

## ASX ANNOUNCEMENT

31 January 2019

### December 2018 Quarterly Report and Business Update

Simble Solutions Limited (ASX:SIS) (**Simble** or the **Company**) an Australian software company focused on energy SaaS solutions, is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 December 2018 (**December Quarter**).

#### Highlights

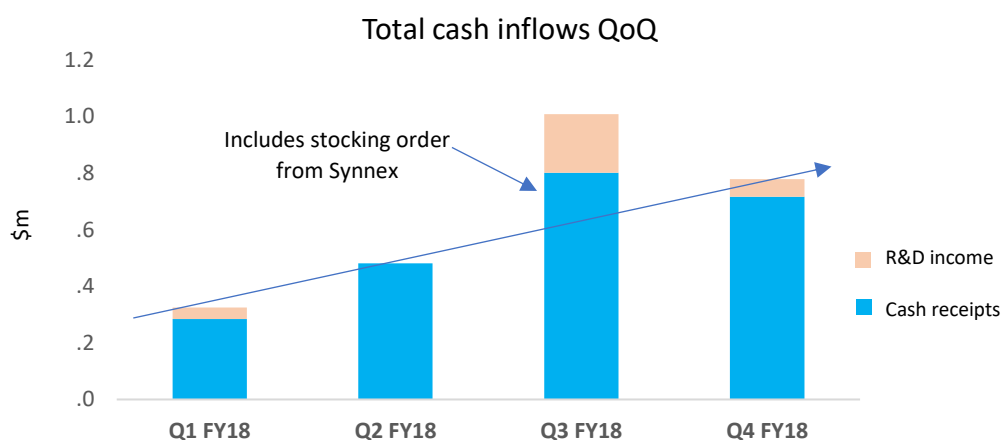
- Simble reduces gross costs in every quarter since IPO and delivers 124% increase in cash inflows in H2 FY18 versus H1 FY18 as sales momentum gathers pace
- Q4 net operating cash burn (excluding R&D tax offsets) shrinks for third consecutive quarter to \$0.62 million, a 15% improvement on \$0.73m in Q3, and a 40% improvement on \$1.03m in Q2
- Strategic partnership signed with UK utility broker UCR Consultants with potential initial revenues of up to A\$3.9 million, taking the cumulative order value for the Simble Energy Platform to A\$4.9 million
- Simble enters into marketing partnership agreement with BidEnergy Limited (ASX:BID) to pursue the opportunity to commercialise a bundled technology solution comprising of BidEnergy's "Robotic Process Automation" platform and Simble's IoT visualisation and data analytics platform targeting business customers in Australia, UK and USA
- 240% growth in customer sites on IoT Platform for FY18 – trend poised to accelerate following UCR partnership
- Simble expands product offering through launch of "*Virtual Analytics App*" (residential customers) and "*SimbleSense Lite*" (business customers) to meet market demand for low-cost software-only products without the need for on-site hardware installation

#### Consolidated Cash Flows

During the December 2018 Quarter Simble has continued to grow the opportunities for the business in both the Australian and the UK markets, setting a solid platform for sustainable growth going forward.

Cash inflows totalled \$0.78 million, consisting of \$0.72 million in receipts from customers and a small Research & Development (R&D) tax offset. Cash inflows for the Financial Year 2018 (FY18) totalled \$2.59 million largely driven by cash collections of \$1.79 million in the second half of the year, a 124% increase compared to the first six months of the year.

