



ASX ANNOUNCEMENT, 24th October 2018

MARKET UPDATE

Vivid Technology Limited (ASX: VIV) commenced FY19 year extremely positively and is on track to deliver significant growth year-on-year off the back of a range of corporate and market initiatives focused on improving customer orders, new product developments and exploring a range of new market opportunities.

- ***Strong Q1 Order book, with over \$2.2m of orders secured***
- ***FY19 Order book target of between \$10.5m-\$15.8m***
- ***Origin Partnership Signed with solid prospects emerging***
- ***International Business opportunities expanding across Asia and Europe***
- ***Continued investment in technology expanding the Vivid product range***
- ***B Corp and EcoVadis accreditation achieved***
- ***Finalist for Optus Business Energy Business of the Year Award***

Q1 ORDER BOOK

On the back of a strong close to the last financial year, which saw company revenues increase over 200% year on year to \$7.3m, Vivid Technology commenced the year with strong order book growth into the start of FY19 with over \$2.2m of new orders closed in the first quarter. These orders were won from a combination of new customers and existing repeat customers across the Healthcare, FMCG and Logistic market segments.

Major new customers included the subsidiary of a Fortune 500 company specialising in commercial truck distribution and supported by a national network of branches and dealer locations across Australian and New Zealand. The Vivid contract will involve the installation of its new MATRXXX[®] Synergy range (detailed later in this update) across these sites.

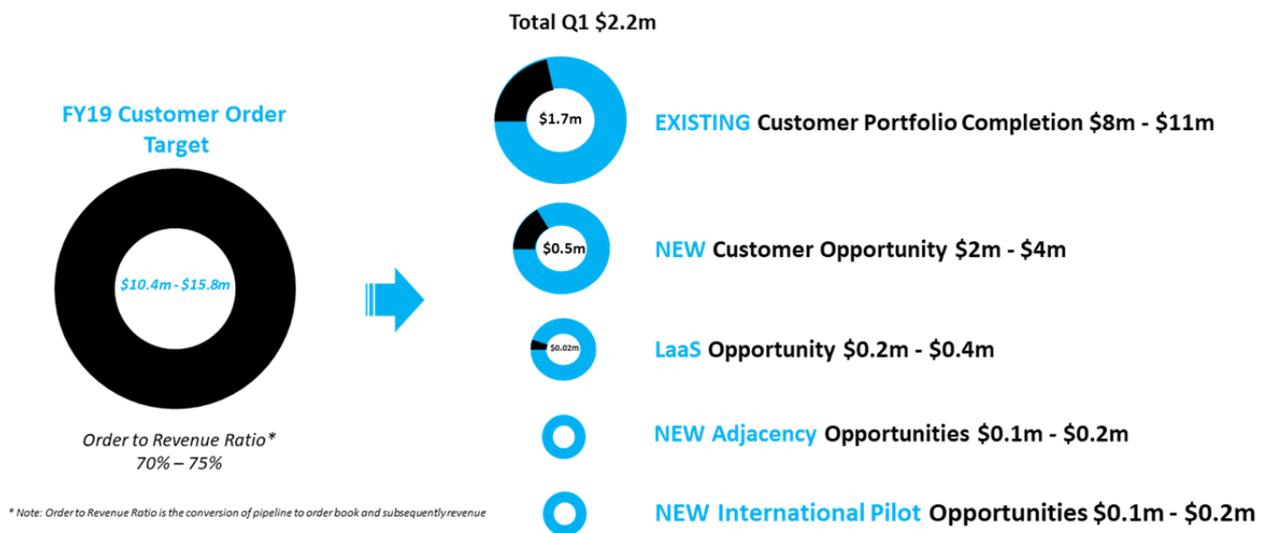
The company continued to build on extending its success in the growing Healthcare market segment, with installations of energy efficient lighting at ACH Assisted Care facilities around Australia. The installations highlight Vivid Technology's capability and expertise in providing energy efficient solutions for this specialised market segment.

