



ASX ANNOUNCEMENT, 30th April 2019

APPENDIX 4C

QUARTERLY CASH FLOW REPORT

HIGHLIGHTS

- 3rd Quarter FY19 saw a disappointing result with net receipts of \$1.3m for the quarter (\$0.7m customer receipts and \$0.6m R&D rebate).
- Focus on a business restructure aligned to cost effective growth initiatives for current and future opportunities.
- Sales orders pipeline continued to increase to over \$9m to execute during 2019, from a qualified pipeline of over \$20m.

Overview

Vivid Technology Limited (ASX: VIV) (Vivid Technology or the Company) attaches its Appendix 4C (quarterly cash flow report) for the quarter ended 31 March 2019. Further to the Funding Update issued to the market on the 26th April 2019, this update provides additional insight into the operations during the 3rd quarter of FY19.

The Quarter saw the completion of key projects for major customers, whilst continuing to focus on the execution of our current sales pipeline. The slow down over the Christmas period impacted the timing of internal customer approvals and operational windows which saw expected sales orders pushed out to the following half, whilst the overall near term pipeline continued to grow to over \$9m of qualified opportunities that are expected to be received over the balance of this calendar year, and a total qualified pipeline of potential sales orders of over \$20 million which we would look to finalise and receive orders over the following 6 to 18 months.

As a result of an internal review completed in the first half of FY19, along with the current lumpiness of large contracts, the operational focus over the quarter was around cost efficiencies and opportunities to accelerate an internal restructure. The aim of this is to provide a pathway to profitability in a shorter time frame, reducing outgoings whilst providing a more flexible structure to grow on the back of a lumpy sales revenue period currently being experienced.

The team continued to focus on prospects from potential partner relationships both domestically and internationally, including the newly announced National Distribution Agreement with Middys and other global opportunities which are being pursued.

During the quarter, Vivid also announced its participation into the Agritech and Medical Cannabis grow lighting market. This project has been 18 months in development, with patents received and a clear trial and path to market established, should the trials prove successful.

Hong Kong Tech Bridge – CK Hutchison Holdings (HKG:0001)

During the second quarter of FY19, sponsored by the Australian Consulate in Hong Kong, along with the Australian Trade and Investment Commission (**Austrade**) in partnership with CK Hutchison Holdings (**CKHH**), Vivid participated in the Hong Kong Tech Bridge.

The Tech Bridge is a formal program to evaluate new technologies coming out of Australia that could be rolled-out into CKHH businesses across its wide-ranging portfolio, focused on cost efficiencies and smart data which would enable CKHH subsidiaries to improve their businesses operational performance.

Vivid Technology was selected as one of 6 businesses to be offered CKHH business opportunities and is currently working with two of the major subsidiaries to review sites to sell and install Vivid's Matrixx® system across an initial range of facilities in Asia and Europe. Other businesses selected in the Tech Bridge had focusses on Artificial Intelligence, Blockchain for customer orders and other IoT predicative analysis technology companies.

CKHH is a global conglomerate, turning over >USD\$21bn and focused on five core business across 50 countries worldwide: Ports and related services; Retail; Infrastructure; Energy and Telecommunications. In Australia this includes Australian Gas Networks, Park 'N Fly Airport Parking and a 50% ownership of Vodafone Hutchinson Australia.

This is an exciting opportunity for Vivid to be in direct discussion with key decision makers of CKHH subsidiaries, focused on our core principles of energy efficiency and operational improvements via intelligent data and analytics platforms.

Entry into the Agritech and Medical Cannabis grow lighting market

Announced during the quarter was Vivid Technology's entry into the horticulture grow lighting market. The horticulture lighting market is seeing significant change through retrofitting traditional light sources with LED grow lights. Vivid Technology will leverage the experience and technology developed within its MATRIXX® Lighting Systems to assist with solving one of the major challenges in the industry today being the cost and efficiency levels of the lighting of green/glass-houses.

Vivid Technology will design, specify and supply an optimized MATRIXX® intelligent lighting control and Klarity® reporting system, to support the specific requirements for the controlled environment, Horticulture and Agritech market, with an initial focus on the more highly regulated medical cannabis cultivation industry.

