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VECTION TECHNOLOGIES GROUP

Acquisition of zSpace, Inc. and Capital Raising

Investor presentation on the pro forma combined group

November 2026

Not for release to US wire services or distribution in the United States

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zSpace, Inc.

and the associated

capital raising

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VECTION TECHNOLOGIES

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Executive summary

Executive summary

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Vection at a glance

- Vection Technologies (ASX:VR1) provides AI-powered solutions across four pillar technologies: artificial intelligence, extended reality, hardware design and system integration
- Serves enterprise, defence, public administration and education clients, with **200+ employees across 8 countries**
- FY26: revenue from contracts of **A$39.8m** (+10.6%), gross margin of **65.2%** (+18.3pp) and underlying EBITDA of **A$6.0m** (+178%); 35% of revenue now recurring

The acquisition

- Proposed acquisition of **100% of zSpace, Inc.** (zSpace) via a cash-out merger; zSpace's Nasdaq trading was suspended in April 2026 and voluntary delisting announced in September 2026
- Total transaction value of **~US$9.5m (~A$13.6m)**: ~US$9.2m in VR1 shares to the principal zSpace creditors / sellers (3i, Fiza and Itria) and ~US$0.3m in cash to cash out the remaining public float
- Implied **~0.4x transaction value / zSpace LTM June 2026 revenue** of US$24.3m

What is zSpace

- US-headquartered AR/VR education technology company: headset-free 3D laptops paired with curriculum-aligned STEM and career and technical education (CTE) content
- **3,500+ US school districts**, 80 of the top 100 US districts, 20,000+ Inspire units sold / installed and 75 patents
- FY2025 revenue of **US$27.9m** at a 48% gross margin; Q2 2026 gross margin expanded to **56%** as operating expenses were cut to US$4.0m (Q2 2025: US$7.7m)

Strategic rationale

- Realise zSpace's underlying potential by removing the debt burden and capital constraints that have weighed on performance
- Material revenue synergies through zSpace's education channel: Algho AI tutor, 3DFrame content factory, kiosks and immersive content authoring
- US presence unlocks scale and a growth platform for Vection's defence, retail / real estate and healthcare verticals

Note: A$ conversions of the transaction value at AUD/USD 0.70, consistent with the pro forma balance sheet. zSpace LTM June 2026 revenue = FY2025 revenue less 1H 2025 plus 1H 2026, per zSpace SEC filings.

Executive summary (continued)

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The combined group

- Aggregated FY26 pro forma revenue of **~A$74.5m** (Vection FY26 plus zSpace LTM June 2026) at a ~59% gross margin
- Cost synergies expected from lower general and administrative and C-suite costs and the removal of one-off litigation costs, partially offset by higher sales commissions

The capital raising

- **A$5.0m placement** at 1.0575c per share (24.5% discount to 15-day VWAP) with 1-for-2 attaching listed options (exercise A$0.018, expiring 11 November 2027; subject to shareholder approval)
- Proceeds to fund zSpace acquisition costs (including the public float cash-out), zSpace working capital for 12 months post-closing, AI / XR integration and US sales and marketing expansion, and general working capital and Offer costs

Pro forma capital structure

- **2,780.0m shares on issue** post Placement, before zSpace consideration shares (3,375.0m fully diluted incl. Attaching Options)
- Pro forma cash of **~A$9.1m** and borrowings of **A$16.6m** (30 June 2026 pro forma balance sheet)

Integration and leadership

- Integration already in motion: Algho live on US AWS, 3DFrame positioned as zSpace's content factory and a joint 21-product CTE roadmap with first release in March 2027
- zSpace CEO Paul Kellenberger and Mike Harper retained on 3-year employment agreements

Note: Aggregated revenue converts zSpace LTM June 2026 revenue at AUD/USD 0.70 and is illustrative only; it is not a forecast. FY2028 figures are management estimates. See section 05 for basis of preparation.

VECTION TECHNOLOGIES

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Overview of Vection

Vection corporate snapshot

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Equity and cash

Security	**VR1.ASX**
Share price (18 Nov 2026)	**A$0.014**
Shares on issue	**2,363.4m**
Options and performance rights	**386.7m**
Market capitalisation	**A$33.1m**
Gross cash (30 Jun 2026)	**A$9.6m**
Gross debt (incl. WC facilities)	**A$16.0m**

Key statistics

Revenue FY26 (incl. other income)	**A$42.1m**
Recurring share of revenue	**35%**
Underlying EBITDA FY26	**A$6.0m**
Employees / countries	**200+ / 8**
Markets	**ASX, OTC, Frankfurt**
Founders' ownership	**21%**

Core activities

Activities	**AI, XR, hardware solutions**
Clients	**Defence, public admin., education, enterprise**

VR1 share price, last twelve months (A$)



Source: Vection; S&P Capital IQ market data (share price and market cap. as at 18 Nov 2026; shares on issue as at 6 Nov 2026); options and performance rights per Placement term sheet. Gross cash and debt as at 30 June 2026.

Company development timeline and acquisitions

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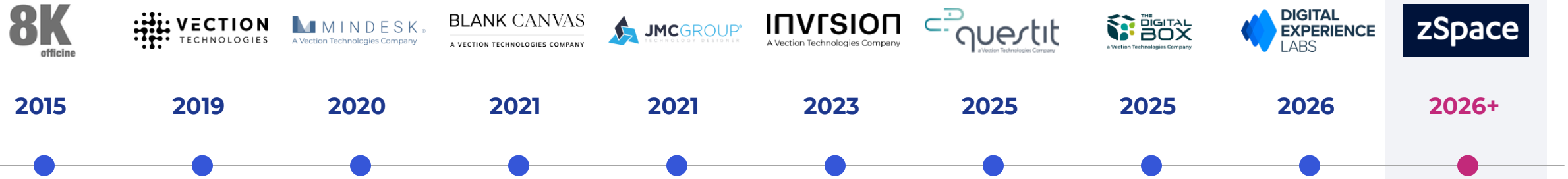

Founded in 2015, specialised in 3D

Officine8K starts as a real-time 3D technology specialist for medium and large companies in industrial manufacturing, furniture and automotive

Founded in 2019 – XR and 3D projects

Officine8K becomes Vection Technologies, an ASX-listed company pioneering extended reality solutions for SME and enterprise companies

Founded in 2015, specialised in XR design review

Mindesk: a specialised solution to visualise CAD 3D data in virtual reality with a deeply integrated, easy-to-use plug-in

Founded in 2016, specialised in 3D renderings

Blank Canvas Studio: a key Australian player in renderings and VR experiences for luxury real estate

Founded in 2016 – hardware design

JMC Group: a trusted European ODM and system integrator with a solid DELL Technologies partnership for mission-critical solutions

Founded in 2015, specialised in XR for retail and marketing

INVRSION: long VR experience in high-quality, realistic experiences for retail, CPG, fashion and real estate

Founded in 2007 – artificial intelligence

QuestIT: a University of Siena spin-off that develops and deploys enterprise AI solutions

Founded in 2013, specialised in marketing services

The Digital Box (TDB): helps SMEs evolve marketing and sales strategies using the latest AI technologies

Founded in 2017 – digital transformation

DXLabs: helps businesses build, optimise and scale operations through digital transformation solutions

zSpace, Inc. (proposed)

US AR/VR education technology platform: 3,500+ US school districts; Vection continues to pursue M&A in the EU and US

Note: Years shown are the year each business joined the group; "Founded in" refers to the original founding of each business. zSpace acquisition subject to conditions precedent.

