zSpace was founded in San Jose, California in 2006 and listed on the Nasdaq Stock Market in December 2024 (Nasdaq: ZSPC). zSpace voluntarily delisted from Nasdaq in September 2026 and is currently traded on the OTC. The company develops and sells augmented and virtual reality interactive solutions for K-12 education and career and technical education, combining proprietary autostereoscopic display hardware (3D without glasses), a tracked stylus, a software platform and interactive learning content across STEM, health sciences, skilled trades and vocational training.

Revenue is earned from hardware sales, recurring software subscriptions and professional services. Recurring software and services represented approximately 53% of quarterly revenue in Q4 2025, with gross margin expanding as the mix shifts towards software. For FY2025 (year ended 31 December 2025), zSpace reported total revenue of US$27.9m, down from US$38.1m in FY2024, with the decline attributable substantially to a US federal government funding freeze that suppressed school district procurement sector-wide. The company's customer relationships installed base and technology were not affected by the procurement disruption.

While FY2025 revenue of US$27.9m reflects sector-wide procurement disruption from the US federal education funding freeze, the company's recurring software and services ARR base of approximately US$13.8m provides a stable floor from which the business can recover as the funding environment normalises. zSpace's gross margin on recurring software and services substantially exceeds the blended company average, and the Company's target is to grow software and services to more than 50% of total revenue.

Financial Performance (September 2026)

Reported revenue of US$14.2 million, a gross margin of 56.3% Operating cash outflow amounted to US$4.9 million.

MANAGEMENT COMMENTARY

Gianmarco Biagi, Managing Director and Executive Chairman of Vection Technologies, said:

> *"When we look at this acquisition deal, which is a strong industrial growth transaction, we see an American company with more than 3,500 US school districts embedded in its platform, including most of the largest in the country. The installed base is not a footnote to this deal: it is the deal. The dislocation in the US EdTech procurement cycle did not impair the platform, the customer relationships or the technology. What it did was create an entry point we do not expect*

> *to see again once the funding environment normalises. What we are bringing to zSpace is precisely what it needs to go to the next level: an AI capability layer. Vection's Algho conversational AI, digital human technology and XR platforms are not theoretical additions to the zSpace ecosystem, the teams have already been working on the integration. We are acquiring a durable platform asset at a compelling entry point, with a clear AI transformation roadmap, with the people who built it staying in place, and with the world's largest technology market as our operating territory from day one."*

CAPITAL RAISE

Vection has completed a capital raising of approximately A$4.0 million before costs. Funds will be applied to the acquisition, integration, working capital and transaction costs.

Placement Completion, Settlement Details and Share Purchase Plan

Vection Technologies Ltd (ASX: VR1) confirms that it has completed a placement to sophisticated and professional investors, managed by Red Leaf Securities Pty Ltd, raising a total of ~A$4.0 million before costs.

The Placement was undertaken at an issue price of A$0.010575 per new fully paid ordinary share, resulting in the issue of 378,465,059 new ordinary shares. The Placement price represents a ~25% discount to both the last traded price ($0.0140) and the 15-day volume weighted average price ($0.0141).

Investors will receive one free-attaching unlisted option for every two new shares subscribed for, with each option exercisable at A$0.018 per share and expiring three years from its date of issue.

The Placement shares will be issued under the Company's available placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A and options will be subject to approval at an upcoming Extraordinary General Meeting.

The Placement shares will rank equally with the Company's existing fully paid ordinary shares.

The Company also intends to provide existing shareholder with the ability to participate in the capital raising on the same terms as the Placement via a Share Purchase Plan (SPP). The Company reserves the right to accept oversubscriptions or scale back applications at its discretion, subject to applicable laws and the ASX Listing Rules. The SPP is expected to provide eligible shareholders with an opportunity to participate without brokerage fees. Full details, including eligibility criteria, application limits, the SPP offer booklet to be released in due course.