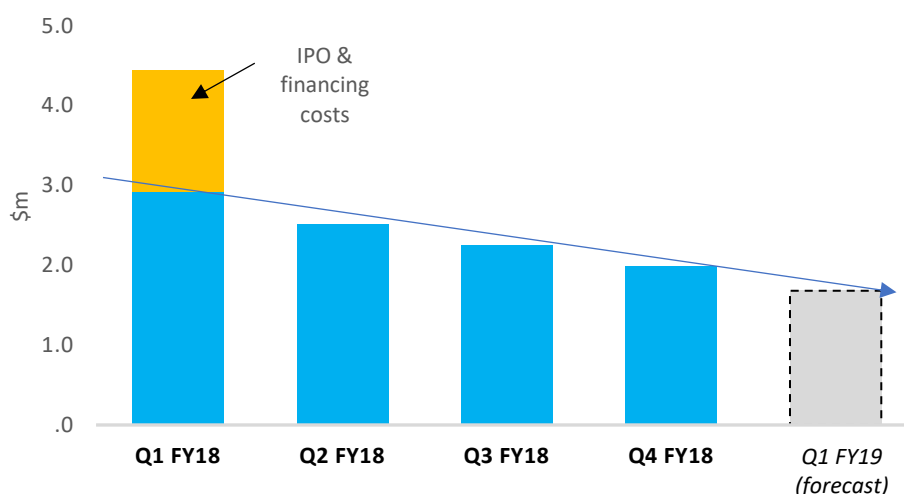
The Financial Year 2018 represents the first full year of commercial focus for the Simble Energy Platform, a new revenue stream for the Company. Since the IPO in February Simble has announced contracts and orders worth up to A\$4.9 million from partners including Synnex Australia, Powercor UK or UCR Consultants.



Fadi Geha, CEO of Simble, commented: "The Simble Energy division has delivered revenue generating contracts worth up to \$4.9 million since listing on the ASX in February 2018 – an outstanding result for a brand-new product. The primary focus this year was on expanding the size and quality of Simble's channel partner network, and while early results are promising, we've only begun to scratch the surface in terms of sales potential and market reach of our disruptive IoT data analytics platform. We are currently in the final stage negotiations with a number of potentially significant customers and hope to make detailed announcements in the near future."

Simble reduced the gross costs of the business for a third consecutive quarter to \$1.99 million, a 12% reduction versus \$2.25 million in the September 2018 Quarter and 21% reduction compared to \$2.51 million in the June Quarter 2018.

### Gross costs of the business since IPO

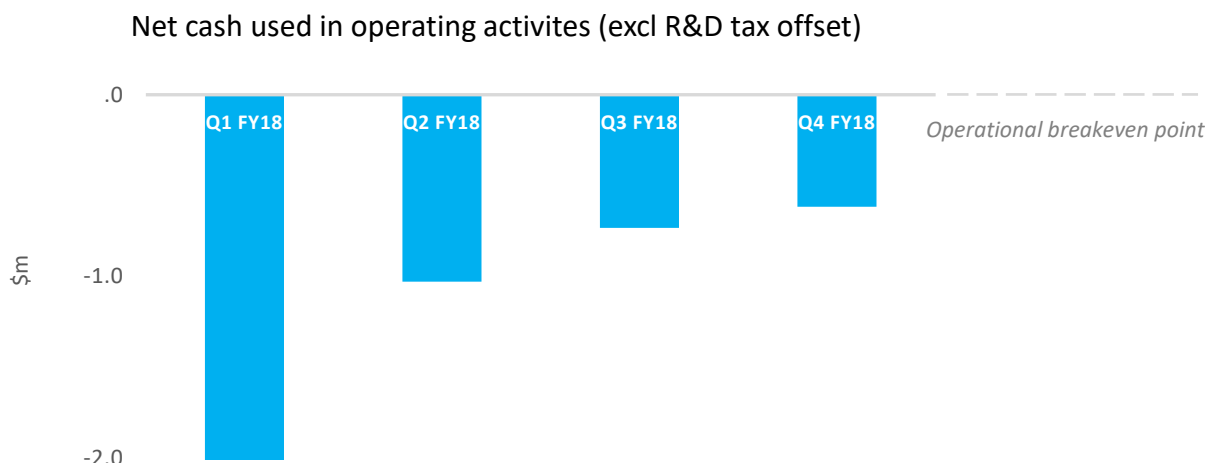


Gross costs during the December 2018 Quarter include a \$0.66 million investment in Research & Development (up 17% compared to Q3) to support the Company's Virtual Analytics launch in the UK and \$0.35 million in Cost of Goods Sold (up 41% compared to Q3) as a result of higher sales activity in the preceding quarter.