Vection platform: four pillar technologies

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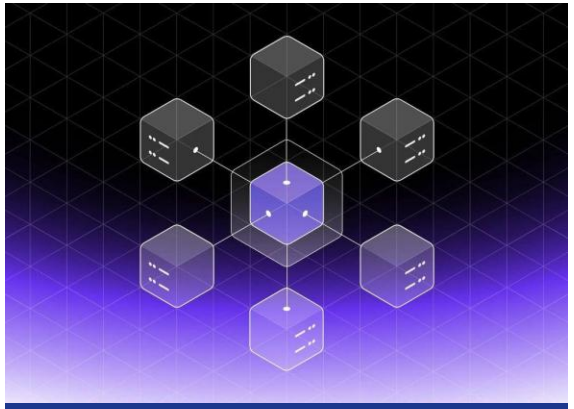
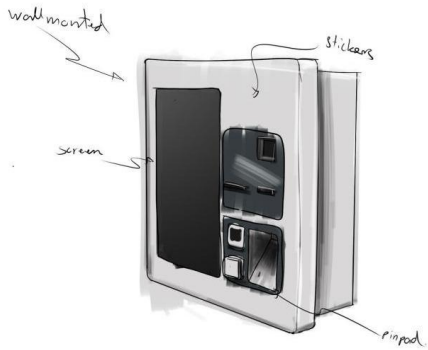
ARTIFICIAL INTELLIGENCE



TECHNOLOGY INTEGRATION



EXTENDED REALITY



HUMAN-MACHINE INTERFACE DESIGN

What Vection does

- Artificial intelligence, extended reality, hardware design and system integration
- Develops AI-powered solutions that transform business operations through a no-code platform, omnichannel conversational interfaces and intelligent process automation
- Know-how and no-code platforms ready to face complex business challenges, serving enterprises, defence, public administration and educational clients
- Interconnected software and hardware supports organisational efficiencies, integrating a wide range of third-party suppliers

Impact on the value chain

01 Reduce time to market and improve collaboration

02 Improve sales and customer experience

03 Inclusivity is our mission

04 Improve quality and safety

05 Increase productivity and efficiency in operations

06 Improve training efficacy

07 Business support and governance

Vertical applications across the value chain

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Solution	What it does	Technology	Value chain positioning	Problem solved	Key benefits
Customer experience	AI-powered omnichannel platform to automate and personalise the entire customer journey	Algho AI + 3DFrame	Customer experience	Fragmented customer care, slow response times, difficulty providing continuous personalised support	24/7 omnichannel support; reduced operating costs; intelligent escalation to human operators
Sales assistant	AI assistant supporting sales activities, lead generation and commercial qualification	Algho AI	Sales and customer experience	Inefficient sales processes, unqualified leads, slow access to product information	Higher conversion; automated lead qualification; shorter sales cycles
Human resources	AI platform for intelligent recruiting, onboarding and employee training	Algho AI + 3DFrame	Training	Manual HR processes, slow onboarding, ineffective training	Faster recruiting; scalable immersive training; reduced onboarding time
Supply chain	AI solution to automate documents, workflows and operational supply chain processes	Algho AI	Operations and governance	Complex document management, operational inefficiency, excessive manual work	End-to-end automation; fewer errors; ERP and legacy integration
Decision	Decision intelligence platform that turns data and documents into strategic insights	Algho AI	Business support and governance	Difficulty analysing enterprise data; fragmented decision-making	AI-driven decisions; advanced analytics; centralised governance
Operations	Immersive platform for operational support, maintenance and field training	Algho AI + 3DFrame	Operations / quality and safety / training	Operational errors, high training costs, limited remote field support	Real-time field support; immersive VR / AR training; less downtime
Retail	Phygital retail experience powered by AI to transform customer-store interaction	Algho AI + Kiosk	Customer experience	Low-engagement retail and high cost of designing and managing physical spaces	Higher engagement and conversion; integrated phygital customer journey

Tier 1 clients and partners

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Tier 1 clients

Technology and go-to-market partners

Awards, certifications and recognition

19 times

Gartner technology recognitions, including Gartner Cool Vendor 2025; ISO 27001, ISO 14001 and ISO 9001 certified, with GDPR compliance

Illustrative client use cases

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Ferrero

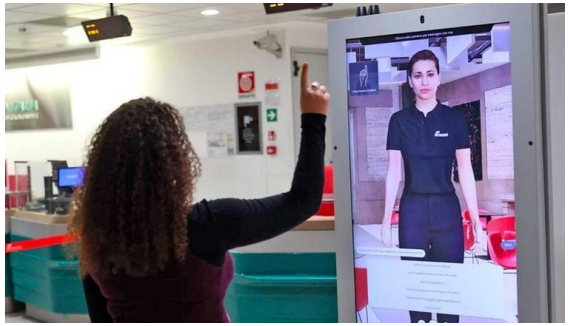
RETAIL / PROJECT DESIGN

Solution

Shelfzone Studio and Simulator let teams build retail scenarios and review store formats in immersive VR, replacing physical showrooms

Results

- **-90% showroom set-up time when rolling out POP materials across countries**
- **+30% engagement in presentations**



Trenitalia

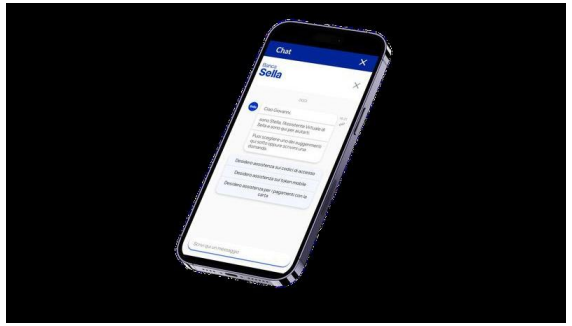
INCLUSIVITY

Solution

First AI avatar in Italian Sign Language (LIS), installed in dedicated kiosks at Milano Centrale and Roma Termini

Results

- **Increased satisfaction among deaf users accessing station services**
- **Fewer physical assistance requests at the counter**



Banca Sella

CUSTOMER EXPERIENCE

Solution

Multi-channel Algho AI agent integrated with the bank's help section, telephone switchboard and live chat

