

7 June 2023, Australia

ASX RELEASE

VECTION TECHNOLOGIES UNVEILS ACQUISITION TO LEAD FASHION & RETAIL XR REVOLUTION

Vection Technologies Ltd (ASX:VR1, OTC:VCTNY) ("Vection Technologies" or "Company"), the INTEGRATEDXR® company, is pleased to announce the execution of a binding agreement to acquire the business of Invrision S.r.l ("Invrision"), a prominent technology company specializing in 3D and **mixed reality** solutions for the fashion, retail, consumer goods, and real estate sectors.

This proposed acquisition enhances Vection Technologies' position as a leader in the integrated-extended reality (XR) technology space, providing customers with innovative XR solutions and unlocking new organic growth opportunities.

HIGHLIGHTS:

- Vection Technologies to acquire the business of Invrision, a prominent 3D and mixed reality technology company specializing in the fashion, retail, consumer goods, and real estate sectors.
- Acquisition delivers enhanced customer experience and capabilities through the integration of Invrision's technology within the INTEGRATEDXR® suite.
- Immediately value accretive acquisition delivering positive EBITDA and ~\$1.7M in revenue, unlocking strong opportunities to drive further organic growth for the combined group.¹
- All performance-based consideration with \$0.10 floor share price, vesting after 30 June 2026.
- Transaction structure demonstrates vendor's long-term commitment to the Company's organic growth strategy.
- Invrision has a client portfolio including globally recognized brands such as Walgreens, Ferrero, Nestlé, Coca Cola, and Diageo, and has worked with leading brands including Ralph Lauren and PepsiCo.
- Notable partnerships include Microsoft, Ipsos, and Sketchfab, which contribute to Invrision's commercial strength, research, and development capabilities.
- This strategic acquisition aligns with the Company's vision to expand its technology portfolio and leverage Invrision's expertise in industry-focussed, cutting-edge 3D and mixed reality technology solutions.
- By integrating Invrision, Vection Technologies aims to drive organic growth while enhancing customer experiences and creating significant value for shareholders.

OVERVIEW:

Invrision is a prominent technology company specializing in 3D and mixed reality solutions for the fashion, retail, consumer goods, and real estate sectors.

¹ Based on calendar year 2022 unaudited results, using an average RBA exchange rate € to AUD for calendar year 2022 of 1.517.

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 Level 4, Building C, Garden Office Park, 355
 Scarborough Beach Road,
 Osborne Park WA 6017 - Australia

Invrision has an impressive client portfolio that includes globally recognized brands such as Walgreens, Ferrero, Nestlé, Coca Cola, and Diageo, and has worked with leading brands including Ralph Lauren and PepsiCo.

Additionally, Invrision has notable partnerships with companies like Microsoft, Ipsos, and Sketchfab, contributing to its commercial strength, research, and development capabilities.



Image 1: Consumer behaviour analysis in Invrision's Shelfzone virtual reality (VR).

Invrision develops leading 3D and mixed reality technology solutions, including:

- **E-commerce 3D:** a patented and optimized digitization system that utilizes artificial intelligence (AI) and computer vision to create 3D digital twins of products, enabling customers to enhance their marketing and e-commerce online strategies. These real-time renderings are multi-channel, customizable, and easily embeddable through viewers and configurators, offering ultra-realistic textures, physics, and materials.
- **Shelfzone:** a platform for simulating retail spaces in large-scale and organized distribution, characterized by providing unparalleled realism in simulated spaces and ease of customization. The solution facilitates the presentation of space planning and category management projects, streamlines trade marketing activities, and through data tracking capabilities, speeds up complex consumer behaviour research activities. With Shelfzone, the industry and retail sectors can create countless virtual supermarkets and showrooms, fostering collaboration among teams, organizations, and customers while saving time and costs.
- **Virtual showroom:** an advanced technology that provides 3D objects with a realistic appearance within a customizable environment. This solution offers a brand-new 3D and virtual reality (VR) shopping experience, enhancing customer engagement and interaction. Designed to facilitate business to business

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(B2B) sales activities, it extends the customer experience dedicated to fast-moving consumer goods, opening infinite possibilities in sectors such as fashion, design, furniture, and real estate.



