15 April 2021 | Australia

ASX RELEASE

VECTION TO ACQUIRE LEADING AUSTRALIAN ARCHVIZ STUDIO

SECOND MILESTONE IN THE 2021 VERTICALIZATION STRATEGY & FIRST AUSTRALIAN STRATEGIC ACQUISITION

Real-time software company Vection Technologies Ltd (**ASX:VR1**) (**Vection Technologies**, **Vection** or the **Company**) is pleased to announce that it has signed a definitive agreement to acquire 100% of the issued capital of leading Australian archviz studio, Blank Canvas Studios (Aus) Pty Ltd (**Blank Canvas**).

Vection Technologies plans to leverage Blank Canvas' real estate visualisation expertise to attract more mid-market customers as part of its broader global growth strategy to leverage its 3D, Virtual Reality (**VR**) and Augmented Reality (**AR**) product offerings in industry-specific verticals.

Founded in 2017, with studios in Perth and Sydney, Blank Canvas specialises in architectural visualisation through 3D imagery and 3D animation, partnering with some of Australia's leading residential and commercial developers, including Mirvac, Blackburne, Finbar, Mustera Property Group, Megara, Vicinity Centres, AMP Capital, Development Victoria and Dexus Wholesale Property Fund.

3D

VIRTUAL REALITY

AUGMENTED REALITY

INDUSTRIAL IoT

CAD

Highlights:

- **Vection to acquire leading Australian ArchViz studio, Blank Canvas**
- **Blank Canvas has delivered major 3D visualisation for leading Australian developers, including Mirvac, Blackburne, Finbar, Mustera Property Group, Megara, Vicinity Centres, AMP Capital, Development Victoria and Dexus Wholesale Property Fund**
- **High-growth real-time 3D, VR and AR opportunity in the AEC & Real Estate industry, globally**
- **Minimum dilution with solely $250k to be issued in shares**
- **Second milestone in the Company's Verticalization Strategy**

Overview:

Through the acquisition of Blank Canvas, Vection extends its Architecture, Engineering, Construction (**AEC**) & Real Estate offerings with two important capabilities: the first being the ability to provide vertical-specific 3D rendering and visualisation services; the second to deliver Vection's cloud 3D, VR and AR applications directly to the Australasian real estate and architectural industries.

The purpose of this AEC & Real Estate vertically integrated acquisition is to deliver an industry leading product visualisation offering for architectural firms and property developers, made possible by Vection's cloud 3D, VR and AR technologies, which will augment Blank Canvas' existing product and service suite.

Asia Pacific
Address: 642 Newcastle Street,
Leederville WA 6007
Phone: +618 6380 2555

Europe
Address: Via Isonzo 61
40033 Casalecchio di Reno (BO),
Italy

North America
Address: 785 Market Street, #600
San Francisco CA 94103
USA

Media Enquiries
AUpress@vection.com.au
EUpress@vection.com.au

Since its incorporation in 2017 in Perth, Blank Canvas has grown its presence on a national level, delivering over 300 3D visualisation projects for more than 180 clients in Australia and abroad. In fiscal year 2020, Blank Canvas achieved ~$1.5M in sales with ~$0.2M in profit (unaudited). Fuelled by the passion of its founder, Justin Bourn, the company has established a powerful brand within the industry, with over 45,000 Instagram followers.

For more information about Blank Canvas please visit:
Website: www.blankcanvas.studio
Instagram page: www.instagram.com/blankcanvas.studios

The key terms of the Blank Canvas share sale agreement are set out in the annexure.

The Vertical:

The Australian property market has been identified as a high-growth vertical for the Company, with national home values rising 4% in every capital city, and sales volumes increasing 12.6% nationally in the year to February (CoreLogic's March 2021 Monthly Insights Report). Moreover, data suggests the off-the-plan (**OTP**) market is rebounding strongly, supported by government incentives and low interest rates, with real estate agents in Brisbane, Perth and Melbourne claiming buyer demand has strengthened significantly (Australian Financial Review, 5 February 2021).

In this context, 3D and Virtual Reality architectural visualisation (**ArchViz**) plays a critical part in the OTP purchase process, bridging the gap between vision and reality for new home and apartment buyers.

According to realestate.com.au's Developer Insights Series Research, 2020, 64% of apartment buyers are concerned with quality when it comes to new apartment developments. For OTP developers, this means investing in photorealistic 3D visuals and Virtual Reality to accurately depict their building, shared amenity and apartment designs. 3D imagery has become a vital part of the marketing mix in providing buyers with peace of mind.

Importantly, the customer journey for OTP buyers in a COVID-19 landscape continues to evolve, with realestate.com.au data showing 49% of apartment buyers in 2020 purchased without visiting a physical display suite, an increase of 27% on 2019. This trend presents a further opportunity for developers to leverage 3D imagery and AR and VR experiences as part of their sales process.

Paul Clayton, Managing Director of Blank Canvas, commented:

"We are thrilled to join Vection Technologies during this really important time in the evolution of architectural visualisation. We're seeing enormous change in the sector, and leveraging Vection's AR and VR capabilities will allow us to remain at the forefront of the industry.

For residential and commercial developers, it means that, beyond photorealistic 3D imagery and animation, we'll expand to web-based AR and VR customer experiences that are truly immersive, to support our clients' marketing and sales strategies. So our ability to add both creative and commercial value to every project has now been greatly enhanced, which is really exciting."