Results

- **11M messages between AI agent and users**
- **2M+ requests handled autonomously via VoIP and chat**
- **70% autonomy; -7% incoming calls to operators**



Generali

QUALITY AND SAFETY

Solution

MetaRELP immersive XR platform simulating fires, technical breakdowns and operational incidents for industrial operators

Results

- **Reduced incidents and operational risk through simulation of critical scenarios**
- **Standardised training across multiple plants and sectors**

Vection historical financial performance

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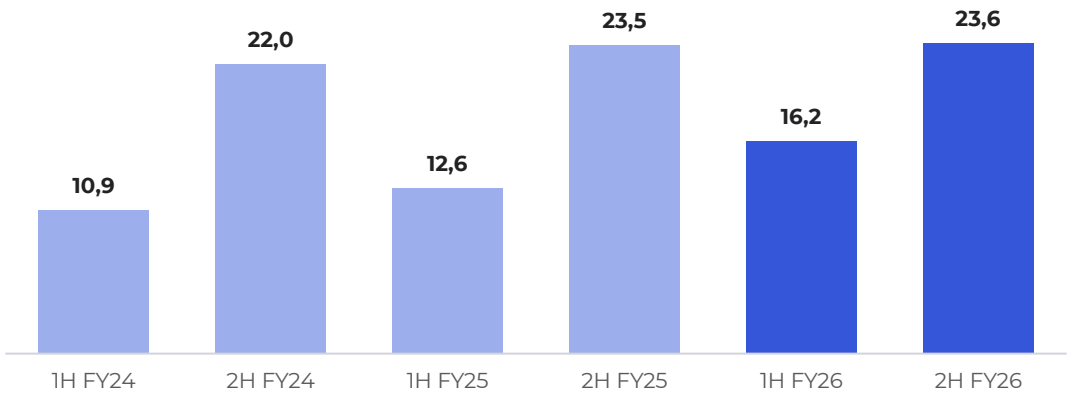
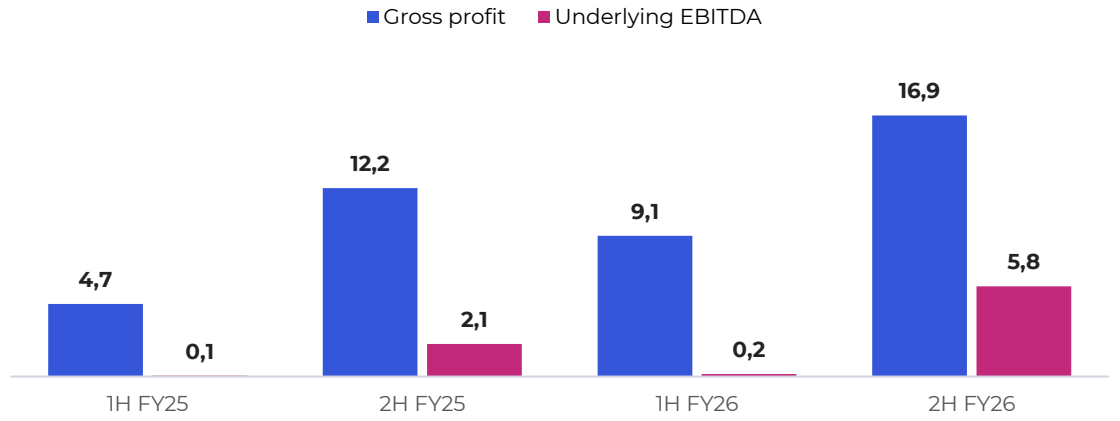
Revenue from contracts by half (A$m)



Gross profit and underlying EBITDA by half (A$m)



Full-year summary (A$m)

	FY25	FY26	Change
Revenue from contracts	36.0	39.8	**+10.6%**
Gross profit	16.8	25.9	**+53.8%**
Gross margin	46.9%	65.2%	**+18.3pp**
Underlying EBITDA	2.2	6.0	**+178%**
Underlying EBITDA margin	6.0%	15.1%	**+9.1pp**

FY26 highlights

- **Margin expansion:** driven by improved revenue quality, pricing discipline and operating leverage; 2H FY26 gross margin of 71.4%
- **Second-half weighting:** 2H FY26 underlying EBITDA of A$5.8m (24.7% margin), 97% of the full-year result and +177% on 2H FY25
- **Cash generation:** first year of positive operating cash flow (A$1.0m); 35% of revenue now recurring
- **Growth:** 6-year revenue CAGR of 63% including acquisitions

Source: Vection FY26 audited Annual Report (29 September 2026) and reviewed half-year reports; 2H derived as full year less 1H. FY25 comparatives per the FY26 audited Annual Report; half-year figures may not sum to full-year totals due to rounding. Underlying EBITDA excludes share-based payments, impairments, acquisition costs and non-recurring restructuring charges.

Vection board and management

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Gianmarco Biagi

Managing Director, CEO and Chairman

CEO of VR1 since 2019, with over 20 years of professional experience; has held CEO and / or General Manager roles at multinational manufacturing groups. President across many industry and business associations and Settepuntonove Holdings. An industrial engineer who has received several awards for innovation and vision.



Jacopo Merli

Executive Director and Chief Operating Officer

Founder of JMC Group, acquired by Vection, with experience in sectors such as military and telco. An aerospace engineer and accomplished author of management strategy publications.



Cameron Petricevic

Independent Non-Executive Director

Executive and board member of private and ASX-listed companies with 20+ years of experience. Qualified Actuary (AIAA) and graduate of the Australian Institute of Company Directors (GAICD).



Virgilio Picca

Group Chief Financial Officer

Experienced CFO and Chartered Accountant with a background in NYSE-listed companies, having led finance, M&A and international projects across industrial and consulting sectors.



Lorenzo Biagi

Executive Director

Executive Director with 10+ years in virtual reality technology, sales and cost control, improving corporate development and innovation. Accomplished author of management strategy publications.



Bert Mondello

Independent Non-Executive Director

Non-Executive Director, technology and corporate adviser with 20+ years in the public and private sectors, with expertise in investor relations and strategy. BA Law, Australia.

VECTION TECHNOLOGIES

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Overview of zSpace

What is zSpace?

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A complete AR / VR system: display, laptop and stylus working together as one, in a standard classroom

Not just a device: an immersive learning experience pairing zSpace hardware with a curriculum-aligned content library spanning STEM and career and technical education (CTE), including engineering content with an AI learning coach.

