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ASX RELEASE

VECTION ENTERS HEALTHCARE TRAINING MARKET

With customised FrameS training Virtual Reality platform

Vection Technologies Ltd (ASX:VR1) (**Vection** or the **Company**), a multinational software company that creates **3D**, Virtual Reality (**VR**) and Augmented Reality (**AR**) solutions, is pleased to announce the execution of agreements to develop a healthcare training focussed customised version of FrameS with dental technician expert **D&D (Virtual Classroom Agreement)**.

The Virtual Classroom Agreement is initially valued at ~A\$500,000¹, this work will commence by March 2020 and be completed in various stages during 2020. **This customisation has the potential to generate recurring SaaS revenues from a significant new market.**

Highlights

- **Vection to develop FrameS Dental for initial consideration of ~A\$500,000**
- **FrameS Dental to address dentistry and dental laboratory skill formation, training and simulation**
- **FrameS Dental represents the first strategic step of an overarching healthcare focused strategy**
- **Global Virtual Reality healthcare market to reach USD\$30.4 billion by 2026**
- **Dentists market represented by over 1 million dentists globally, including over 340,000 dentists across Europe and circa 200,000 dentists across the United States of America**

FrameS Dental: Platform Introduction

Vection has been engaged by D&D to customise its flagship Virtual Reality platform, FrameS, to address the growing dental training and simulation market (**FrameS Dental**). Subject to conditions precedent (Refer: Appendix A), D&D plans to use FrameS Dental to provide dentistry and dental laboratory skill formation, training and simulation within the immersive FrameS virtual reality environment.

FrameS Dental is a Virtual Reality platform composed of multiple modules, specifically built to address a broad range of procedures and treatments. Each module will address specific treatments, procedures or courses such as root canal work, dental implantology and many more. The initial deployment of FrameS Dental, inclusive of its first modules, is expected late Q2 / early Q3 2020, followed by the integration of new and more comprehensive modules during the rest of the 2020 calendar year.

FrameS Dental will enable:

- Simulation-based training for surgical dental implantology procedures such as gum incision, bone drilling, dental implant, etc.
- Simulation-based training for surgical dental extraction procedures.
- Simulation-based training for dental scaling procedures.
- Simulation-based training for common dental care procedures.

¹ AUD/€ Exchange Rate of 0.6163 at 8 January 2020. Source: Reserve Bank of Australia

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- Training and visualisation of common pathologies such as dental cavities and periodontal diseases on ultra-realistic reproductions of dental arches obtained from CT scans.

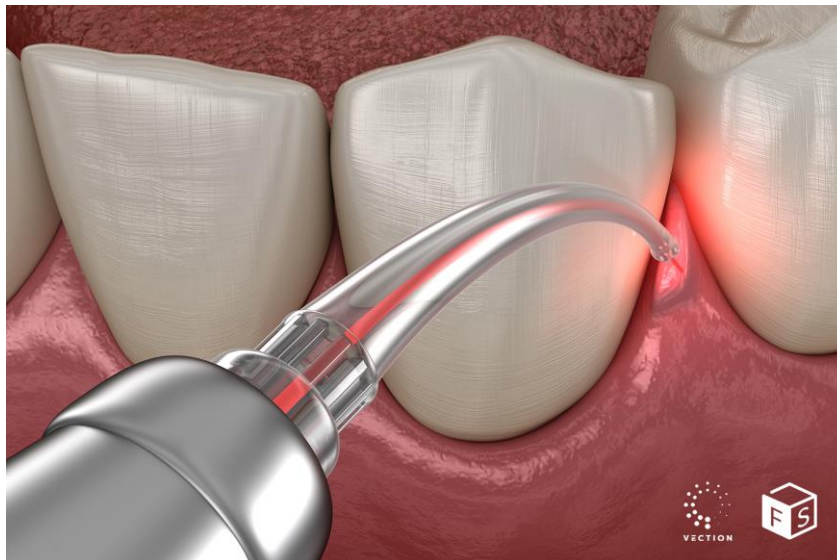


Figure 1: Rendering of gum correction surgery with laser

In addition to the FrameS Dental software, Vection will supply to D&D Virtual Reality specific hardware for the virtual classroom for a total of 60 VR workstations. At each workstation, equipped with state-of-the-art VR equipment, students and professionals alike will utilise FrameS Dental to learn and conduct simulation-based training prior to conducting dental procedures in real-life.

FrameS Dental: Advantages

FrameS Dental is an **interactive and modern educational tool, enabling ultra-realistic, real-time dentistry and dental laboratory skill formation, training and simulation**, as Virtual Reality simulators are becoming an essential component of modern education over conventional learning.

