



ASX RELEASE

Milestone Distribution Agreement Signed With Altea Federation

Agreement KPIs target net revenues of \$1,700,000 over 3 years

25 September 2019 | Perth, Australia

ServTech Global Holdings Ltd (ASX:SVT) (**ServTech** or the **Company**), a multinational software company that creates Virtual Reality (**VR**) & Augmented Reality (**AR**) solutions, is pleased to announce a partnership and distribution agreement with **Altea Federation**, a top 30 Italian ranking software and IT services provider and its fully owned subsidiary Vection Italy Srl (**Vection**). Under the agreement, Altea Federation will leverage its substantial salesforce targeting net revenues of ~AUD \$1,700,000¹ for Vection.

Highlights

- Vection signs partnership and distribution agreement with Altea Federation with **minimum target net revenues of \$1,700,000 over the following annual periods:**
 - ~AUD \$400,000 – by December 2020
 - ~AUD \$570,000 – Calendar Year 2021
 - ~AUD \$730,000 – Calendar Year 2022
- **50% of minimum net target revenue expected to be generated by recurring subscription based sales**
- Altea Federation's current client portfolio includes **Gucci, Ferrari, Maserati, Duracell, Agusta Westland, Colnago, Ermanno Scervino, Interbulk Group, Riello Group, Frette and Piquadro**
- Altea Federation is among the **top 30 software and IT services companies in Italy (2018: €102m in revenues)**
- Altea Federation **partners with key strategic companies such as SAP, PTC, Dassault Systemes, Infor & Microsoft**

Agreement

The agreement with Altea Federation is a key milestone in the Company's strategy to shift from a product-based model towards a subscription-based software-as-a-service (**SaaS**) model. While the ability to generate these future revenues is dependent on Altea Federation successfully selling the Company's SaaS products, Altea Federation have put forward minimum net target revenues of AUD\$1,700,000 over 3 years with AUD\$400,000 to be achieved before December 2020.

¹ AUD/€ Exchange Rate of 0.6148 as at 23 September 2019 (Source: RBA)

Of Altea Federation's revenue target, 50% is anticipated to be derived from the sale of FrameS, Vection's **real-time Virtual Reality software-as-a-service** (recurring subscription revenue).

Under the terms of the agreement, Altea Federation will retain exclusive rights to market Vection's products and services to specific industry segments, being the **Automotive, Fashion and Machine building segments**, provided that it meets minimum net revenue targets of:

- ~ AUD \$400,000 by December 2020
- ~ AUD \$570,000 in 2021 (if subscription based, additional revenue to prior period)
- ~ AUD \$730,000 in 2022 (if subscription based, additional revenue to prior period)

Virtual Reality Market Adoption

This agreement is strategic as it will expand Vection's distribution footprint in global manufacturing, underpinned by a global increased adoption of virtual reality headsets, with **over 1 million monthly-connected VR headsets on Steam** (software required for VR software utilisation) **for the first time in May 2019**².

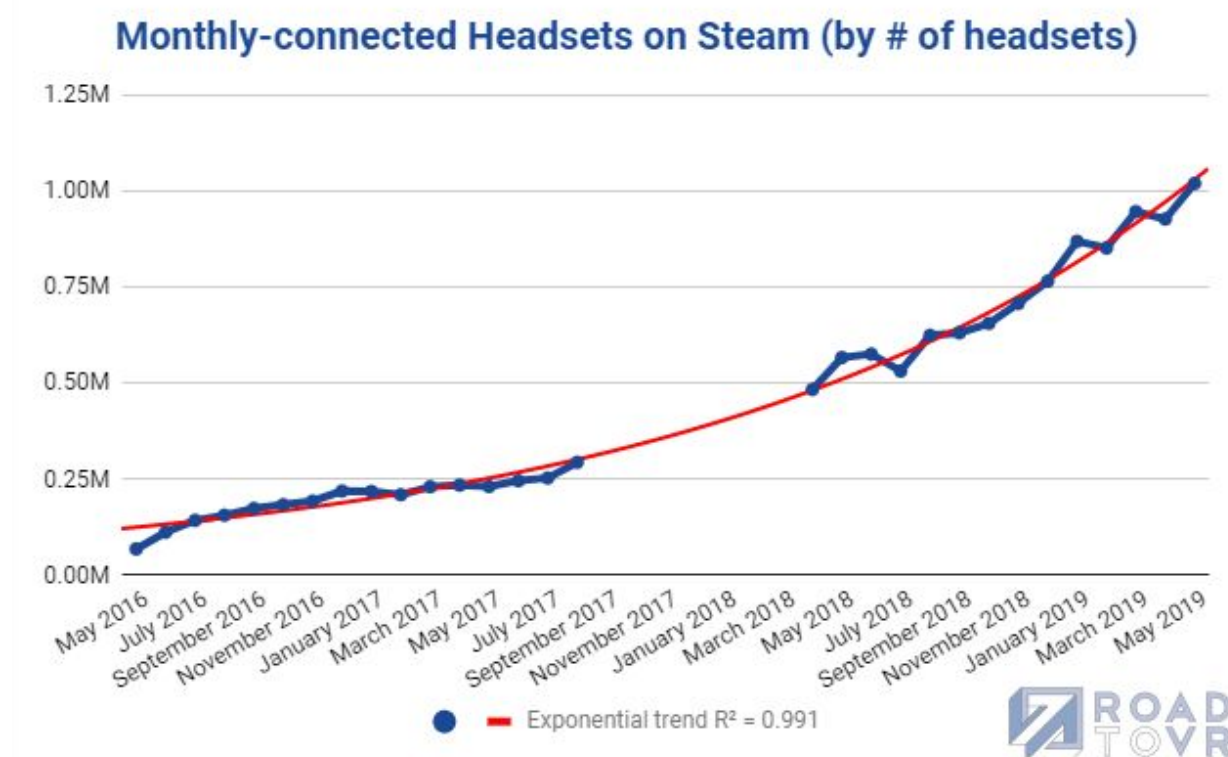


Image 1: Monthly-connected headsets on Steam (source: RoadToVR)