3D STEREOSCOPIC DISPLAY

Head-tracked screen renders lifelike 3D objects in open space, with no headset required

6-DOF HAPTIC STYLUS

Reach into the scene to grab, rotate and manipulate virtual objects by hand

LAPTOP OR ALL-IN-ONE

Runs on familiar Windows hardware, with no special room or equipment needed

Curriculum-aligned immersive learning content

- **STEM:** Explore science, maths and engineering concepts in interactive 3D
- **Science:** Dissect, build and manipulate models a physical lab cannot offer
- **Anatomy and healthcare:** Study the human body layer by layer, from every angle
- **Engineering and design:** Review and manipulate CAD and technical models before they are built
- **Career and technical education:** Practise automotive, veterinary and industrial skills safely in 3D

zSpace at a glance

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AR / AI education technology company delivering 3D and AR learning for K-12 and career and technical education (CTE); US-headquartered with subsidiaries in Japan and China

3,500+
US school districts across 20+ states

80 / 100
of the top US school districts

20,000+
Inspire units sold / installed

75
patents

US$27.9m
FY2025 revenue (December year end)

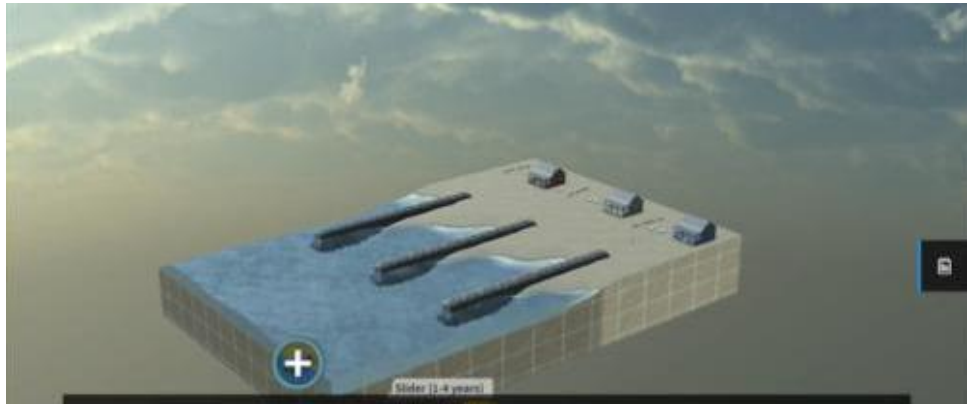
48%
FY2025 gross margin (50%+ target)

US$9.9m
renewable software ACV (31 Dec 2025)

56%
Q2 2026 gross margin (+13.8pp)



Engineering content with an AI learning coach


Earth science: beach and river erosion

Key districts include New York City, Los Angeles Unified, Chicago, Miami-Dade and Clark County

Source: Vection; zSpace SEC filings (FY2025 results released 30 March 2026; Q2 2026 results released 13 August 2026). ACV = annualised contract value of active renewable software licences.

zSpace financial performance and turnaround

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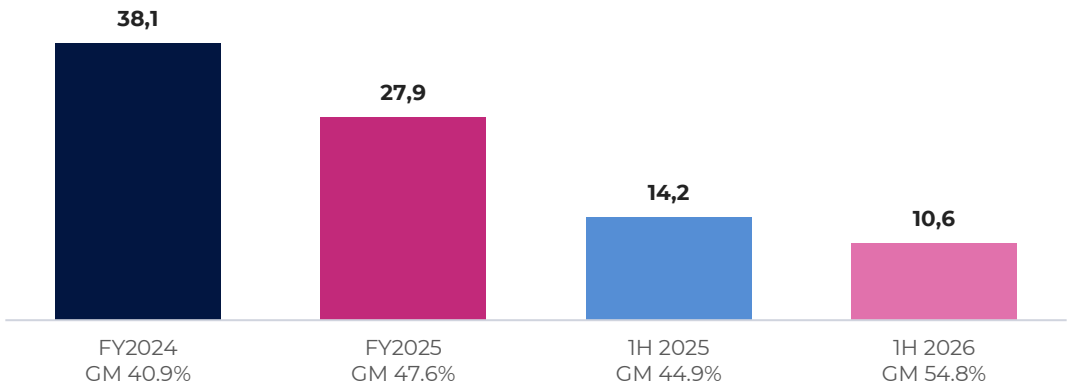
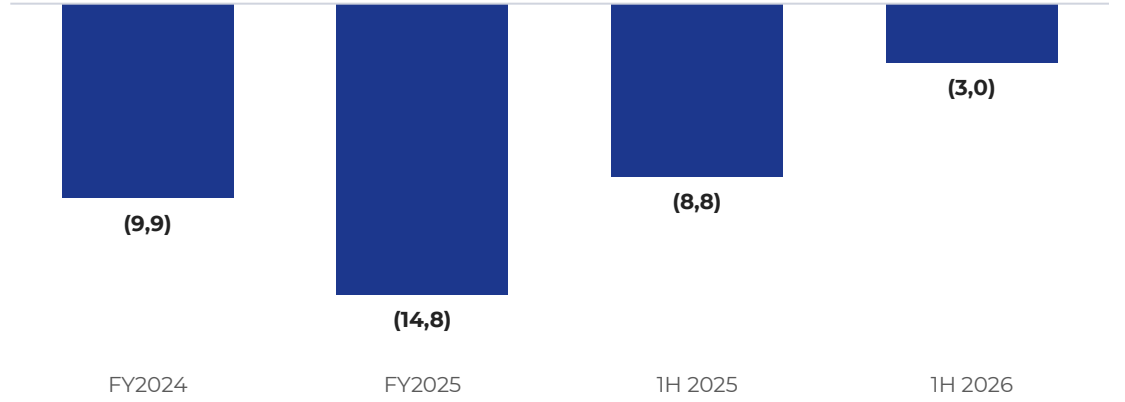
Revenue and gross margin (US$m)



Adjusted EBITDA (US$m)



Operating metrics

	Dec 2025	Jun 2026
Renewable software ACV (US$m)	9.9	9.4
Net dollar revenue retention	71%	66% (83% normalised)
Backlog (US$m)	3.6	3.8
Cash and restricted cash (US$m)	1.0	0.9
Convertible, preferred and other debt (US$m)	20.1	12.1

Why the business is turning

- **Revenue disrupted, not structural:** FY2025 orders and shipments froze during the US federal government shutdown; Q2 2026 EMEA orders were delayed
- **Cost base reset:** December 2025 restructuring cut run-rate operating expenses by more than 30%; Q2 2026 opex (ex SBC) of US$4.0m vs US$7.7m
- **Richer mix:** software and services at 47% of Q2 2026 revenue; Company-owned content and leaner hardware costs lifted gross margin
- **Balance sheet:** over US$12m of debt eliminated through lender agreements in 2026; Nasdaq trading suspended in April 2026 and voluntary delisting announced in September 2026

Source: zSpace SEC filings (Form 8-K earnings releases dated 30 March 2026 and 13 August 2026; Form 8-K dated 15 September 2026). Adjusted EBITDA is a zSpace non-GAAP measure. 1H 2026 net loss includes a one-off US$4.1m gain on debt extinguishment.