As highlighted in previous market updates, a key premise of Vivid Technology's corporate strategy is to target and establish partnerships with large, multi-site blue chip customers. This has allowed Vivid technology to demonstrate, and customers to benefit from, the full range of energy efficiency and data reporting opportunities afforded by the company's technology. This approach is now a key generator of new repeat orders from existing customers including partners like Coca-Cola Amatil.

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Based on all the current customer activity underway, the company is anticipating FY19 orders of between \$10.4m - \$15.8m across multiple sales channels.

FY19 Order Growth Opportunity



The Order Growth Opportunity, provides insight into the pipeline of sales orders Vivid Technology is targeting for the FY19 year, across current, new and evolving market opportunities. Of specific note is the conservative estimate around Lighting-as-a-service (LaaS) targets prior to the start of the FY19 year. The Company looks forward to update the market on its tracking to target progress on a regular basis throughout the financial year.

INTERNATIONAL GROWTH

Central to the development ethos around the company's MATRIX[®] intelligent IoT lighting platform, was that the guiding principal be that the system be designed for global market deployment. Over the last two years, the company has successfully trialled, installed and validated the system in overseas markets including Central America and Asian markets, with key sales in Hong Kong with blue-chip customers including Kerry Logistics.



Asia:

Additional discussions and trials have also taken place with groups over this period, including Hong Kong International Airports. These discussions have led to an exclusive invitation as one of a select group of exhibitors invited to attend and showcase Vivid’s MATRIXX® intelligent IoT lighting platform at the annual Hong Kong International Airport (HKIA) Smart Airport – Technovation Conference & Exhibition 2018 to be held in November 2018. This year’s theme “Internet of Things” focuses on the latest trends in innovative technology. HKIA’s Technovation Conference and Exhibition offers a platform for airport community members and industry experts to exchange ideas to improve passengers’ experience and optimise airport operations through the application of technology (www.hkairport-technovation.com), alongside groups including CISCO, Honeywell, Huawei, Microsoft, Schneider and Siemens.



The exhibition provides delegates from global airports with a unique opportunity to see and experience the latest technologies, products and solutions from exhibitors for service optimisation and excellence. Vivid Technology is very proud to have been invited with such established groups, providing the company with an excellent opportunity to showcase its multi-award-winning world class MATRIXX® technology on a truly global scale.

Europe:

The first quarter also saw Vivid Technology begin testing the European market around needs, acceptance, pricing and requirements of our Matrixx® range. Validation of this market has been assisted by referrals from existing multinational customers who have facilitated introductions into their European counterpart offices.

The market can be best characterised as having a more mature understanding and greater appreciation for efficiency at all levels to remain more competitive than local markets, especially given energy costs are more expensive than found locally, often averaging greater than €0.15 (\$0.24c) per kW/h. As a comparison, it is common for Vivid’s large industrial customers to be paying ~\$0.12c to ~\$0.14c per kW/h on the East Coast of Australia.

Following an exploratory visit to both referred and targeted customers, the company is very encouraged by direct growth opportunities identified, with some customers interested in moving to implementation of staged implementation projects. Customers expressed real interest around the efficiency benefits that an intelligent IoT lighting platform could deliver to their organisation and again validated Vivid Technology’s unique technology.



In August, Vivid Technology received notification of a successful application to the Victorian Government for a grant under Advanced Manufacturing 'Boost Your Business Voucher' program. The grant provides additional funding for the Company to further progress identification of partners and growth opportunities in Europe and will be received in instalments over the next 12 months.

Vivid Technology will continue to evaluate international opportunities as an integral part of the overall growth of the company and seek to continue existing blue-chip partnerships to facilitate expedited entry into these new markets where possible.

PARTNERSHIPS

Select Partnerships continue to be a significant component of Vivid Technology's growth, allowing greater market reach and opportunities without the need to grow internal resources.