Virtual Reality simulations enable:

- Increased patient safety.
- Reduced healthcare expenditure.
- Enhanced clinician performance.
- High graphic accuracy.
- Realistic sensation and feeling of objects and materials within the simulated environment.

FrameS Dental: Virtual Reality Healthcare Market

The global Virtual Reality healthcare market size was USD\$1.56 billion in 2018, and is projected to reach USD\$30.4 billion by 2026, exhibiting a compounded annual growth rate (CAGR) of 42.4% during the forecast period, according to Fortune Business Insights.

In 2018, Education and Training represented 34.8% of the total market size for Virtual Reality in the healthcare market.²

² fortunebusinessinsights.com/industry-reports/virtual-reality-vr-in-healthcare-market-101679



FrameS Dental: Strategy

With a growing global dental market, estimated to reach USD\$35.7 billion in 2023, growing at a CAGR of 5.59% for the 2018-2023 period³, the dental market represents a significant opportunity for Vection as it develops its first FrameS solution for the healthcare market.

The dentists' market is represented by over 1 million dentists globally⁴, of which;

- Over 340,000 dentists across Europe according to the Council of European Dentists led by president Marco Landi⁵.
- Circa 200,000 dentists across the United States of America⁶.

Vection's entry into the dental training market is the first strategic step of a broader effort by Vection to leverage FrameS to assist healthcare providers with a unique virtual reality platform to transform the way they train, plan and operate. As such, **FrameS Dental will be the Company's first healthcare solution** to be added to its suite of 3D, VR and AR SaaS products during 2020.

Vection plans to progress this Healthcare focussed strategic plan by increasing its product offering through partnerships and expanded applications.

Gianmarco Biagi, Vection's Managing Director, commented:

"FrameS Dental marks Vection's first step into the Healthcare vertical, which represents one of the biggest adopters of virtual reality globally, and an integral part of Vection's strategy. Vection anticipate disrupting the conventional training and planning approach of healthcare providers via its suite of 3D, VR and AR SaaS products, including its flagship transformative VR product, FrameS."

"Vection is currently in discussions with multiple parties in the healthcare and pharmaceutical industries and will update the market in due course."

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About Vection (ASX:VR1):

Vection is a multinational software company that makes 3D, Virtual Reality (VR) & Augmented Reality (AR) software services for the engineering, manufacturing, architecture, construction, education and healthcare industries. Vection 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

³ globenewswire.com/news-release/2019/08/02/1896469/0/en/Global-Dental-Market-Projected-to-Witness-a-CAGR-of-5-59-Over-2018-2023-Rise-in-Practice-Consolidation.html

⁴ fdiworlddental.org/ja/members/fdi-members

⁵ cedentists.eu/about/3-our-mission.html

⁶ ada.org/en/science-research/health-policy-institute/dental-statistics/workforce



About D&D:

Since 2009, D&D has been active in the design and production of dental prostheses within the Italian market, enjoying significant continuous growth. Owned and operated by Denis Ortolani, a successful businessman active in the healthcare, pharmaceutical and real estate sectors, D&D plans to operate as an accredited Continuing Medical Education (CME) provider in the healthcare sector, leveraging its industry contacts and knowledge.

ASX release authorised by the Board of Directors of Vection Technologies Ltd.



Appendix A: Material Terms of the D&D Virtual Classroom Agreement

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

Description of Agreement	Vection Italy S.r.l. And D. & D. di Ortolani Denis (D&D) have executed two agreements for the development of a Virtual Classroom for dentistry and dental laboratories skill formation, training and simulation (Virtual Classroom Agreement). Under the terms and conditions of the agreement D&D wishes to engage Vection for the development of a Virtual Reality Software platform for dentistry and dental laboratories skill formation and training, and for the supply of VR specific hardware.
Terms of the Agreement	• All documents and software provided by Vection to D&D will be owned by D&D. • Vection will maintain the right to commercialise similar solutions to other clients, with the explicit exclusion of clients included in a document to be drafted by D&D in agreement with Vection. • Software to be developed and hardware to be delivered to D&D by 30 June 2020 for a consideration equal to €79,800 plus VAT (First Agreement). • Subject to the successful delivery of the First Agreement, Vection to deliver hardware and additional software functionalities to D&D for a total consideration equal to €225,700 plus VAT (Second Agreement). • Conditions Precedent to the development of the D&D platform: ○ Accreditation of D&D as a training institution under its relevant laws and regulations. ○ D&D securing a government grant equal to, at least, €40,000 towards the development of the Virtual Classroom project (Grant). ○ Securing a financing facility for the difference between the First Agreement contractual consideration and the Grant.
The significance of the Agreement	In Vection's view, the impact of the Virtual Classroom Agreement is material due to the revenue component of 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 Vection's securities	There is no other material information.