Details of the acquisition

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Target	• 100% interest in zSpace, Inc. (zSpace), a US AR / VR education technology company (Nasdaq: ZSPC; trading suspended April 2026, voluntary delisting announced September 2026), via a cash-out merger
Consideration	• **Total transaction value of approximately US$9.5m (~A$13.6m)** • Approximately US$0.3m in cash to cash out the remaining public float through the cash-out merger • Approximately US$9.2m in VR1 shares issued to the principal zSpace creditors / sellers (3i, Fiza and Itria): upfront consideration of US$5.43m at settlement • Deferred consideration of US$3.79m in four equal tranches at months 3, 6, 9 and 12, each at the higher of 4c, 4.5c, 5c and 6c respectively and the applicable 5-day VR1 VWAP
Implied valuation	• ~0.4x transaction value / zSpace LTM June 2026 revenue of US$24.3m (~0.3x FY2025 revenue of US$27.9m), before performance rights
Conditions	• EdtechX litigation outcome within the agreed EPA threshold; ASX confirmation / Chapter 11 process; capital raise completion • Business plan / working capital, technology integration and Acer supply continuity conditions; standard closing conditions and no material adverse change
Bridge funding	• Senior secured facility of up to US$5.0m, further drawdowns at Vection's sole discretion; initial drawdown of US$350k with no obligation to fund the full facility • Each draw split 50% senior / 50% subordinated; senior tranche ranks pari passu with 3i and Vection's full secured exposure ranks senior to Itria
Settlement timing	• EPA substantially in execution form; signing expected with the capital raise announcement on the first day of the trading halt; closing subject to conditions precedent
Personnel	• Paul Kellenberger to remain involved in zSpace / VR1 US operations; key zSpace management continuity to support turnaround and integration • Up to US$3.5m of performance rights / incentive consideration, subject to agreed post-closing performance targets and the terms of the EPA

Note: A$ value at AUD/USD 0.70. Implied valuation is transaction value divided by zSpace revenue per its SEC filings; it excludes liabilities assumed and the up to US$3.5m of performance rights.

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The combined group

Strategic rationale

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01

Unlock zSpace's underlying potential

- Removal of the debt burden and capital constraints that have negatively impacted performance
- Over US$12m of zSpace debt eliminated through lender agreements in 2026; remaining principal creditors (3i, Fiza, Itria) to receive VR1 shares rather than cash at completion
- Cost base already reset: run-rate operating expenses cut by more than 30%

02

Material revenue synergies through the education channel

- Algho already in motion: no-code conversational AI tutor / assistant
- 3DFrame positioned as zSpace's content factory: real-time 3D / digital-twin training content
- Kiosk: interactive classroom experiences
- Content: immersive lesson and model authoring

03

US presence unlocks scale

- US-headquartered, with subsidiaries in Japan and China
- 3,500+ US school district customers across 20+ states, including NYC, LA Unified, Chicago, Miami-Dade and Clark County
- Growth platform for existing VR1 defence, retail / real estate and healthcare verticals

Vection brings

- Enterprise AI (Algho) live on US AWS and real-time 3D content (3DFrame)
- XR, kiosk and hardware design capability across 8 countries
- Profitable operating base: FY26 underlying EBITDA of A$6.0m

zSpace brings

- Installed base of 20,000+ Inspire units and a US K-12 / CTE distribution channel
- Curriculum-aligned STEM and CTE content library and 75 patents
- Renewable software ACV of US$9.4m (30 June 2026)

Combined, Vection gains immediate scale in US education

The pro forma group pairs Vection's profitable AI / XR platform with zSpace's US education channel, nearly doubling the revenue base

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VECTION TECHNOLOGIES

A$39.8m
FY26 revenue from contracts

65%
FY26 gross margin

A$6.0m
FY26 underlying EBITDA

200+ / 8
employees / countries

+

zSpace

A$34.7m
LTM June 2026 revenue (US$24.3m)

52%
LTM June 2026 gross margin

3,500+
US school districts

A$13.4m
renewable software ACV (US$9.4m)

=

PRO FORMA COMBINED GROUP
Aggregated FY26

~A$74.5m
revenue (+87% vs Vection standalone)

~59%
blended gross margin

Targeting a combined +A$100.0m revenue business by 2028

Earnings path: on an aggregated LTM basis the combined group is EBITDA-negative (~A$(6.8)m), reflecting zSpace's pre-restructuring cost base in 2H 2025; the FY2028 target relies on the cost reset already underway, cost synergies and education-channel revenue synergies. See section 05.

Note: zSpace figures converted at AUD/USD 0.70. zSpace LTM June 2026 = FY2025 less 1H 2025 plus 1H 2026 (December year end) per SEC filings; Vection FY26 = year ended 30 June 2026. Aggregation is illustrative, unaudited and excludes synergies and acquisition accounting. FY2028 figures are management estimates.

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Pro forma financials and capital structure

Pro forma combined financials

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Pro forma income statement summary (A$m)

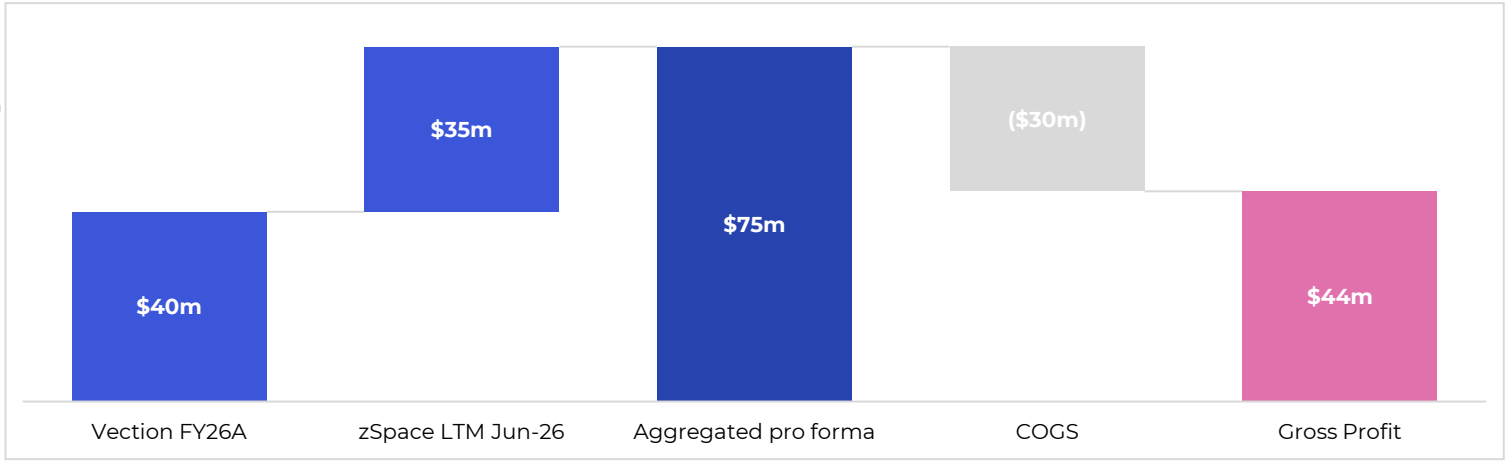
A$m	Vection FY26A	zSpace LTM Jun-26	Aggregated pro forma
Revenue	**39.8**	**34.7**	**74.5**
Gross profit	25.9	18.2	**44.1**
Gross margin	65.2%	52.3%	**59.2%**
Underlying EBITDA	**6.0**	**(8.8)**	**(2.8)**