The partnership with Origin Energy, which was announced early in this quarter continues to build momentum. Under this partnership, Origin will offer its customers "LightingFlex", lighting-as-a-service over an agreed number of years using Vivid Technology's MATRIXX® intelligent IoT lighting platform. Over this last quarter, key new prospects have been identified and are currently now in an evaluation stage for prospective future deployments. It is expected that as evaluation and identification processes are jointly refined, rapidity of identifying new opportunities will lead to expanded growth under this partnership model.



(<https://www.originenergy.com.au/business/commercial-and-industrial/monitor/lightingsolution.html>)

Vivid Technology also continued to strengthen its technology partnerships with key blue-chip companies outside of Origin, where the company's agile and disruptive technology development capability assists to directly solve customers' unique requirements for their own businesses. This additional partnership is with an ASX top 20 company, which will see Vivid Technology jointly develop a customised smart lighting solution for the LNG sector, to deliver improved efficiency, reliability, safety and cost savings in a unique environment. The developed technology will provide Vivid Technology and the Corporate with a unique service proposition within that market segment and we look forward to updating the market in due course.

In August, the company again re-signed a technology development partnership agreement with an existing global partner, reflecting the acknowledgement of Vivid Technology's technology capabilities. To date, the partnership has already realised tangible revenue results and is expected to continue to be accretive to the continuing growth of Vivid Technology.

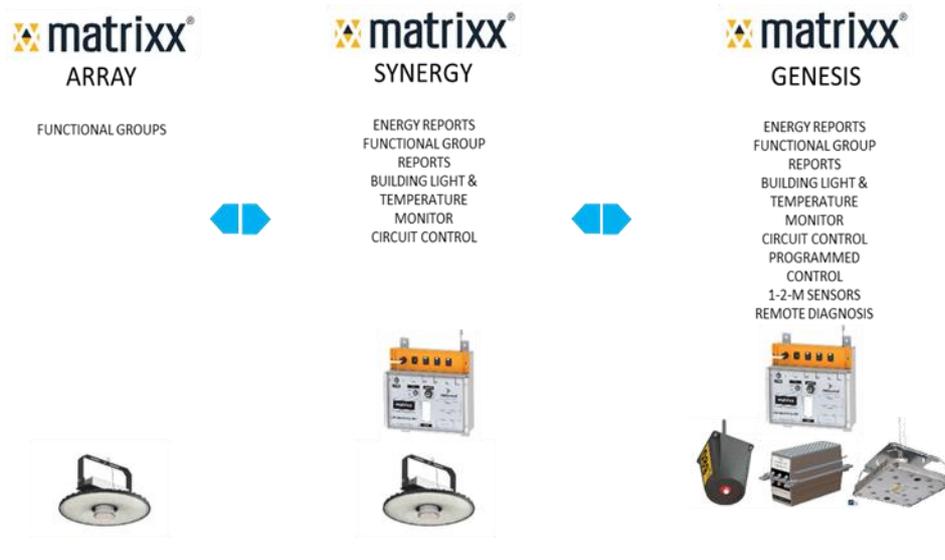


TECHNOLOGY DEVELOPMENT

The first quarter of 2019 saw Vivid Technology launch its enhanced MATRIXX® intelligent IoT lighting platform family of products, in response to customer needs for a wider range of intelligent lighting. Responding to the market, the new MATRIXX® systems provides smart lighting solutions for a wide range of customers, at a lower price point.

SYSTEMS

Site Specific Design & Installation by Vivid



MATRIXX® Synergy and MATRIXX® Array, were developed to be able to offer customers a lower cost, entry and the potential for a scalable and upgradable path to a full MATRIXX® Genesis intelligent IoT lighting platform which has been successfully rolled out over the past few years. Both new additions provide market leading energy efficient savings, with various levels of inbuilt intelligence. MATRIXX® Array is the starting point which offers enhanced energy efficiency, whilst MATRIXX® Synergy offer the next level including intelligent reporting.

