

6 May 2025 Australia

ASX RELEASE

VECTION WINS \$1.2m DIGITAL-TWIN PROJECT FOR FOOD & BEVERAGE

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY), ("Vection" or the "Company"), the INTEGRATEDXR[®] company, is pleased to announce it has been selected to supply the extended-reality ("XR") and artificial intelligence ("AI") backbone for Project ADDICTA, a \$1.2 million research programme funded by Italy's National Recovery and Resilience Plan ("PNRR").

HIGHLIGHTS:

- \$1.2 m PNRR grant awarded to Vection to lead a five-partner project deploying 3DFrame digital twins, EnWorks IoT middleware and Algho AI.
- Consortium includes JMC Group (lead), Vection Italy, Mindesk, The Digital Box and Nature Med.
- Vection's INTEGRATEDXR[®] stack converts raw sensor data into real-time visual and conversational insights without third-party code, locking in proprietary data and compounding IP that rivals can't replicate.
- Eight-month build delivers the first in-line quality digital twin for liquorice, beer and pasta, flagging contaminants and colour in real-time.
- Grant proceeds will be split 62% between Vection Group entities and 38 % between Nature Med, with 20% of the project value to be recognised as revenue in FY25.
- Grant fully covers Vection's costs, delivering new IP and a high-profile reference site at zero cash outlay.

OVERVIEW

Project ADDICTA shifts the emphasis of factory digitalisation from machine-focused metrics to real-time product intelligence. A sophisticated array of food-grade sensors, such as spectrophotometers, high-resolution NIR sensors, and micro-temperature arrays, continuously samples liquorice paste, beer wort, and pasta dough as they move through production lines. EnWorks, Vection's IoT middleware, streams the raw data, normalises it, and transmits it to Algho AI models designed to identify the perfect batch's ideal fingerprint. As soon as a contaminant or colour variation is detected, Algho foresees the deviation and sends an alert, which is displayed as a colour-coded highlight milliseconds later on the virtual models of pipes, tanks, or extruders within 3DFrame's immersive Digital Twin. Additionally, users can access this information through voice commands via Algho's conversational interface.

The program is set to last eight months, with the goal of achieving Technology Readiness Level 7 by December 2025. The prototype needs to operate under standard, full-scale factory conditions and meet production key performance indicators. After reaching TRL 7, the partners will offer the platform as a subscription service oriented towards small to mid-sized food and beverage manufacturers. This service will include sensor starter kits, software licenses, on-site commissioning, model re-tuning, and augmented reality remote support. End-users will benefit from reduced waste, enhanced energy efficiency, and increased profits margins.

The PNRR grant allocates approximately 62% of total funding to Vection Group entities (JMC Group, Vection Italy, Mindesk, and The Digital Box), reflecting their role in the XR-AI technology stack, while around 38% is designated for Nature Med to host and validate the pilot line. About 20% of the \$1.2 million project value will be billed and recognised as revenue in fiscal year 2025, with the remainder accruing until December 2025 as milestones are reached. The grant covers all of Vection's development expenses, allowing the creation of new intellectual property and a flagship reference site without any cash outlay. The grant agreement contains provisions commonly found in government grant agreements of comparable size, nature, and type, including customary preconditions regarding operating and financial arrangements, capacity to carry out the program, and reporting requirements.

Project ADDICTA relies on specialists:

- JMC Group leads architecture and PLC integration;
- Vection Italy fine-tunes the XR/AI stack (3DFrame, EnWorks, Algho);

VECTION TECHNOLOGIES LTD

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- Mindesk optimises CAD/BIM data for immersive XR experiences;
- The Digital Box provides AI-driven user experience (UX) and model-training tools; and
- Nature Med offers historical datasets and the pilot production line.

IoT specialist iComfort supports the project by supplying wash-down-rated edge gateways and sensor housings.

The ADDICTA technology stack works as follows:

- Native middleware for IoT, AI, and XR: Data collected by EnWorks is immediately displayed as a 3DFrame overlay and as conversational insights from Algho, with no reliance on third-party code or latency.
- Vertical control over every layer: With JMC Group, Vection Italy, Mindesk, and The Digital Box working in-house, Vection manages CAD ingestion, rendering, IoT orchestration, AI hosting, user interface, and edge-to-cloud security, supported by its collaboration with Dell Technologies.
- Rapid innovation cycle: Weekly updates to the stack, NVIDIA-optimized GPU pipelines, and broad access to collected data enhance model performance, boost customer return on investment, and accelerate adoption.

This unique ownership strategy is unmatched in the food-and-beverage XR sector. Unlike competitors that depend on various third-party engines, Vection provides a unified solution that generates proprietary data and intellectual property with every new site. As a result, ADDICTA promotes a single prototype, encouraging a beneficial cycle of advanced AI, greater profit margins, and increasing subscription revenue within a global market.

Gianmarco Biagi, Vection's Managing Director, commented: "ADDICTA demonstrates why Vection is a leader in its field. We are the sole XR provider that manages the entire toolchain, including IoT data ingestion (EnWorks), AI reasoning (Algho), and swift XR visualisation (3DFrame), all developed and supervised internally. Our extensive control allows us to relay sensor data from the production floor to a color-coded overlay in an immersive Digital Twin, while providing the same insights through conversational AI, entirely independent of third-party integrations. This vertical integration offers clients a seamless vendor solution, speeds up innovation, and converts each implementation into proprietary data that strengthens our intellectual property advantage. ADDICTA's fully funded reference site is an excellent foundation for expanding this capability across the global food-and-beverage industry."

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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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

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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