Memo: zSpace run-rate

- **1H 2026 adjusted EBITDA of US$(3.0)m (A$(4.3)m) vs US$(8.8)m in 1H 2025**
- **Q2 2026 adjusted EBITDA of US$(0.9)m vs US$(4.5)m in Q2 2025**
- **Q2 2026 operating expenses (ex SBC) of US$4.0m vs US$7.7m**

The figures set out above reflect a strongly improving trend on the EBITDA, and sound post-acquisition financial management discipline will be applied to drive further enhanced performance.

Revenue bridge to management target (A$m)



Path from aggregated to target

- **Revenue:** A$25.5m uplift to target from education-channel cross-sell (Algho, 3DFrame, kiosk, content), the 21-product CTE roadmap and recovery of zSpace orders
- **Gross margin:** zSpace targets 50%+ gross margin and reached 54.8% in 1H 2026; the combined target is set at 52%

Basis of preparation: Vection FY26 per audited Annual Report (year ended 30 June 2026). zSpace LTM June 2026 = FY2025 less 1H 2025 plus 1H 2026 per SEC filings, converted at AUD/USD 0.70; adjusted EBITDA is a zSpace non-GAAP measure. Aggregation is illustrative and unaudited, excludes acquisition accounting and synergies, and is not a forecast. FY2028E is a management estimate for the combined group.

VECTION TECHNOLOGIES

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Investment highlights

Investment highlights

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1 Profitable, scaling AI and XR platform

- FY26 underlying EBITDA of A$6.0m (+178%) at a 65.2% gross margin
- First year of positive operating cash flow; 35% of revenue now recurring

2 Low-cost entry into US education

- ~US$9.5m transaction value, largely in VR1 shares: ~0.4x zSpace LTM revenue
- 3,500+ US school districts and 20,000+ Inspire units, with zSpace's debt burden removed at completion

3 Defined synergies and integration readiness

- Algho live on US AWS; 3DFrame as zSpace's content factory; 21-product CTE roadmap from March 2027
- Cost synergies in G&A and C-suite; zSpace management retained on 3-year agreements

4 Scale and a path to earnings

- Aggregated pro forma revenue of ~A$74.5m, nearly double Vection standalone

VECTION TECHNOLOGIES

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Appendix

Execution readiness: integration, management and costs

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Not starting from scratch: integration, management retention and cost synergies already defined

Integration readiness

AI	Algho already live on US AWS
Content	3DFrame as zSpace's content factory
Product	Joint 21-product CTE roadmap: first release March 2027, 7 products through Q4 2027
Commercial	LMS integration: Google Classroom / Canvas by March 2027; Schoology / Brightspace / Moodle through Q4 2027
Operating model	Cross-functional due diligence completed; FERPA / COPPA review ongoing

Cost synergies

- Expected reduction in general and administrative and C-suite costs, and removal of one-off litigation costs
- Partially offset by an increase in sales commissions
- Builds on zSpace's December 2025 restructuring, which reduced run-rate operating expenses by more than 30%

Management continuity



Paul Kellenberger

Chief Executive Officer, zSpace



Mike Harper

Chief Product, Engineering and Marketing Officer, zSpace

- Paul Kellenberger and Mike Harper on 3-year employment agreements
- Paul Kellenberger retained as a director on the 3-member post-closing board
- Key zSpace management continuity to support turnaround and integration

Addressable market: AI and extended reality

The combined group addresses two of the fastest-growing technology markets, now with direct access to US education

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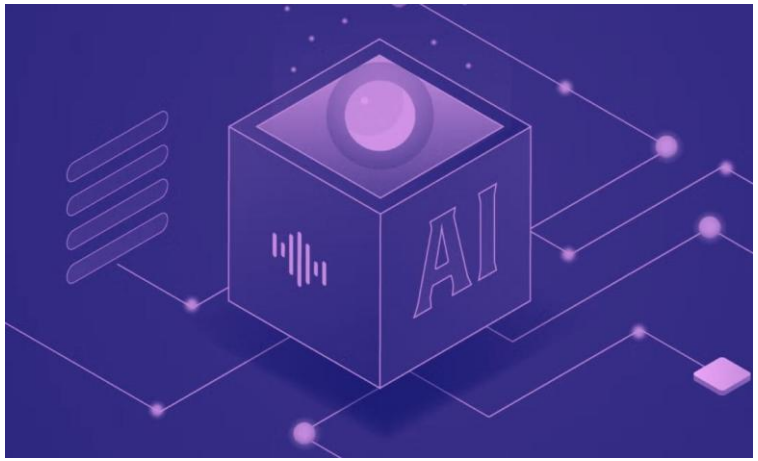
US$34bn → US$134bn

Extended reality (XR) market, 2025 to 2030

31.5% CAGR

Source: ResearchAndMarkets



US$15.7 trillion

Boost to global GDP from artificial intelligence by 2030

Source: PwC



US$217bn

Global AI agents market by 2035

40.15% CAGR

Source: ResearchAndMarkets

Note: XR market sized in US$ (2025 to 2030); AI GDP impact per PwC; AI agents market to 2035. Market estimates are third-party projections, have not been independently verified and overlap in part.

Key risks

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This section discusses some of the key risks associated with an investment in Vection Technologies Ltd (VR1), the placement of new VR1 shares described in this presentation (Placement) and the proposed acquisition of 100% of zSpace, Inc. (zSpace) (Acquisition). Like any investment, an investment in VR1 shares carries risks. Many of these risks are outside the control of VR1 and its directors and management.

This section does not (and does not purport to) identify all of the risks associated with an investment in VR1 or all of the risks relating to the future operating and financial performance of VR1. Potential investors should consider whether VR1 shares are a suitable investment having regard to their own investment objectives, financial circumstances and the risks set out below, and should consult their professional advisers before making an investment decision.

