



ASX ANNOUNCEMENT, 30 October 2017

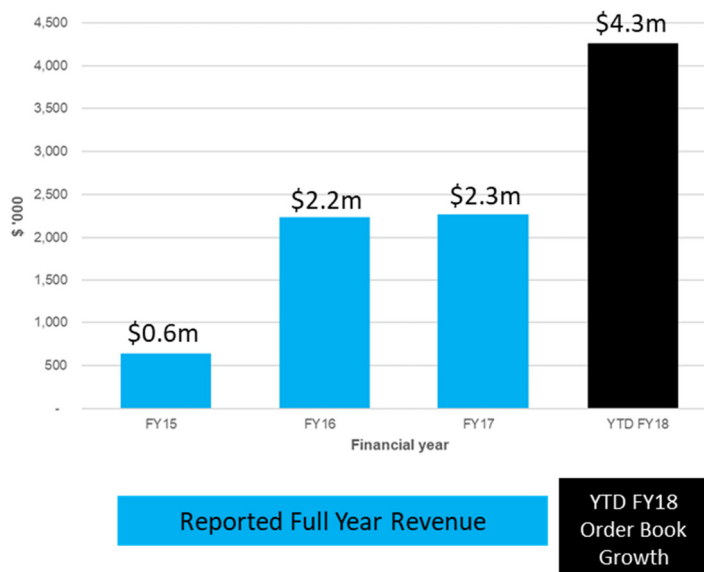
# APPENDIX 4C QUARTERLY CASH FLOW REPORT

- **\$4.3m of orders received to date for delivery in FY18**
- **\$0.9m cash receipts from customers during the quarter**
- **Cash on hand of \$1.5 million at end of quarter**
- **Operationally successful 1Q18 fulfilling current customer orders and converting sales opportunities into customer orders**
- **Net operating cash outflow \$1.7m**

Vivid Technology Limited (ASX: VIV) attaches its Appendix 4C (cash flow report) for the quarter ended 30 September 2017.

The first quarter saw the strongest start to a financial year in the company's history in terms of order book growth. Orders received to date for delivery in the 2017/2018 financial year now total \$4.3m, which is already substantially higher than the previous full financial year's sales.

These orders represent a mixture of new customers and repeat business across multiple sites in the FMCG, retail property, health and facilities management sectors, demonstrating customer confidence in our intelligent lighting systems and the energy savings that they can enable.



Cash receipts from the delivery of customer orders in 2Q18 are expected to be materially greater than 1Q18 cash receipts of \$0.9m, which related predominantly to sales won during FY17. The company also expects to receive a research and development rebate in 2Q18.

Cash payments in 1Q18 for inventory, product manufacturing and operating costs totalled \$1.1m. These payments were due to activity leading to new customer orders for future fulfilment, along with purchase of inventory held at the end of the quarter in preparation for installation and roll-out across multiple commercial and industrial sites in the following quarter.

Net operating cash outflows were \$1.7m with \$1.5m cash on hand at the end of the quarter.

In June, Vivid Technology announced a capital strategy involving a \$5.0m equity raising before costs (comprising a \$3.1m share placement and a \$1.9m entitlement offer) together with term sheets for short term revolving working capital facilities of up to \$6.0m (based on customer account activity). This capital strategy is designed to support a range of working capital and ongoing innovation initiatives, assisting the company's continued growth both domestically and internationally.

During the quarter:

- The entitlement offer was settled with proceeds received of \$1.9m and costs paid of \$194k; and
- The first \$0.5m of the new short term revolving working capital facilities was activated, with initial drawdowns totalling \$176k.

### **Technology investment: NewCO2Fuels**

NewCO2Fuels continued to build momentum to commercialisation engaging with a range of potential partners including Sinopec Engineering Group, with which NCF is progressing towards a commercialisation agreement based on a term sheet to commercialise its technology for the Chinese market. During the period NCF also conducted a successful search to identify a CEO and loans of \$0.2m from the company were advanced to NCF in support of this next stage of commercialisation, alongside contributions from its other shareholders.

### **Strong “scale-up” momentum**

Vivid Technology Limited has now actively engaged in transitioning from a two-year-old “start-up” into a “scale-up” mode of operation focused on meeting the demand for its energy efficient lighting systems, including its Matrixx® intelligent lighting platform.

The current reported increase in orders reflects the company's determined efforts over the last year in demonstrating how its technology delivers industry leading, consistent, tangible and measurable energy efficiency savings to a range of large blue-chip customers. Energy savings can be up to 90% or more when compared to existing lighting systems and over 70% when compared to comparable LED systems.

Through its subsidiaries Vivid Industrial and Vivid Illumalite, the company has continued to successfully leverage its relationship partnering approach with key blue-chip customers to convert available opportunities into orders.

The company also continues to be actively involved in other business development activity with a range of partners and customers, with a view to develop strategic co-opetition relationships, designed to enhance capabilities in the energy efficiency market segment.

## **Summary**

The first quarter was an exciting beginning to FY18 for the group, setting a strong platform for growth into the year driven by relationships and technology developed and proven in the prior financial year.