These new MATRIXX® ecosystem additions create a robust portfolio and allows customers increased choice based on affordability and site requirements.

By investing in a MATRIXX® Synergy and MATRIXX® Array, customers have full capability of upgrading to MATRIXX® Genesis, as and when their business requires, without having to replace the entire lighting system. The new MATRIXX® systems, allows Vivid Technology to capture customers whose budget constraints or current business requirements restricts them from implementing a full MATRIXX® Genesis solution. MATRIXX® Synergy and MATRIXX® Array deliver immediate results and can be a complete solution or a potential stepping stone towards a full MATRIXX® Genesis.



Businesses of Tomorrow 2017 WINNER



NATIONAL ENERGY EFFICIENCY AWARDS 2017 WINNER



Vivid Technology also successfully designed, developed, manufactured and installed an industry's first integrated emergency light and battery pack in Hong Kong. The new innovative plug-in design converts every light in a MATRIX[®] system into a standby and emergency light. This eliminates the need for a second lighting installation for emergency lighting in a facility. In line with MATRIX[®] system capability, it also provides autonomous system monitoring and testing of the emergency lighting system.

The unique integrated emergency light and battery pack design eliminates the requirement for site-staff training, physical inspections or paper documents, with all audits conducted digitally. This new world-first product provides better emergency lighting than any other known system and is the only system Vivid is aware of that can prove Building Code Compliance Australia (BCA) in an industrial environment. The design duality of a very energy efficient emergency light, coupled with an oversized battery, ensures that the system exceeds current local requirements for emergency lighting longevity after mains disruption.

Battery Enabled Supply
*Battery Enabled
dual operating system*



Looking ahead, Vivid Technology continues to enhance this product to potentially utilise any excess capability of the rechargeable battery to power the primary lighting system and provide even greater energy savings for customers.

FUNDING ARRANGEMENTS

As detailed in the 4C, during Q1 new funding arrangements have enabled the company to fully repay the Moneytech trade finance facility during the period. The Moneytech facility was deemed not to be of suitable capacity to meet the business near term growth requirements and did not allow the flexibility for expansion of the business core strategic growth plans.

ACCREDITATIONS

During September, Vivid Technology continued to enhance its sustainability credentials, with the attainment of EcoVadis Silver accreditation. Akin to the company's B Corp[™] Certification which was achieved in July 2018, EcoVadis accreditation equally validates the companies capability to "make a huge positive impact on improving environmental and social practices globally, through their supply chains", and is a critical accreditation for operating in the European Market, where the Circular Economy practices are imperative to business.

ecovadis



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EcoVadis provides a “Supplier Sustainability Ratings for global supply chains”, and is used as a key procurement requirement in over 300 global companies including Verizon, Nestlé, Johnson & Johnson, Heineken, Coca-Cola Enterprises, Nokia, L’Oréal, Bayer, Alcatel-Lucent, ING Bank, Air France-KLM, Centrica/British Gas, BASF, and Merck. To date over 50,000 companies use EcoVadis to reduce risk, drive innovation and foster transparency and trust between trading partners.

Vivid Technology was assessed via a unique CSR assessment methodology that covers 190 purchasing categories across 3 Pillars which encompassed factors including Environment, Labour & Human Rights Ethics, Energy Consumption, Product Use, Product End of life, Anti-competitive practices, Responsible Information Management, Sustainable Procurement, Supplier Environmental Practices and Supplier Social Practices to name a few.

EcoVadis accreditation, continues to ensure that Vivid Technology can execute on its corporate strategy, of engaging with the largest global blue-chip companies and further demonstrates its credentials for sustainability and ethical investment considerations for new investors.

AWARDS

Vivid Technology was also nominated and shortlisted for the Optus My Business Awards as a finalist in Energy Business of the Year awards during the quarter. (<https://www.mybusiness.com.au/my-business-awards/winners/2018-finalists>).