A. Risks relating to the Acquisition of zSpace	
Completion and conditionality risk	The Acquisition is subject to the satisfaction or waiver of a number of conditions, including the conversion of zSpace's existing secured and unsecured debt into equity, the outcome of the litigation referred to below, completion of the cash-out of zSpace's minority shareholders, any required VR1 shareholder and regulatory approvals and other conditions customary for a transaction of this nature. There is no certainty that these conditions will be satisfied or waived, or that the Acquisition will complete on the anticipated timetable or at all. VR1 also retains a discretion not to proceed to completion in certain circumstances. If the Acquisition does not complete, VR1 will have incurred significant transaction costs and devoted management time without realising the anticipated benefits of the Acquisition, and the market price of VR1 shares may be adversely affected.
Use of funds if the Acquisition does not complete	Funds raised under the Placement are intended to be applied towards the Acquisition, interim funding of zSpace, working capital and transaction costs. Investors should be aware that the Placement is not conditional on completion of the Acquisition. If the Acquisition does not proceed, the VR1 Board will reallocate the relevant funds to other purposes it considers appropriate, which may include alternative acquisitions or general working capital, and the returns generated from those alternative uses may differ from those anticipated in connection with the Acquisition.
Interim funding and credit risk	Before completion, VR1 will provide secured loan funding to zSpace (up to US$5.0 million in tranches at Vection's discretion) to support its working capital, including the completion of an existing education contract. A portion of this funding is expected to rank equally with zSpace's existing senior secured lender and the balance is expected to be subordinated to that lender, subject to an intercreditor arrangement. zSpace is currently loss-making and has limited cash reserves. If zSpace defaults or enters an insolvency or court-supervised process, VR1's ability to recover the amounts advanced will depend on the value realised for zSpace's assets, the actions of other secured and unsecured creditors, the terms of the intercreditor arrangements and any decision of the relevant court. There is a risk that VR1 does not recover some or all of its interim funding, and any right of VR1 to elect not to complete the Acquisition will not of itself result in repayment of those amounts.
Financial condition of zSpace and going concern	zSpace's publicly filed financial statements disclose substantial doubt about its ability to continue as a going concern, with total liabilities exceeding total assets, limited cash and a decline in revenue for the six months ended 30 June 2026 compared to the prior corresponding period. zSpace is reliant on the interim funding to be provided by VR1 and the completion of its proposed recapitalisation. If zSpace's financial position deteriorates further before completion, zSpace may be unable to continue trading, may enter an insolvency process, or the value of the business to be acquired may be materially reduced.

Key risks (continued)

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Target litigation risk	zSpace is a defendant in legal proceedings brought by EdtechX, which are currently scheduled for trial in January 2027. The outcome of those proceedings, including the quantum of any damages or costs awarded, is uncertain and may be material relative to zSpace's financial position. An adverse outcome may result in VR1 electing not to complete the Acquisition, may cause zSpace to enter an insolvency process (which may affect recovery of VR1's interim funding), or, if the Acquisition completes, may reduce the value of zSpace to VR1. Litigation costs may also be significant even if zSpace is ultimately successful.
Due diligence and limited recourse	VR1 has undertaken due diligence on zSpace. That due diligence relied in part on information provided by zSpace and its management, and the scope of the review was limited by the transaction timetable. There is a risk that the due diligence did not identify all issues or liabilities, including historical tax matters (such as potential sales tax obligations in certain US states), contractual, employment, regulatory or intellectual property issues, or liabilities of zSpace's foreign subsidiaries. The Acquisition is not expected to include seller indemnities, and zSpace's representations and warranties are not expected to survive completion other than for fraud. VR1 may therefore have limited or no recourse against the sellers if unknown liabilities emerge after completion.
Nasdaq delisting and reduced public information	zSpace's common stock was suspended from trading on Nasdaq in April 2026 and zSpace has announced its intention to delist from Nasdaq and deregister with the US Securities and Exchange Commission, after which it will cease filing periodic reports. As a result, less public information about zSpace's ongoing performance will be available to investors before completion of the Acquisition.
Consideration shares, dilution and overhang	The acquisition consideration is to be satisfied by the issue of VR1 shares in tranches, with the number of shares issued in each tranche determined by reference to VR1's volume weighted average share price at the relevant time, subject to floor prices. Up to a further US$3.5 million may be issued as performance-based consideration to zSpace management. The issue of these securities will dilute existing shareholders, and the level of dilution will be greater if the VR1 share price falls. Although a portion of the consideration shares will be subject to lock-up and controlled sell-down arrangements, the sale of significant volumes of shares by recipients as those arrangements expire could place downward pressure on VR1's share price.
Integration and synergy risk	The strategic rationale for the Acquisition assumes VR1 can realise revenue synergies by distributing its AI and extended reality products through zSpace's US education channel and by restoring zSpace's performance once its debt burden is removed. Integrating a business operating in a different jurisdiction, regulatory environment and market segment involves risks, including delays, unanticipated costs, systems and cultural integration issues, disruption to existing customer relationships and diversion of management attention. There is no assurance that the anticipated synergies, margin improvements or growth will be achieved within the expected timeframe or at all.
Retention of zSpace key personnel	The success of the Acquisition depends in part on retaining zSpace's key executives, including its Chief Executive Officer and its Chief Product, Engineering and Marketing Officer, as well as its sales force. Non-compete restrictions are generally unenforceable in respect of California-based employees, so retention will depend on the effectiveness of employment and incentive arrangements. The loss of key zSpace personnel could adversely affect zSpace's customer relationships, product development and performance.
US education market and customer risk	zSpace's revenue is derived predominantly from US school districts and other education institutions, whose purchasing is dependent on federal, state and local government education budgets and funding programs. Changes in education funding, procurement policy or budget cycles may reduce or delay customer orders. Many customer arrangements are documented through purchase orders and cooperative or state contracts, which may contain change of control, termination or assignment provisions, and do not necessarily guarantee future orders.

Key risks (continued)