## **Management Commentary**

Samuel Marks, Managing Director, said:

*“The last two years has seen Vivid Technology focused on demonstrating and proving its differentiated and disruptive approach to energy efficiency across the lighting industry. We have now demonstrated our capability to successfully deliver tangible and sustainable energy efficiency savings to some of the country’s largest and most discerning blue-chip customers. The increase in customer orders is a testament to this success, along with increased referrals for our product both domestically and internationally.*”

*“The company has moved into the ‘scale-up’ phase, focusing on delivery and installation of our industry leading intelligent lighting technology, and further increasing market leadership in key industry segments.*”

*“This reaffirms the company’s solid order book performance as a key turning point in its growth journey.*”

*“We are excited to be at this stage of the company’s development and look forward to successfully delivering on this growth opportunity for our customers and shareholders.”*

**– ENDS –**

## About Vivid Technology

Vivid Technology Limited is a diversified Australian-based company with interests in technology focused solutions in the industrial energy efficiency and CO<sub>2</sub>-to-fuel conversion markets.

Vivid Technology - <http://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 our growing industrial and infrastructure client base. The "internet of lights" and "cloud based monitoring" delivers quantifiable efficiencies and significant cost savings with environmentally sustainable benefits for our customers.

The business' core technologies are designed for application in warehouses, distribution centres, cold storage facilities, ports, stadiums, car parks, roads and tunnels. Vivid Industrial is a trusted partner to our customer base of blue chip, industrial companies.

During the 2016 financial year Vivid Industrial acquired Vivid Illumalite, a business specialising in creating highly effective, energy-saving lighting solutions predominantly for commercial and government clients that generate significant cost savings and reduce environmental impact.

Vivid Industrial - <http://www.vividindustrial.com>

Vivid Illumalite - <http://www.vividillumalite.com>

## About NewCO2Fuels

NewCO2Fuels (NCF) is an Israeli start-up company which was formed in 2011 by a group of scientists and entrepreneurs with the support of Vivid Technology and the Erdi Group.

NCF was formed to develop and commercialise an innovative system to profitably produce fuels from CO<sub>2</sub> and water, using renewable high temperature heat from solar or excess heat from industry. The system is based on a technology previously developed at the Weizmann Institute of Science and exclusively licensed to NCF.

NCF won the World Technology Network award for Energy in November 2014, and has received numerous grants and accolades from governments around the world. Its technology has also been independently validated by several major international engineering and technology consultancy firms.

Vivid Technology's 33% effective economic interest in NCF is represented by its 50% ownership of NCF Global, a company that owns 66% of NCF. The other 50% of NCF Global is owned by the Erdi Group, which is also a shareholder in Vivid Technology.

NewCO2Fuels Website - <http://newco2fuels.co.il/>

## 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")**

30 September 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	921	921
1.2 Payments for		
(a) research and development	(85)	(85)
(b) product manufacturing and operating costs	(1,135)	(1,135)
(c) advertising and marketing	(3)	(3)
(d) leased assets	-	-
(e) staff costs	(940)	(940)
(f) administration and corporate costs	(459)	(459)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,703)</b>	<b>(1,703)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	(243)	(243)
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(247)</b>	<b>(247)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	1,946	1,946
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(194)	(194)
3.5 Proceeds from borrowings	176	176
3.6 Repayment of borrowings	(11)	(11)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,917</b>	<b>1,917</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,514	1,514
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,703)	(1,703)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(247)	(247)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,917	1,917
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,481</b>	<b>1,481</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,481	1,514
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,481</b>	<b>1,514</b>

**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

<b>Current quarter \$A'000</b>
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173
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Directors' salaries (executive) \$87,417
Directors' fees (non-executive) \$85,248

**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

<b>Current quarter \$A'000</b>
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243
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Loans advanced to NCF Global Pty Ltd \$242,792.
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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (Trade Finance Facilities)	500	176
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.		

In June, Vivid Technology announced that it has entered into term sheets for short-term revolving working capital facilities with accessible limits driven by the level of customer account activity from time to time, with the maximum limits available under full use scenario being \$6.0m (comprising up to \$1.0m via a Trade Finance Facility and up to \$5.0m via a Borrowing Base Overdraft facility). During the quarter, the first \$0.5m of the trade finance facility was established, which is a secured facility with Moneytech Finance Pty Ltd bearing an interest rate on drawn funds of 9.48% p.a.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	134
9.2 Product manufacturing and operating costs	1,776
9.3 Advertising and marketing	43
9.4 Leased assets	-
9.5 Staff costs	1,006
9.6 Administration and corporate costs	518
9.7 Other	256
<b>9.8 Total estimated cash outflows</b>	<b>3,733</b>

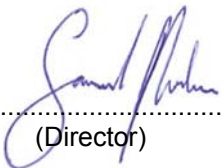
\* The company is an operating business that generates cash inflows each quarter, including receipts from customers. Estimated cash outflows are based on certain assumptions including the level of estimated inflows. The above summary of estimated cash outflows does not reflect the anticipated net cash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

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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 October 2017

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.