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

INVESTOR RELATIONS CONTACT DETAILS

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ABOUT VECTION TECHNOLOGIES

Vection Technologies is a global technology company specialising in Extended Reality (XR) and Artificial Intelligence (AI). We design integrated digital ecosystems that combine XR, AI and 3D data to transform how enterprises train people, design products, support operations and engage customers. Through immersive experiences, digital humans and intelligent

platforms, we help organisations optimise processes, enhance collaboration, accelerate decision-making and create measurable business value across the entire enterprise lifecycle. Vection Technologies is listed on the Australian Securities Exchange (ASX) with ticker code VR1, trades on the U.S. over-the-counter (OTC) markets under the symbol VCTNY, and is listed on Germany's Frankfurt Stock Exchange under the ticker S1X.

For more information, please visit: www.vection-technologies.com

FORWARD-LOOKING STATEMENTS

Certain statements made in this release are forward-looking statements. These statements are not historical facts but are based on Vection Technologies' current expectations, estimates and projections. Forward-looking statements can generally be identified by the use of words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and similar expressions. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Vection Technologies, including the risk that Completion does not occur, that conditions precedent are not satisfied, that the US education funding environment does not normalise as expected, that AI integration takes longer or costs more than anticipated, that the zSpace management team does not remain post-Completion, and that exchange rate movements affect the AUD equivalent of USD-denominated amounts. There can be no assurance that actual outcomes will not differ materially from these statements.

Schedule 1 – Key terms of the Securities Purchase Agreement

Term	Summary
Transaction structure	Acquire approximately 95.1% of zSpace's common stock and the specified debt rights following recapitalisation, then complete the minority cash-out merger within five business days. zSpace becomes wholly owned, subject to appraisal arrangements.
Consideration	US$5.2m in closing shares; US$3,976,866 deferred, comprising four quarterly share issues of US$867,844.75 at 3, 6, 9 and 12 months and a separate US$505,487 creditor issue on or about 18 July 2027. Estimated minority cash-out: US$0.3m at US$0.063 per eligible share, subject to appraisal.
Pricing and cash alternatives	Closing shares use the higher five-day VWAP before signing and Completion. Quarterly deferred issues use the higher applicable five-day VWAP and A$0.04/0.045/0.05/0.06; The July 2027 issue uses the nearest closing-anniversary tranche's pricing. Missing approvals can trigger cash settlement after 120 days; Vection may elect cash earlier. Specified resale-disclosure failures also give affected sellers a cash election.
Seller restrictions	Seller-specific lock-ups extend up to 12 months from each issue; some shares are immediately unlocked. Controlled sell-down restrictions reference 5% of preceding 30-trading-day average daily volume. Terms vary with seller and closing date, subject to exceptions and any stricter ASX escrow.
Completion conditions	Capital raising completed in an amount and on terms sufficient in Vection reasonable determination. Remaining conditions include the recapitalisation, shareholder approval for consideration shares, ASX no-re-compliance confirmation and quotation conditions, approved business/integration plans, supply continuity, key employee requirements, the appraisal-demand threshold and EdtechX resolution under the SPA.
EdtechX	Vection may terminate for defined monetary exposure, including specified costs, exceeding US$1.5m or materially adverse non-monetary restrictions. Resolution need not await appeal exhaustion; the termination notice window is ten business days. The threshold does not cap zSpace's litigation exposure.
Timing and termination	Completion targeted for Q1 calendar 2027; outside date 31 December 2027. Specified approval failures, breaches and other events permit termination. Deferred issues remain subject to applicable approvals and any necessary ASX confirmation/waiver.
Management incentives	Additional to the acquisition price: US$1m issued and vested at Completion, US$1m at 12 months and US$1.5m at 24 months; later tranches depend on revenue/EBITDA targets. Pricing uses the higher ten-day VWAP and A$0.07/0.10/0.12 respectively. Separate plan, applicable approvals and specified tax-loss offsets apply.
Debt and interim funding	A continuing lender receives US$67,767.85 monthly through July 2027 unless prepaid. Vection's separate bridge facility is up to US$5m, further drawdowns at Vection's sole discretion; initial drawdown of US$350K with no obligation to fund the full facility. Advances rank half senior/half subordinated, bear 18.99% interest (24.99% during continuing default) and mature on 31 December 2027, subject to the note. Capitalised interest, make-whole/redemption amounts and intercreditor restrictions apply. Further advances are subject to the note and amounts/dates agreed under the SPA. Acquisition termination does not cancel the loan obligations.