Image 2: Hyper realistic VR fashion showroom by Invrsion.

For more information on Invrsion, please visit: www.invrsion.com

Gianmarco Biagi, managing director of Vection Technologies, commented:

"We are thrilled to announce this remarkable achievement in Vection Technologies' journey of prioritizing customer benefits and delivering exceptional value. As we continue to grow our company, we remain committed to minimizing shareholder dilution, enabling us to focus on enhancing the experiences of our valued customers."

"By acquiring Invrsion, a leading technology company, we are not only adding cutting-edge technology to our INTEGRATEDXR[®] portfolio, but we are also gaining a talented team of individuals who will contribute to our organic growth. We remain committed to delivering value to our shareholders while strategically expanding our capabilities in this rapidly evolving technology sector. This acquisition aligns with our vision of staying at the forefront of innovation and solidifying our position as a leader in the industry. We are excited about the opportunities that lie ahead and look forward to leveraging the synergies between our organizations to drive continued organic growth and create value for our shareholders."

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Matteo Esposito, CEO of Invrsion, commented:

"We are thrilled to take this bold leap forward, uniting Invrsion's unwavering commitment to drive innovation in retail and e-commerce, with Vection Technologies, bringing forth tremendous visibility and commercial momentum to our operations."

*"This strategic acquisition unlocks a wealth of synergies, enabling us to further develop our proprietary technologies within the **INTEGRATEDXR[®]** suite, delivering greater value to our customers. By merging our deep expertise in the retail industry with the cutting-edge capabilities of the **INTEGRATEDXR[®]** suite, we are poised to drive substantial growth, offering transformative solutions that empower businesses to innovate. This marks a pivotal moment for the virtual reality industry, as we prepare to unveil ground-breaking, high-performance solutions on a global scale. Together with our new partners at Vection Technologies, we are fully committed to unleashing our collective experience and unwavering passion, dedicated to assisting business in seizing this monumental opportunity."*

The proposed acquisition of Invrsion aligns with the Company's vision to expand its technology portfolio and people, to drive organic growth, leveraging increased expertise in cutting-edge 3D and mixed reality technology solutions for the fashion, retail, consumer goods, and real estate sectors.

Invrsion has been working on simulating retail spaces and creating optimized 3D assets for real-time rendering, by focussing on serving business-to-business (**B2B**) needs today and leading the way in the future of 3D and metaverse -commerce.

Key acquisition benefits include:

- **Customer benefits:** Integration of Invrsion's technology within the **INTEGRATEDXR[®]** suite will bring remarkable advantages to the Company's customers, enhancing their experience and providing them with cutting-edge capabilities.
- **Enhanced commercial value:** By immediately commercializing Invrsion's technology across the Company's direct and indirect sales network, Vection Technologies aims to deliver substantial benefits to its customers, driving organic profitable growth and providing them with innovative solutions.
- **Enhanced customer trust:** With a strengthened global commercial presence and an extensive **INTEGRATEDXR[®]** solutions and services offering tailored to the fashion, retail, and consumer goods sectors, the Company aims to earn and maintain the trust of its customers, ensuring their needs are met effectively.
- **Streamlined operations:** The integration presents an opportunity to reduce overhead costs by centralizing administrative tasks, focusing on industry-specific commercial activities, and unifying the combined research and development efforts. This optimization directly benefits the Company's customers, delivering higher value at a more efficient cost.

During calendar year 2022, Invrsion delivered unaudited revenue of ~\$1.7m posting an EBITDA profitable position.

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The performance-based consideration for the proposed acquisition is based on revenue milestones for the four-year period from fiscal year 2023 to 2026 and vests after 30 June 2026. The value of the consideration payable is capped at ~\$6.2m and is based on a \$0.10 floor share price.