The Optus My Business Awards, covers 28 categories, and acknowledges best practice within industry sectors, as well as individual business leaders, excellence in customer service and achievements in innovation, corporate social responsibility and workplace culture.

The company continues to attract acknowledgement of the success it has achieved in delivering tangible, sustainable, profitable, efficiencies and innovative solutions to our customers. While not a direct precursor for future orders, these awards and accolades provide further external third-party validation of the capability of the company to deliver real outcomes for our customers.

NCF UPDATE

The start of the financial year saw NewCO2Fuels (NCF) focus on establishing additional commercialisation partners in Europe and South East Asia, along with finalising the next round of funding (via an external direct investment into NCF) for NCF’s commercialisation stage with Sinopec Engineering Group (SEG).



MANAGEMENT COMMENTRY

Samuel Marks, Managing Director of Vivid Technology noted that *“Vivid Technology continues to build on its momentum experienced in 2018.”*

“Our successful execution of our corporate strategy continues to be validated, both by our customers and external third parties, and we now look to continue to replicate and expand this locally and globally. We are increasingly being endorsed and referred, by existing customers and are maximising those opportunities as they arise.”

“It continues to be an incredibly exciting and enjoyable stage of our business, as we finally can see the impact of our early investment in ensuring solid business fundamentals on which to build a real, profitable and solid business for the future. We look forward to continuing to inform our investors and shareholders of the teams continued achievements.”

– ENDS –



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About Vivid Technology

Vivid Technology Limited is a [B Corp™](#) certified, diversified, innovative Australian clean technology company that delivers intelligent energy efficiency solutions and carbon reduction through IoT and CO₂-to-fuel conversion technologies.

Vivid Technology has a range of patented clean tech solutions, including innovative and intelligent IoT Industry 4.0 MATRIX[®] lighting platform. Vivid's MATRIX[®] unique intelligent lighting control system combines a state of the art, human centric lighting system with unrivalled energy efficiency, reducing lighting energy costs by up to 90%. Delivering exceptionally high energy efficiency savings and carbon reductions, MATRIX[®] captures and converts smart data to provide site intelligence for industrial and infrastructure sectors. Vivid's technology is easily installed and provides businesses the infrastructure for an IoT and industry 4.0 future. Vivid Technology is full turn key solutions partner.

Vivid Technology Limited is a [B Corp™](#) certified company, which highlights the company's approach to driving business solutions with a strong corporate social responsibility.

Vivid Technology - www.vividtechnology.com.au

About Vivid Industrial

Vivid Industrial is a subsidiary of Vivid Technology, providing customised, intelligent and energy efficient cloud based solutions for industrial and infrastructure clients. The "internet of lights" and "cloud based monitoring" delivers quantifiable efficiencies and significant cost savings with environmentally sustainable benefits for businesses. Going beyond engineered design and installation, Vivid Industrial is a turnkey solutions business partner, offering solutions to suit custom lighting, cost and energy efficiency needs. Vivid Industrial is your complete intelligent lighting solutions partner with a base of blue chip, industrial companies.

Vivid Industrial - www.vividindustrial.com

About Vivid Ilumalite

Vivid Ilumalite specialising in creating highly effective, energy-saving and human centric LED lighting solutions, for commercial and government clients, that generate significant cost savings and reduce environmental impact. Ilumalite, has a reputation as a highly regarded and valued turnkey solutions partner who delivers exceptional tailored lighting results.

Vivid Ilumalite - www.vividilumalite.com

About NewCO2Fuels

NewCO2Fuels is a subsidiary of Vivid Technology. NewCO2Fuels' cutting-edge technology profitably converts CO₂ into multi-purpose fuels (Diesel, Methanol or Hydrogen) and Oxygen.

NewCO2Fuels – www.newco2fuels.co.il



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