² <https://www.roadtovr.com/monthly-connected-vr-headsets-steam-1-million-milestone/>



Image 2: FrameS' explosion feature - visualisation of vehicle components

Altea Federation

Altea Federation is among the **top 30 software and IT services companies in Italy** (source # TOP100 IDC Italia 2018), with **1,300 resources and a widespread presence in Italy and abroad**. With significant revenue growth (€102M in 2018), Altea Federation is a prestigious partner brand of national and international businesses, partnering with **key strategic companies**, such as:

- **Strategic:** Deloitte
- **Applications:** SAP, Infor, Microsoft, sedApta, Concur, TeamSystem, Salesforce
- **Solutions:** PTC, Dassault Systemes, Centric Software, Sopheon, Alfresco
- **Infrastructures:** Cisco, Hewlett Packard, IBM, Amazon web services, Azure

Altea Federation will be a strategic partner with cross-industry experience and client base in key industries, such as:

Automotive	Aerospace & Defence	Engineering and Construction	Fashion & Retail	Wholesale & Distribution	Print & Packaging	Food & Beverage
Technical & Consumer Goods	Manufacturing	Discrete Manufacturing	Machine Building	Pharma & Chemicals	Fabricated Metal	Professional Services

For over 25 years Altea Federation has been collaborating with world leaders in technological innovation through a holonic-virtual business model that brings together under a single brand the experience, professionalism and specialization of pioneering and avant-garde companies. Different but complementary worlds that intertwine and strengthen each other, maintaining a strong group identity and an unmistakable approach to the challenges dictated by the new paradigms in consulting, technology, digital and operations. (<https://alteafederation.it>)

Andrea Ruscica, Founder and President of Altea Federation, commented:

"We consider FrameS to be a game changing software, set to revolutionise product manufacturing processes leveraging a proprietary virtual reality technology. This agreement enables Altea Federation to leverage its significant in-market presence and 1,300 resources to deliver strong sales results across the automotive, fashion and machine building industry segments."

Gianmarco Biagi, Managing Director of ServTech, commented:

"The partnership agreement with Altea Federation is a key milestone for the Company in its shift from a product-based model towards a subscription based, software-as-a-service model. With global virtual reality adoption growth, Altea Federation is a strategic partner, pivotal in the affirmation of FrameS as a leading VR visualisation software for global businesses."

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About ServTech (ASX:SVT):

ServTech is a multinational software company that makes Virtual Reality (VR) & Augmented Reality (AR) software services for the engineering, manufacturing, architecture, construction & education industries. ServTech operates on an Enterprise business model based on bespoke fees and on a Software as a Service (SaaS) business model based on recurring subscription revenue.

www.vection.com.au

About FrameS:

FrameS is a virtual reality visualisation software, assisting industries from architecture, engineering and manufacturing to fashion and retail, in creating VR visualisations prior to execution, saving both time and cost for producers, manufacturers and customers. VR visualisation improves the manufacturing process by keeping up with design changes and evolving ideas. Engineers and production teams work together to customise and realise concepts at any scale, and iterate faster on designs. Today, customers are accustomed to seeing final designs at early stages. VR visualisation provides the ability to showcase designs, layout, lighting, texture, and even geography, prior to development.

Forward Looking Statements:

This announcement may contain forward-looking statements that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.

Appendix 1: Material Terms of the Agreement

In accordance with ASX guidelines, ServTech provides the following information:

Description of Agreement:	Distribution and partnership agreement between Vection Italy S.r.l. and Altea S.p.A. (holding company of the Altea Federation's group). Under the terms and conditions of the agreement Altea Federation retains the right to commercialise and distribute Vection's products in the Italian market.
Terms of the Agreement:	- Execution Date: 24 September 2019 - Altea Federation's salesforce to undergo a training process on Vection's software products and services - Altea Federation will have the right to promote itself as Vection's "authorised partner" - Agreement initial term until 31 December 2020, automatically renewed each year unless terminated within 3 months from the end of the term - Altea Federation shall have a channel protection in the Automotive, Fashion & Retail and Machine building industries. Vection must refrain from entering into distribution agreements with Altea Federation's competitors operating in the protected channel - Provided that Vection must provide sufficient resources to train Altea Federation's salesforce, Altea Federation shall generate minimum target net revenue of: €250,000 within December 2020 €350,000 for Calendar Year 2021 €450,000 for Calendar Year 2022 Provided that: - the revenue is net, meaning it is discounted - the revenue is new revenue, meaning if subscription based, it is in addition to the previous' period revenue - Vection will invoice Altea Federation and not the final customer,

	- In January of each year, a joint analysis of the final revenue for the year ended will be performed. If the minimum net target revenue is not achieved, Vection shall retain the right to waive the channel protection - It is estimated that 50% of the minimum net target revenue will be generated by subscription based software (FrameS) and 50% from bespoke software development. - The parties agree to define a methodology to generate recurring revenue from bespoke software development projects
The significance of the Agreement:	The distribution and partnership agreement has been entered into with a key software distributor. In ServTech's view, the impact of the distribution and partnership agreement is material due to the revenue targets contained in the agreement. The Company will provide market updates as applicable.
Other material information relevant to assessing the impact of the Agreement on the price of value of ServTech's securities	There is no other material information.