Since its IPO, Simble's focus on cost reduction has delivered tangible outcomes and significantly improved the economics of the Company. One-off expenses in the first half of the year significantly strengthened the Company's balance sheet and a continuous focus on cost optimisation helped drive spending and reduce costs while maximising business value. Further cost reductions are expected to be realised for the March Quarter 2019 as a result of the Company's strategic cost optimisation program.

Fadi Geha, commented on the Company's cost reduction: "Cash burn in the first two quarters was negatively impacted by legacy balance sheet costs, which evidently weighed on our performance and operating leverage. However, these issues are now entirely resolved, and we have also identified additional areas where improvements could be made. The result is a much leaner and highly competitive company, poised to deliver more immediate results and incremental benefits to its bottom line as we execute on our growth strategy. I can confidently say that every metric is currently trending in the right direction."

Excluding R&D tax offsets, net cash used in operating activities declined for a third consecutive quarter to \$0.62 million, a 15% improvement on \$0.73m in Q3, and a 40% improvement on \$1.03m in Q2. Net operating cash burn declined despite a 41% increase in product manufacturing costs as a result of higher sales activity in the preceding quarter.

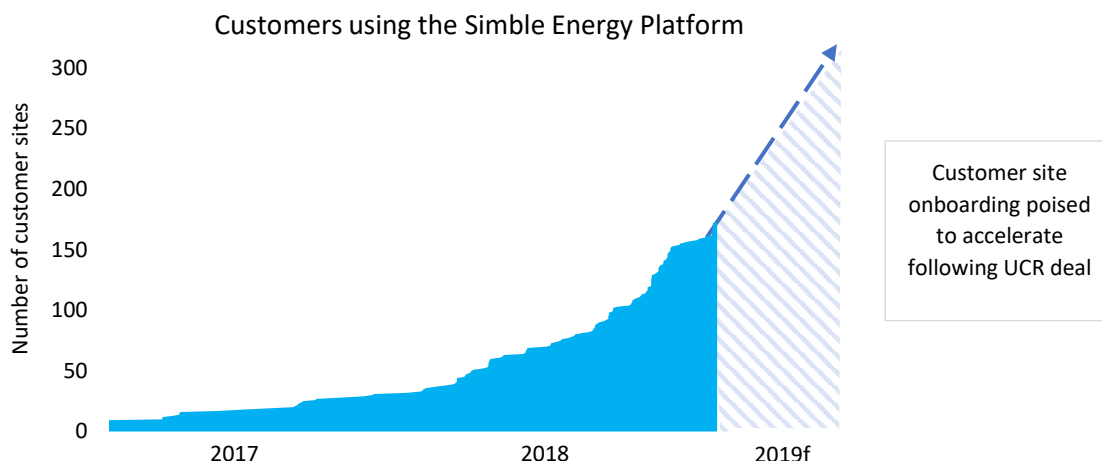


Following a substantial reduction in gross costs and as new business is being added, further improvements in cash flows are expected on average over time. However, due to the nature of the business of some partners, payment cycles and the timing of R&D rebates, cash collections may be lumpy at times. Management is confident to deliver a combination of cash inflows from the Simble Energy Platform, the Mobility business and R&D rebates to fund the Company's operations and may also raise funds from alternative sources at its discretion to pursue growth opportunities.

