

March 2025, Ozzano dell'Emilia (BO) - Italy

PRESS RELEASE

VECTION & SMARTENGINEERING SIGN \$0.9M STRATEGIC AI & XR PARTNERSHIP

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), ("Vection" or the "Company"), the INTEGRATEDXR® company, and SMARTENGINEERING S.p.A. ("SMARTENGINEERING"), are pleased to announce a strategic partnership agreement, targeting \$0.9m in sales to accelerate the introduction of artificial intelligence ("AI") and extended reality ("XR") technologies within engineering design and technical training across the EU's industrial sector.

HIGHLIGHTS:

- \$0.9m sales target by December 2027, reflecting strong confidence in Vection's AI and XR solutions for the industrial market.
- Three-year distribution agreement for Vection's entire AI/XR technology suite, creates a predictable, subscription-based revenue model.
- Strategic synergy merging SMARTENGINEERING's mechanical and mechatronic expertise with Vection's advanced XR and AI capabilities, delivering disruptive transformations in manufacturing, energy, oil & gas, and mobility.
- Co-development of "AI SKILLS" platform – a unified solution integrating AI, CAD, PLM, CAE, and XR for design innovation and continuous training.
- Joint R&D commitment focused on enhancing technology stacks and meeting the evolving demands of industrial clients.

OVERVIEW:

Through this three-year collaboration, SMARTENGINEERING will have non-exclusive distribution of Vection's extensive AI and XR portfolio in the EU, targeting sales of \$0.9m by December 2027. This deal highlights Vection's strategic value of consistent, subscription-based revenue while opening significant market opportunities for both companies.

As a reputable European mechanical and mechatronic engineering consultancy with a strong industry presence, SMARTENGINEERING plans to leverage Vection's advanced technologies to modernise design processes, enhance technical training, and deliver significant productivity improvements to clients in manufacturing, energy, oil and gas, and transportation. SMARTENGINEERING will provide training and pre-sales assistance to ensure the smooth implementation and quick adoption of Vection's offerings.

The two companies will co-create an "AI SKILLS" platform that integrates AI, CAD, PLM, CAE, and XR technologies to strengthen their competitive edge. They will jointly allocate up to \$0.7m in research and development to enhance features and pursue advanced functionalities that address evolving market needs and industry challenges. This platform aims to achieve measurable advancements in operational efficiency and knowledge utilisation by optimising essential engineering and training processes.

The synergy of technology, expertise, and market knowledge enables Vection and SMARTENGINEERING to lead disruptive digital transformation in Italy's industrial sector. This partnership also signifies a crucial step forward for Vection's broader goal of establishing recurring revenue through its subscription-based AI and XR solutions.

SMARTENGINEERING® S.p.A.

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According to a recent study by Grand View Research, the global market for artificial intelligence reached an estimated value of \$119.78 billion in 2022 and is forecasted to expand to \$1,591.03 billion by 2030, registering a remarkable CAGR of 38.1% over that period. Meanwhile, Gartner projects that worldwide enterprise AI spending will surpass \$800 billion by 2027, driven by the growing adoption of AI solutions—including generative AI—across diverse industries.¹

This partnership strengthens Vection's recurring revenue base and highlights both companies' shared commitment to long-term, sustainable growth through innovative, AI-driven industrial solutions in the EU market.

Vection's Managing Director, Gianmarco Biagi, commented: *"Our partnership with SMARTENGINEERING highlights Vection's dedication to advancing AI and XR adoption through concrete commercial achievements. With a sales target of \$0.9m, we are confident that this collaboration will deliver advanced immersive technologies to industrial clients looking to modernise and maintain their competitive edge."*

SMARTENGINEERING's President and CEO, Lia Grandi, added: *"Integrating Vection's innovative AI and XR solutions places us in a strong position to revolutionise design engineering, technical training, and knowledge management for our clients. We recognise significant growth potential in this area, and together, we will provide high-value solutions that elevate industrial innovation to unprecedented levels."*

MATERIALITY THRESHOLD:

This announcement is deemed material by the Board as it exceeds the Company's Announcement Materiality Threshold. The Announcement Materiality Threshold is for individual or multiple contracts cumulatively equating to more than \$500k in Revenue.

AUTHORISATION:

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

ENDS

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¹ Sources: Grand View Research; Gartner 2024, "Crossing the Chasm: Tech Provider Plans for Generative AI in 2024."

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ABOUT VECTION TECHNOLOGIES:

Vection Technologies is a growing enterprise-focused company that helps businesses bridge the physical and digital worlds. We help organisations leverage their 3D data via powerful extended reality (XR) interfaces that foster collaboration and learning, grow sales and more.

Vection Technologies is listed on the Australian Securities Exchange (ASX) with ticker code VR1, and trades on the U.S. over-the-counter (OTC) markets under the symbol VCTNY.

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

ABOUT SMARTENGINEERING

SMARTENGINEERING specialises in mechanical and mechatronic engineering, offering comprehensive solutions across sectors such as automation, packaging, machine tools, automotive, assembly machines, oil & gas, and aerospace. With 10 locations across Italy and a base in the Netherlands, SMARTENGINEERING provides integrated engineering services and positions itself as a reliable partner for digital transformation.

For more information, please visit: <https://www.sengineering.it/>

FORWARD-LOOKING STATEMENTS:

Certain statements made in this release are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Vection Technologies' current expectations, estimates and projections about the industry in which Vection Technologies operates, and beliefs and assumptions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'will', 'could', 'may', 'target', 'plan' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, guidance, or outlook on future earnings, distributions, financial position, or performance are also forward-looking statements. 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, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Vection Technologies only as of the date of this release. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Vection Technologies has no obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

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