Vivid Technology is partnering with already established local and international global leaders, who provide reach and significant growth opportunities, to prove its patented technology initially in Australia prior to launching globally.



The overall, food and agribusiness is a USD\$5 trillion¹ industry that represents 10 percent of global consumer spending. The total medical cannabis market was worth USD\$16 billion in 2018 and is expected to grow to USD\$79 billion by 2025².

Capital Raising & Corporate Activities

During the quarter the Company completed a Share Purchase Plan which had been launched post the December capital raising process, which saw current shareholders invest \$0.21 million under the offer structure.

On the 21st of March 2019, the Company entered into a Trading Halt to complete a capital raising aligned to the new opportunity in the grow-light market and working capital requirements. During this process, based on a combination of shareholder feedback, the Company was required to change its structure of investment which saw a focus on a near term Convertible Note raising, as detailed in the announcement on 26th April 2019.

In the current quarter, Management and the Board is assessing options to structure the business for the future. This assessment includes a full review of the business operating structure, operating costs and avenues to growth and expansion of the sales pipeline. This will include current discussions underway with potential local and international funding partners, and the possibility to realise the Company's investment in NewCO2Fuels.

NCF

Over the quarter, the company continued its focus on the potential investment of Asian investors into NCF, in which Vivid has an effective 33.3% interest holding.

Importantly, a Term Sheet was signed with a prospective investor with initial due diligence being completed and NCF is now negotiating a formal agreement. Concurrently, a new interested party - a global conglomerate based in Asia, with interests across the steel and manufacturing sectors has begun negotiating a consulting agreement with NCF to complete works on integrating NCF's technology into this groups large scale facilities.

Management Commentary

Vivid Technology's Managing Director, Samuel Marks noted *"Though there were a number of positive achievements and ongoing validation of the technology in the past quarter, with local and global partners, the lumpiness of Vivid's sales with large scale projects has required an accelerated focus on the operational structure and reduction on recurring costs within the business."*

Off the back of a successful 2018 financial year, Management and the Board have been conscious of the requirement for ongoing growth and a break-even hurdle rate associated with our higher cost base, which was built for a local and international ramp up. The recent challenges over the 3rd Quarter required an increased focus on an assessment of the right corporate and cost structure which have already seen actions taken and continue to be under review.

¹ <http://www.worldbank.org/en/topic/agriculture/brief/help-farmers-reach-markets>

² Market research conducted by Statista, Energias Market Research and Cannabinde



The opportunities for Vivid’s world leading technology continue to grow, and with the current blue-chip customer base and proven partnerships providing a leverage point into additional sites both in Australia and overseas, our focus remains on sales and cost savings, as we remain positive about the long term growth opportunities for our business.”

– ENDS –



About Vivid Technology

Vivid Technology Limited is a multi-award winning, 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 and EcoVadis Siler Accredited 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 customized, 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 specializing 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 delivering 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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Media Toolkit

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[Vivid Technology Media Toolkit](#)



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

VIVID TECHNOLOGY LIMITED

ABN

60 120 710 625

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	693	3,490
1.2 Payments for		
(a) research and development	(42)	(147)
(b) product manufacturing and operating costs	(848)	(4,167)
(c) advertising and marketing	(3)	(14)
(d) leased assets		
(e) staff costs	(1,014)	(3,000)
(f) administration and corporate costs	(313)	(1,052)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(85)	(97)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	600	600
1.8 Other (provide details if material)	-	
1.9 Net cash from / (used in) operating activities	(1,012)	(4,386)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(17)	(66)
(b) businesses (see item 10)	-	-
(c) investments	-	(54)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	(55)
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	54
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(17)	(121)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	220	2,066
3.2 Proceeds from issue of convertible notes	-	2,800
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(32)	(112)
3.5 Proceeds from borrowings	-	152
3.6 Repayment of borrowings	(24)	(722)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	164	4,184

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,146	604
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,012)	(4,386)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(17)	(121)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	164	4,184

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	281	281

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	281	281
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	281	281

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

146

-

Directors' salaries (executive) \$75,000
Directors' fees (non-executive) \$71,250

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

-

-

8. Financing facilities available

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,800	2,800
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Subsequent to the end of the quarter ended 31 March 2019, the Vivid Technology announced on 26 April 2019 that it has received commitments of \$1.2 million from various sophisticated investor lenders under a secured convertible loan facility. As at the date of the announcement, the Company had received \$0.575 million from investors with the balance of commitments due to be received by 31 May 2019.

