28 April 2020 | Australia

ASX RELEASE

COMPLETION OF MINDESK ACQUISITION

ITALIAN GOVERNMENT TO JOIN VECTION TECHNOLOGY SHAREHOLDERS

Real-time software company Vection Technologies Ltd (**ASX:VR1**) (**Vection Technologies** or the **Company**) is pleased to advise that the acquisition of Mindesk Inc (**Mindesk**), announced on 2 March 2020, will be completed on Wednesday, 29 April 2020. Mindesk is the developer of the first Software as a Service (**SaaS**) real-time 3D design platform that combines Computer Aided Design (**CAD**) with Virtual Reality (**VR**) and graphic engines.

Highlights:

- **Vection Technologies completes all-scrip acquisition of Mindesk at 2.5¢ per share, delivering ~$1.2M cash at bank benefit to the Company**
- **Vection Technologies welcomes institutional shareholders:**
    - **Italian Government via its national innovation fund "CDP Ventures SGR"**
    - **HTC Vive**
    - **Primomiglio SGR**
    - **A11 Venture**
- **Mindesk vendors escrowed for 12 months from issue date**
- **Mindesk acquisition and technology endorsed by HTC, Logitech and several Tier-1 companies globally**
- **Mindesk is the first SaaS real-time 3D design platform that integrates CAD with VR, introducing the possibility to design a CAD project from scratch in Virtual Reality**
- **Acquisition to significantly boost Vection Technologies' product suite, technological partnerships, distribution footprint, commercial CAD integration and SaaS sales strategy**
- **Intersection between CAD and VR/AR software and real-time rendering to reach a total addressable market value of over A$3 billion in 2022**
- **Mindesk CEO, Mr Gabriele Sorrento, to join Vection's Board of Directors as Non-Executive Director**

3D

VIRTUAL REALITY

AUGMENTED REALITY

INDUSTRIAL IoT

CAD

Mindesk Acquisition: Overview

As approved by the Company's shareholders on 23 April 2020 and in accordance with the terms of the acquisition, the Company will issue 165,505,199 fully paid ordinary shares in the capital of the Company, escrowed 12 months from issue date, with remaining conditional performance based earn-out components.

Further information in relation to the Mindesk acquisition was provided in the Company's presentation (ASX: 12 March 2020): www.asx.com.au/asxpdf/20200312/pdf/44fzbgf13m3fd0.pdf

Furthermore, the Mindesk acquisition will deliver a ~$1.2M cash at bank benefit to Vection Technologies, bringing its total cash at bank balance to ~$1.5M.

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Mindesk Acquisition: Institutional Shareholders

Following settlement of the Mindesk acquisition, strategic institutional investors will join Vection Technologies' shareholder base, further underpinning the validity and potential of the Company's strategy and overarching vision. Key institutional investors include:

- **HTC Vive**: Global smart mobile devices and technology innovator HTC through its VR focused global accelerator program Vive X. HTC is listed on the Taiwan Stock Exchange with ticker code TWSE: 2498 (htc.com and vivex.vive.com).
- **CDP Ventures SGR:** Italian government's national innovation fund, created to accelerate the growth of the Italian venture capital ecosystem and to take it, by amount of capital invested and by number and quality of players, to the level of the major European countries. (cdp.it)
- **Primomiglio SGR**: A prominent venture capital firm focused on seed and early stage startups. (primomigliosgr.it)
- **A11 Venture**: Leading entrepreneur backed venture capital fund. (a11venture.it)

Mindesk Acquisition: Tier-1 Endorsements

The Company has received several endorsements of the Mindesk acquisition and its technology from Tier-1 companies globally, further underpinning the validity of this strategic step forward by the Company.

On the acquisition of Mindesk, HTC's vice president of business development, Pearly Chen commented "*We are grateful to have had the opportunity to back Mindesk since their early days and share the team's excitement about the possibilities this acquisition could unleash for Vection Technologies and their customers globally. We are firm believers of the many positive ways virtual reality will transform how we work, collaborate, and connect with one another. It is great to see validation of Mindesk's vision of accelerating productivity with real-time technologies and we look forward to supporting their joined journey onwards as a new shareholder of Vection Technologies.*"

On the Mindesk technology, Logitech's Director of VR/AR Program commented "*Logitech VR Ink now works with Mindesk, and we are super excited to have Mindesk as a Logitech partner. Mindesk and VR Ink create a powerful combination where you can edit and create, for Rhino and Solidworks, content with precision and control directly within VR.*"

Mindesk Acquisition: Technology Overview

Mindesk Inc. (**Mindesk**) is the developer of the first Software as a Service (**SaaS**) real-time 3D design platform that combines Computer Aided Design (**CAD**) with Virtual Reality (**VR**) and graphic engines.

Mindesk represents the logical next step in Vection Technologies' overall evolution to a recurring SaaS revenue business model, ensuring further differentiation and growth across commercial CAD software for the Architecture, Engineering and Construction (**AEC**) industries.

Mindesk's real-time 3D design platform integrates with commercial CAD software introducing the possibility to design a CAD project from scratch in VR.

Mindesk provides the bi-directional, real-time live link across multiple commercial CAD and design software, including McNeel Rhinoceros 6 and Grasshopper, Dassault Solidworks 2018 and 2019 and Epic Games' Unreal Editor.