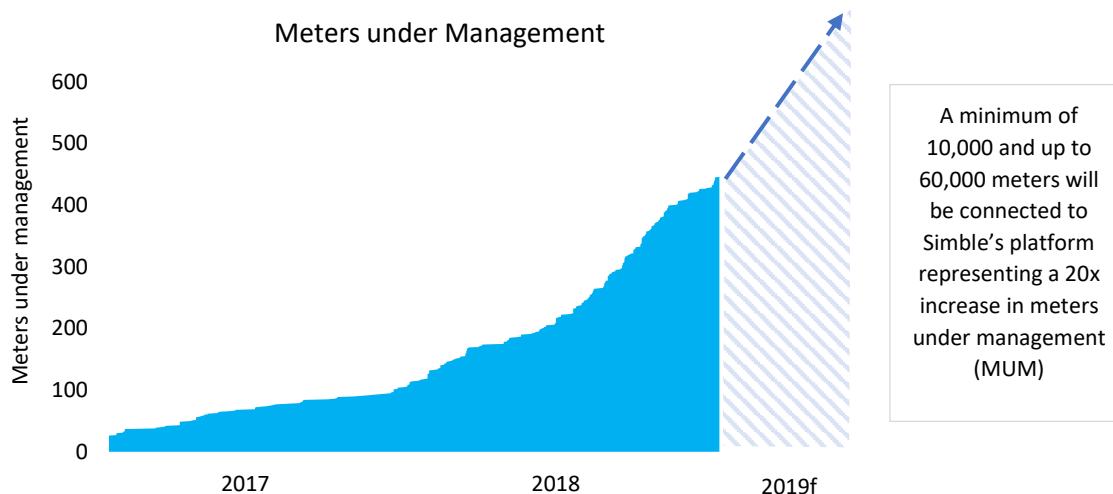
### Business Update

During the quarter Simble has continued to aggressively on-board customer sites to its energy data analytics platform, with each installation delivering recurring Software-as-a Service (SaaS) revenue, recognised on a pro-rata basis over the contract life. Orders of the Simble Energy Platform also include hardware components, which are recognised upfront, while most orders also include a service component, which is also recognised upfront.

Over the three-month period, the number of customer sites on Simble's IoT Platform increased 33%, taking the total user growth for FY18 to over 240%. This trend is poised to accelerate as a result of recently signed contracts, which will see a minimum of 10,000 meters across 6,000 customer sites added to the platform over the coming years.



As the number of customer sites on the Simble Energy Platform continues to grow, the number of ‘devices’ or ‘meters under management’ (**MUM**) will become an increasingly important gauge for business performance. Simble’s software solutions communicate with a wide range of devices, including energy meters and IoT devices, with the number of connected devices typically the key determining factor for the value of the sales contract. Meters under management have increased at a compound annual growth rate (CAGR) of 200%+ over the past three calendar years.



Subsequent to quarters end, Simble has signed a three-year partnership agreement with UK based utility broker UCR Consultants which manages over 40,000 customer accounts and in excess of 60,000 meters across the UK. Under the terms of the agreement, UCR will deploy “SimbleSense Lite” to a minimum of 10,000 meters over the contract term with the potential to expand to up to 60,000 meters. The minimum rollout target represents a minimum 20x increase of meters under management (MUM) from current levels and the addition of well over

6,000 customer sites to our platform. With a contract value of up to A\$3.9 million if the internal target of both companies is achieved, this deal represents the first significant contract for “SimbleSense Lite”, a software-only entry level SaaS product with low-cost deployment and rapid market penetration potential without the need for on-site hardware installation.

During the quarter, Simble entered into a marketing partnership agreement with BidEnergy Limited (ASX:BID) to pursue the opportunity to commercialise a bundled technology solution comprising of BidEnergy's “Robotic Process Automation” platform and Simble's IoT visualisation and data analytics platform, offering an end-to-end energy management solution to business customers in Australia, UK and USA.

Under the agreement, Simble and BidEnergy will work collaboratively targeting large multi-site customers seeking an end-to-end energy spend, metering and carbon reporting solution to manage their utility portfolio and reduce their energy consumption. With an initial focus on Australia, UK and USA Bid Energy and Simble will identify key markets and target customers within each market with a comprehensive and significantly strengthened value proposition.