Lender	Various sophisticated investors
Borrower	Vivid Technology Limited
Purpose	The Loan funds are for working capital purposes to support the Borrower through a period of corporate restructure.
Commitment Amounts	The total loan amount committed from the Lenders is \$1.2 million. The Board has approved extending the facility to a maximum limit of \$1.63 million.
Repayment Date	30 June 2021
Conversion	The Lenders may convert the Loan into shares in Vivid Technology. The conversion ratio is the outstanding loan amount (including unpaid interest) divided by the Conversion Price.
Conversion Price	The higher of: (a) the issue price for a Qualifying Capital Raise, being a capital raising of shares or share-related securities by the Borrower of at least \$5,000,000 in a single or a series of connected raisings; or (b) the floor price of \$0.02. If the value of the Conversion Shares to be issued to the Lender on the conversion of the Loan is adversely affected by the Borrower undergoing certain events including capital restructuring events, the Lender has certain rights to adjust the number of conversion shares issued accordingly.
Interest Rate	10% per annum
Security	The Company and each Guarantor have entered into a general security deed on standard terms to grant a security interest in favour of the Lenders over their undertakings and assets.

During the quarter ended 30 September 2018, Vivid Technology announced that it completed the execution of two tranches of convertible loans to current shareholders (sophisticated lenders). Total commitments under the two successfully completed convertible loan transactions was \$2.8m with \$2.75m being drawdown as at 30 September with the balance of \$0.05m received in early October.

Tranche 1:

Lender	Evercharge Pty Ltd
Borrower	Vivid Technology Limited
Purpose	To fund the Company's working capital requirements, Lighting-as-a-Service products and to repay the Moneytech facility.
Drawdown Amount	The loan amount is \$1,500,000.
Drawdown Cap	The Commitment Amount is capped at an amount equal to 75% of the sum of receivables plus relevant inventory
Repayment Date	31 July 2020
Conversion	The Lender may convert the Loan into Shares (in whole or in part) at anytime prior to the Repayment Date.

Conversion Price	The conversion price is the lesser of: (a) \$0.125; or (b) the greater of: (i) the volume weighted average price (VWAP) of Shares over a period of twenty (20) days prior to and including the conversion date less a discount of 15% and rounded to the nearest 1/10th of a cent; or (ii) the floor price of \$0.05
Facility Fee	1 % per annum of the undrawn Commitment Amount.
Interest Rate	10% per annum
Security	The Company and each Guarantor have entered into a general security deed on customary terms to grant a security interest in favour of the Lender over their undertakings and assets.

Tranche 2:

Lenders	Various Sophisticated Investors
Borrower	Vivid Technology Limited
Purpose	To fund the Company's working capital requirements.
Drawdown Amount	The loan amount is \$1,300,000.
Repayment Date	24 months from the date of drawdown.
Conversion	The Lenders may convert the Loan into Shares (in whole or in part) at anytime prior to the Repayment Date.
Conversion Price	Conversion price is the lesser of: (a) \$0.125; or (b) the greater of: (i) the VWAP over a period of twenty (20) days prior to and including the conversion date less a discount of 15% and rounded to the nearest 1/10th of a cent; or (ii) the floor price of \$0.05
Interest Rate	11.00% per annum.
Security	The loan is unsecured.

The new funding arrangement enabled the company to fully repay the Moneytech trade finance facility during the period. The total amount paid out to settle the Moneytech facility was \$0.5m.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	30
9.2 Product manufacturing and operating costs	45
9.3 Advertising and marketing	4
9.4 Leased assets	-
9.5 Staff costs	679
9.6 Administration and corporate costs	175
9.7 Other (provide details if material)	24
9.8 Total estimated cash outflows	957

* The company is an operating business that generates cash inflows each quarter, including receipts from customers. Estimated cash outflows are based on certain assumptions including the level of estimated inflows. The above summary of estimated cash outflows does not reflect the anticipated net cash flows for the following quarter, as it excludes cash inflows (such as receipts from customers).

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 30 April 2019

Print name: Samuel Marks

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.