VECTION TECHNOLOGIES

Gianmarco Biagi, Managing Director of Vection Technologies, commented:

"Entire industries are experiencing the transformational power of real-time 3D technologies, resulting in their complete re-imagination. In this context, Blank Canvas will enable Vection Technologies to deliver seamless, AEC and Real Estate industry-specific real-time 3D solutions, expanding our market penetration and network throughout Australia and globally.

By leveraging our global infrastructure and market positioning, we believe that Blank Canvas can greatly improve its operating performance and margins with an expanded product breadth and scale, while representing the first foundational step in our Australasian growth plan. We are looking forward in accelerating our global Verticalization Strategy."

Gianmarco Biagi - Managing Director (Europe Based)
Email: gianmarco.biagi@vection.com.au
Phone: +39 051 0142248

Gianmarco Orgnoni - Director and COO (Australia Based)
Email: gianmarco.orgnoni@vection.com.au
Phone: +61 8 6380 2555

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.
For more information please visit the Company's websites:
vection.com.au
mindeskvr.com

About the Leading Strategy:

Following the completion of the first two phases of its overarching strategy – namely, Rebuilding (2017-2018) and Transforming (2019-2020) – resulting in the development of its solid core technology stack, the Company has now progressed to the Leading Strategy phase (2021-2023), with "Verticalization" being its first foundational step. The Verticalization approach seeks to significantly expand Vection's footprint in companies' application landscapes, segmenting industrial markets while capturing new business opportunities, protecting market positions and averting competitive threats. As part of this approach, Vection wants to develop highly verticalized extensions to its core technology stack aimed at anchoring its solutions in clients' core processes. The Company will follow a Build / Acquire / Partner strategy where, in each vertical industry, it will analyse the benefits of internally building functionality, working with a partner or acquiring companies.

ASX release authorised by the Board of Directors of Vection Technologies Ltd. All values in this release are unaudited.

3D
VIRTUAL REALITY
AUGMENTED REALITY
INDUSTRIAL IoT
CAD

VECTION TECHNOLOGIES

Annexure A - Key Terms of the Blank Canvas share sale agreement (SSA):

I. **Parties:**
Vection has entered into the SSA with Blank Canvas and its founding shareholder, Mr Justin Thomas Bourn, (the **Vendor**) to acquire all the shares the Vendor holds in Blank Canvas.

II. **Consideration:**
Subject to the satisfaction or waiver of the Conditions Precedent set out below, Vection has agreed to:

A. Issue $250,000 worth of fully paid ordinary shares of the Company at the 20 days volume-weighted average price (**VWAP**) for Shares prior to the date of settlement (**Consideration Shares**). The Consideration Shares will be issued under the Company's current Listing Rule 7.1 placement capacity;

B. Pay $250,000 in cash to Mr Justin Thomas Bourn at Settlement (**Cash Consideration**); and

C. Pay the amount equal to the Settlement Cash (formula defined below) on 30 June 2021. (Settlement Cash = Settlement Trade Debtors + Settlement WIP - Settlement Liabilities + Net Cash – Unpaid Trade Debts – Additional Liabilities – Unpaid Work in Progress.)

D. Issue to Mr Paul Clayton (as nominee of the Vendor) three (3) performance rights on the following terms:

   i. $500,000 in Shares upon Blank Canvas achieving A$1,500,000 in audited revenue and EBITDA being equal to or above 0 by the financial year ending 30 June 2022 (**Class A Milestone**);

   ii. $600,000 in Shares upon Blank Canvas achieving A$3,000,000 in audited revenue and EBITDA being equal to or above 0 by the financial year ending 30 June 2023 (**Class B Milestone**); and

   iii. $700,000 in Shares upon Blank Canvas Blank Canvas achieving A$5,000,000 in audited revenue and EBITDA margin being equal to or above 15% by the financial year ending 30 June 2024 (**Class C Milestone**).

   The applicable conversion price, being the greater of:

   i. $0.10;

   ii. Vection's 14 day VWAP prior to the date the relevant audited accounts demonstrating the achievement of the relevant Milestone is released on ASX.

III. **Considerations Precedent:**
Settlement of the acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent on or before 5.00 pm (AWST) on 22 April 2021 (or such other date agreed by the parties in writing):

A. **Due diligence**: completion of due diligence on Blank Canvas by Vection to its satisfaction;

B. **Approvals**: Vection obtaining all necessary regulatory, shareholder and third party approvals to allow Vection to lawfully complete the Acquisition;

C. **Debt:** Blank Canvas to be free of debt and/or retain the amount of cash necessary to fulfill all of its liability obligations; and

D. **Management Agreements:** Vection entering into an employment agreement with Mr Paul Clayton pursuant to which Mr Paul Clayton will agree to act as Managing Director of Blank Canvas.

IV. **Settlement:**
Settlement of the acquisition will occur on or prior to the date which is two (2) business days after satisfaction or waiver of the Conditions Precedent set out above.

V. **Adviser Shares:**
The Company has agreed to pay a fee of $100,000 to be satisfied by the issue of 1,000,000 Shares to Big Leap Pty Ltd, a non-related party, as a facilitation and introduction fee in relation to the proposed acquisition of Blank Canvas.

3D

VIRTUAL REALITY

AUGMENTED REALITY

INDUSTRIAL IoT

CAD

Asia Pacific
Address: 642 Newcastle Street, Leederville WA 6007
Phone: +618 6380 2555

Europe
Address: Via Isonzo 61
40033 Casalecchio di Reno (BO), Italy

North America
Address: 785 Market Street, #600
San Francisco CA 94103
USA

Media Enquiries
AUpress@vection.com.au
EUpress@vection.com.au