The key terms of the proposed acquisition of Invrsion are set out in the annexure to this announcement.

AUTHORISATION:

This ASX release is authorised by the Board of Directors of Vection Technologies Limited.

ENDS

INVESTOR RELATIONS CONTACT DETAILS:

Edison:

Dan Ridsdale - Managing Director, TMT
Email: dridsdale@edisongroup.com

Company:

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

Gianmarco Orgnoni – Director, CSO & CMO (Australia Based)
Email: gianmarco.orgnoni@vection-technologies.com
Phone: +61 8 6380 7446

ABOUT VECTION TECHNOLOGIES:

Vection Technologies is a growing enterprise-focused company that helps businesses bridge the physical and digital worlds. We help organizations 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, and guidance or outlook on future earnings, distributions or financial position or performance are also forward-looking

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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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ANNEXURE A – KEY TERMS OF THE INVRSION BINDING AGREEMENT:

Parties:	Vection Technologies has entered into a binding agreement with Invrsion S.r.l.
Consideration:	<p>The consideration payable by the Company at settlement is one performance right which converts into fully paid ordinary shares in VR1 ("Shares") subject to Matteo Esposito ("Invrsion CEO") remaining employed until 30 June 2026 ("Performance Right").</p> <p>The Performance Right will convert into a number of Shares that is equal to the lesser of:</p> <ol style="list-style-type: none"> 1) the total of: <ol style="list-style-type: none"> a) 0.95 times the audited revenue (prepared in accordance with the Australian Accounting Standards ("AASB") for the Invrsion Business, as independently verified by the Company's auditors for the financial year ending 30 June 2023; b) 2 times the AASB audited revenue for the Invrsion Business, as independently verified by the Company's auditors for the financial year ending 30 June 2024; c) 2 times the AASB audited revenue for the Invrsion Business, as independently verified by the Company's auditors for the financial year ending 30 June 2025; and d) 1.5 times the AASB audited revenue for the Invrsion Business, as independently verified by the Company's auditors for the financial year ending 30 June 2026; and 2) €4,000,000, <p>divided by the greater of \$0.10 and the volume weighted average price of the Shares traded in the 10-days prior to the day of the public lodgement to market of the Company's consolidated audited accounts for each relevant period.</p> <p>The audited revenue for each period described above, will be based on the semestral (1 January – 30 June) average Reserve Bank of Australia €/AUD exchange rate for that period, capped at a rate of 1 € = AUD 1.55.</p> <p>"The "Business" means, the complex of assets, contracts and agreements, mutually agreed liabilities, know-how, intellectual property, and software held by Invrsion that are necessary to conduct its business activity as a going concern and includes its wholly owned subsidiary, Invrsion USA Inc."</p>
Conditions Precedent:	<p>Settlement of the acquisition is conditional upon the satisfaction of conditions precedent, including:</p> <ol style="list-style-type: none"> a) Management Agreements: the execution of specific employment agreements with Invrsion's management and, in particular, with the Invrsion CEO, for a period of minimum up to 30 June 2026, in a form that is mutually satisfactory to the Company and Invrsion; b) Business plan: the drafting of a joint 3-year business plan; c) Business Transfer: written confirmation from Invrsion that the Invrsion business has been validly transferred; d) Due diligence: Due diligence on the Invrsion business, financial and legal position at the sole satisfaction of the Company;

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	e) R&D Credits: Invrsion appointing an accredited expert for the: <ul style="list-style-type: none"> a. accounting, legal and technical certification of; and b. preparation of the required documentary obligations for, any available tax credit incentives under Italian law for investments in research and development, technological innovation 4.0, and other innovative activities, in relation to the years 2020, 2021 and 2022, as a minimum (Tax Incentives); f) Definitive Agreement: the parties entering into the definitive agreement in respect of the proposed acquisition.
Settlement:	Settlement of the acquisition will occur on or prior to 31 July 2023.

The agreement otherwise contains provisions considered standard for an agreement of its nature (including representations and warranties and confidentiality provisions).

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