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Mindesk Acquisition: Transaction Rationale

The acquisition of Mindesk represents a significant acceleration in the evolution of Vection Technologies' CAD strategy, boosting real-time virtual reality in design and manufacturing workflows. In specific, Mindesk will enable Vection Technologies to:

- Access a consolidated unique strategic partnership network including: Siemens, Logitech, Dassault SolidWorks, McNeel, Autodesk, HTC Vive Enterprise, HP, Epic Games, Varjo and ZHVR Group by Zaha Hadid Architects.
- Accelerate its strategy to bring to market a 360° suite of software solutions addressing companies' digital needs: from design and engineering, to marketing and sales.
- Leverage a strong combined value added and distribution network covering North America, Europe and Asia Pacific.
- Leverage a strong, structured back-office and R&D framework providing for significant cost savings potential. A unified sales network represents a strong growth opportunity to achieve short-term sales increase, at minimum cost.

Mindesk Acquisition: CAD Software Market

The intersection between CAD and VR/AR software and real-time rendering was valued at A$1.2 billion in 2019, with an initial mixed reality adoption rate of 8%. The adoption of these immersive technologies by professional users is set to more than double over the next three years to a total addressable market value of over A$3 billion in 2022: a staggering 35.5% Compounded Annual Growth Rate (CAGR).

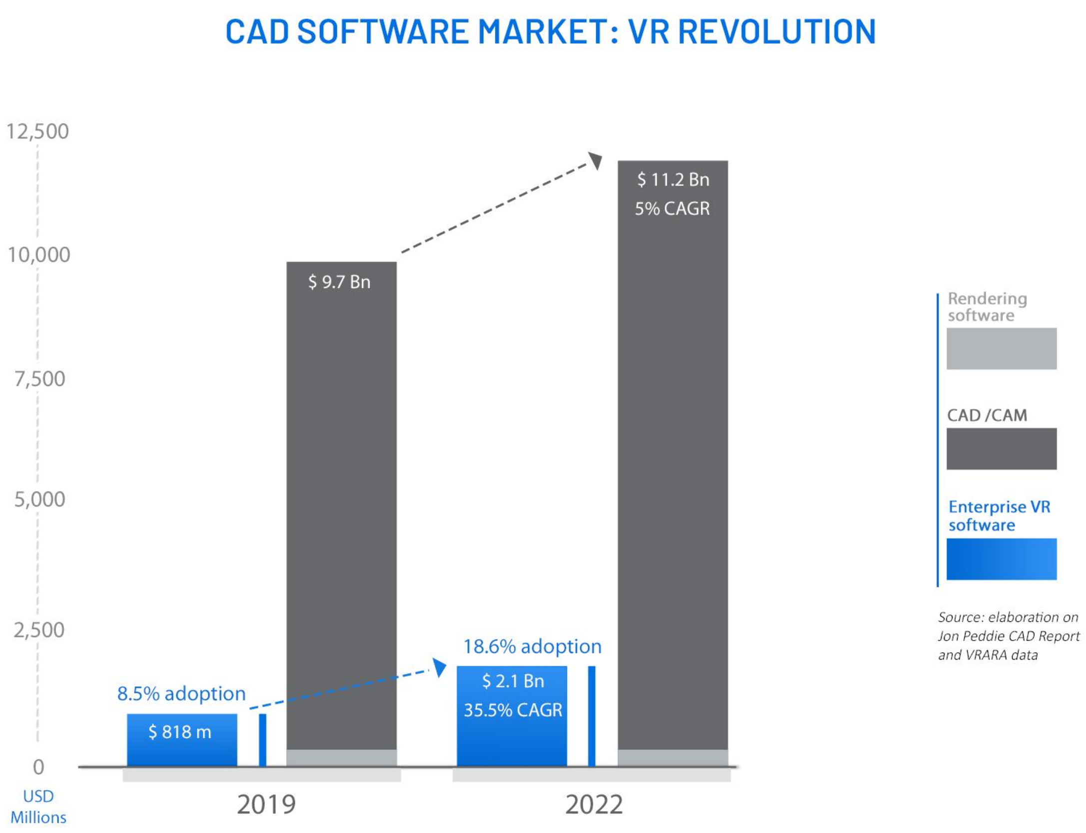
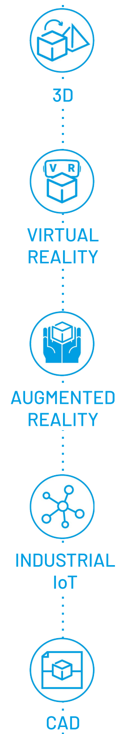


Figure 1: CAD Software Market and VR/AR adoption forecast



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Mindesk Acquisition: Board Appointment

Following completion of the acquisition, the Company is also pleased to announce the appointment of Mindesk's Chief Executive Officer, Mr Gabriele Sorrento, as Non-Executive Director. A brief biography is provided below:

Mr Sorrento is a Fulbright Alumnus and holds a M.Sc. in Architectural Engineering. He has over 13 years of experience in 3D CAD, and previous experiences with Renzo Piano Building Workshop and Heller Manus Architects.

Mindesk Acquisition: Capital Structure

The post-Transaction capital structure of Vection Technologies will be[1]:

Share Price:	1.9¢
Shares on Issue:	822.7M
Market Capitalisation:	$15.6M
Cash:	$1.5M

[1] Share Price at 24 April 2020
Cash and cash equivalents at 31 December 2019, including Mindesk cash at bank at settlement
Excluding performance rights, options and deferred consideration

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About Vection Technologies:

Vection Technologies Ltd (ASX:VR1) is a multinational software company that focuses on real-time technologies for industrial companies' digital transformation.
Through a combination of our 3D, Virtual Reality, Augmented Reality, Industrial IoT and CAD solutions, Vection Technologies helps companies and organisations to innovate, collaborate and create value.
vection.com.au

About Mindesk:

Mindesk Inc. is a multinational SaaS company that develops a Real-Time 3D design platform that integrates with existing commercial CAD software to extend their operations to the third-dimension: Virtual Reality, Augmented Reality, Real-time rendering, and Multi-user collaboration.
mindeskvr.com

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

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