Simble CEO Fadi Geha commented on the agreement: “The agreement between BidEnergy and Simble further builds on our partnership-led strategy creating collaboration opportunities where Simble will be able to demonstrate the scalable benefits of its powerful IoT analytics platform. The Simble Energy Platform is an out-of-the-box Energy and IoT Analytics solution which beautifully complements BidEnergy’s unique Robotic Process Automation platform. It will allow end-customers to understand and control energy savings, carbon emissions and multi-layer environmental data, visualised by our powerful big data processing platform. ”

Simble also announce that the Company, in partnership with Cambridge Architectural Research Limited has been awarded a £383,000 (A\$680,000) UK government grant from The Department for Business, Energy & Industrial Strategy (BEIS) as part of a funding scheme to support energy efficiency projects in UK homes. The funding will be used to advance Simble’s *Virtual Analytics App* and its powerful Big Data infrastructure to meet the objectives of the UK government’s program.

## Technology & Products

Simble has expanded its suite of energy management solutions to meet market demand, accelerate user growth on its platform and cater towards a larger range of industries and markets.

Offered at various price points and customised for different target groups including enterprise, SME and residential users, Simble’s energy management & data analytics suites enable grid-connected premises to reduce energy wastage, automate control of their switch circuitry and monetise surplus microgeneration capacity. Each platform has the capability to run advanced algorithms in the cloud to offer smart analytics to the end user, feeding through to our powerful Big Data infrastructure.

## Overview of Simble's energy management & data analytics suites



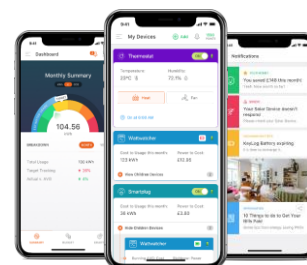
**Simple Energy Platform**  
with IoT & energy sub-meters



**SimpleSense Lite**  
No hardware required



**Virtual Analytics**  
Residential solution



**ENDS**

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### **About Simble**

Simble Solutions (ASX:SIS) is an Australian software company focused on energy management and Internet of Things solutions. The Simple Energy Platform or 'SimpleSense' is an integrated hardware and real-time software solution that enables businesses to visualise, control and monetise their energy systems. The Company's Software as a Service (SaaS) platform has Internet of Things (IoT) capabilities and empowers enterprises and consumers to remotely automate energy savings opportunities to reduce their energy bill. Simble operates in the SME and residential market and targets the distribution of its platform through channel partners. Simble has an international presence with offices in Sydney and Melbourne (Australia), London (UK) and Da Nang (Vietnam).

More information: [www.simblegroup.com](http://www.simblegroup.com)

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## 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**

Simble Solutions Limited

**ABN**

17 608 419 656

**Quarter ended ("current quarter")**

31 December 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	717	2,283
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(349)	(923)
(c) marketplace and channel expansion	(417)	(1,205)
(d) leased assets	-	-
(e) staff costs	(260)	(1,356)
(f) administration and corporate costs	(307)	(1,515)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(14)
1.6 Income taxes paid	-	(89)
1.7 Research and development tax offset recovered	62	310
1.8 Other (provide details if material)	-	-
Payments for prior year operating costs		
(i) marketplace and channel expansion	-	(211)
(ii) staff costs	-	(1,105)
(iii) administration and corporate costs	-	(356)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(555)</b>	<b>(4,180)</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:	-	-
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) Payments for software development, net of research and development tax offsets	(655)	(2,360)
	(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(655)</b>	<b>(2,360)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	9,500
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	-	(646)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(172)
3.7	Transaction costs related to loans and borrowings	-	(12)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	(1,225)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>7,445</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>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	2,160	45
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(555)	(4,180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(655)	(2,360)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	7,445
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>950</b>	<b>950</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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	823	2,110
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Securities on deposit	77	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>950</b>	<b>2,160</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	89
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	

7. <b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Software development, net of research and development tax offsets	575
9.2 Product manufacturing and operating costs	275
9.3 Channel Enablement & Marketing	286
9.4 Interest on Convertible Notes	-
9.5 Staff costs	224
9.6 Administration and corporate costs	317
9.7 Expenses of the Offer	
<b>9.8 Total estimated cash outflows</b>	<b>1,681</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
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/Company secretary)

Date: **31 January 2019** .....

Print name: **FADI GEHA** .....

### 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.