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zSpace supply chain risk	zSpace relies on third-party manufacturers, including Acer, for the supply of hardware used in its products. Any disruption to that supply, change in commercial terms, or termination of those arrangements could delay deliveries to customers, increase costs or require zSpace to source alternative suppliers, which may not be available on acceptable terms.
Student data privacy and regulatory compliance	zSpace's education products may involve the collection and processing of data relating to students, including minors. zSpace is subject to US federal and state laws governing student data privacy, as well as education procurement and accessibility requirements. Non-compliance could result in regulatory action, loss of customer contracts, reputational damage or financial penalties.
US regulatory and foreign investment risk	As an Australian company acquiring a US business, VR1 may be subject to US regulatory review, including in relation to foreign investment, and to US securities, tax and corporate laws in implementing the Acquisition. Any review, requirement or adverse determination could delay completion, impose conditions or affect the structure or viability of the Acquisition.
B. Risks specific to VR1	
Contract concentration and framework agreements	A material proportion of VR1's recent revenue growth and order book is attributable to a limited number of contracts, including defence framework agreements with a NATO-approved partner. Framework agreements do not guarantee the volume or timing of future orders. Any delay, reduction, non-renewal or termination of these or other material contracts, or a change in the procurement priorities of key customers, could materially affect VR1's revenue, cash flow and financial performance.
Revenue timing, seasonality and working capital	VR1's revenue and customer receipts are weighted towards the second half of each financial year, and a substantial part of its revenue derives from project-based services and hardware rather than recurring software. Revenue recognition and cash collection may be delayed by project timing, customer acceptance or payment cycles, particularly for government and defence customers. This may cause volatility in reported results and place pressure on working capital.
Debt and financing risk	As at 30 June 2026, VR1 had gross debt of A$16.0 million (which includes receivables factoring facilities). VR1's ability to service, refinance or repay its debt depends on its future cash flows and access to capital markets and lenders. Increases in interest rates, a breach of any lending covenants, or the withdrawal of factoring or other facilities could adversely affect VR1's liquidity and financial position.
Acquisition and integration strategy	VR1 has grown in part through acquisitions, including the recent acquisition of DXLabs, and intends to continue pursuing acquisition opportunities in Europe and the United States. Acquisitions carry risks, including overpayment, undisclosed liabilities, integration difficulties, loss of key staff or customers and failure to realise expected synergies. Concurrent integration of multiple businesses (including zSpace) may strain management and operational resources.
Technology and AI execution risk	VR1 operates in the artificial intelligence and extended reality markets, which are characterised by rapid technological change. VR1's success depends on its ability to continue developing and enhancing its platforms (including Algho) and to integrate new technologies. VR1 also relies on third-party technology, hardware and AI models and platforms. If VR1 fails to keep pace with technological developments, or if access to key third-party technology is restricted or becomes more costly, its products may become less competitive.

Key risks (continued)

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Competition	The enterprise AI, extended reality and education technology markets are highly competitive and include large, well-resourced global technology companies. Increased competition may result in pricing pressure, reduced margins, loss of market share or increased sales and development costs.
AI regulation and changing laws	VR1 operates in multiple jurisdictions, including the European Union where its principal operations are based. The regulation of artificial intelligence is evolving rapidly, including under the EU Artificial Intelligence Act. New or changed laws and regulations relating to AI, data, defence exports or government procurement may increase compliance costs, restrict the deployment of certain products or affect demand from customers.
Cyber security and data protection	VR1's products and services involve the processing of customer data, including for defence, government, healthcare and enterprise customers. VR1 may be exposed to cyber attacks, data breaches, system failures or unauthorised access. A material incident could result in reputational damage, loss of customers, regulatory sanctions (including under the GDPR and Australian privacy laws) or legal liability.
Intellectual property	VR1's competitive position depends in part on its ability to protect its proprietary software, platforms and know-how. There is a risk that VR1's intellectual property may be infringed, challenged or circumvented, or that VR1 may be subject to claims that its products infringe the rights of third parties. Defending or enforcing intellectual property rights may be costly and time consuming.
Reliance on key personnel	VR1's success depends on the continued contribution of its senior management, including its Managing Director, Chief Executive Officer and Chairman, its executive directors and its technical teams. The loss of key personnel, or an inability to attract and retain suitably skilled staff, could adversely affect VR1's operations and growth strategy.
International operations and foreign exchange	VR1 reports in Australian dollars but generates revenue and incurs costs in other currencies, principally the Euro and, following the Acquisition, US dollars. The Acquisition consideration is denominated in US dollars. Adverse movements in exchange rates may affect VR1's reported results, the number of consideration shares issued and its cost base. VR1 is also exposed to legal, tax, political and economic risks in each jurisdiction in which it operates.
Government and public sector customers	A significant part of VR1's business is with defence, public administration and education customers. Contracts with government entities may be subject to budget constraints, changes in policy or government, lengthy procurement processes, unilateral termination rights and audit requirements, any of which could affect the timing and certainty of revenue.
C. General risks of investing in VR1 and the Placement	
Placement completion risk	Completion of the Placement is subject to customary conditions and the terms of the agreement with the Lead Manager, which may include termination events. If the Placement does not complete, or raises less than the target amount, VR1 may need to seek alternative funding for the Acquisition, interim funding of zSpace and its working capital requirements, which may not be available on acceptable terms or at all.
Dilution	Shareholders who do not participate in the Placement will have their percentage shareholding in VR1 diluted by the issue of New Shares, the issue of consideration shares and performance rights in connection with the Acquisition, and the issue of shares on exercise of the Attaching Options (if approved by shareholders). Future capital raisings may result in further dilution.

Key risks (continued)

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Share price fluctuations	The value of VR1 shares will be determined by the stock market and will be subject to varied and often unpredictable influences beyond VR1's control, including demand for and availability of VR1 shares, movements in interest rates, exchange rates and inflation, fluctuations in Australian and international stock markets, changes in fiscal, monetary and regulatory policies, announcements in relation to the Acquisition and general economic conditions. The price at which VR1 shares trade after the Placement may be above or below the offer price, and past performance is not a reliable indicator of future performance.
Liquidity risk	VR1 shares may experience periods of low trading volume, which may make it difficult for shareholders to buy or sell shares without materially affecting the market price.
Availability of capital	VR1 may require further funding in the future, including to fund zSpace, pursue its growth strategy or refinance existing debt. There is no certainty that additional funding will be available as and when required, on favourable terms or at all. Any inability to obtain funding may compromise VR1's ability to achieve its strategic objectives or, ultimately, to continue as a going concern.
Global economic and geopolitical conditions	Changes in global economic conditions (including interest rates, inflation, foreign exchange rates, labour costs, industrial disruption and supply chain constraints) and geopolitical events, including conflicts affecting defence procurement and international trade, may affect VR1's operations, financial performance and the demand for its products.
Taxation	Changes to tax laws or their interpretation in Australia, Italy, the United States or other jurisdictions in which VR1 operates may adversely affect VR1's profitability, net assets and cash flows and returns to investors. The recoupment of tax losses is subject to satisfying the relevant statutory tests, and there is no guarantee those tests will be satisfied.
Litigation risk	VR1 may become involved in disputes and legal proceedings in the ordinary course of business, including with customers, suppliers, employees, regulators or counterparties to acquisitions. Any such claim or dispute, if proven, may adversely affect VR1's operations, financial performance and financial position.
Pandemic and force majeure	Pandemics, natural disasters, acts of terrorism and other events beyond VR1's control may disrupt its operations, supply chains, customers and the markets in which it operates, and may have a material adverse effect on VR1's financial performance.
Forward-looking statements and speculative investment	This presentation contains forward-looking statements, including in relation to the expected benefits of the Acquisition. These statements are subject to known and unknown risks and uncertainties, many of which are beyond VR1's control, and actual outcomes may differ materially. An investment in VR1 shares should be considered speculative, and no guarantee is given in respect of the future performance of VR1, the return of capital or the payment of dividends.

Further information

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