

## ASX ANNOUNCEMENT

31 January 2020

### December 2019 Quarterly Report and Business Update

Simble Solutions Limited (ASX:SIS) (**Simble** or the **Company**) an Australian software company focused on energy Software-as-a-Service (**SaaS**) solutions, is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 December 2019 (**December Quarter** or **Q4 FY19**).

#### Financial Highlights for the December Quarter

- Cash inflows from operating activities for the December Quarter of \$0.42m (down 46% on pcip)
- Cash inflows from operating activities for the financial year 2019 of \$1.99m (down 23% on pcip)
- Revenues for the financial year 2019 of \$2.38m (up 2% on pcip, unaudited)
- Net cash used in operating activities for the December Quarter of \$0.69m (up 23% on pcip)
- Net cash used from operating activities for the financial year 2019 of \$2.04m (down 51% on pcip)
- R&D and software development spend of \$0.47m for the quarter (compared to \$0.66m in pcip) – further reductions expected for the coming quarters
- Gross cash outflows for the December Quarter of \$1.58m (compared to \$1.99m in pcip) including \$0.42m retirement of liabilities relating to prior periods, consequently outflows related to operations were \$1.16m
- Estimated gross cash outflows for March quarter of \$1.0m including \$0.31m retirement of prior liabilities, as additional cost improvements are realised, and operating expenses thereby reducing to \$0.69m.

#### Operational Highlights for the December Quarter – UK

- Sylvania Lighting (Feilo Sylvania International Group), a leading full-spectrum provider of professional and architectural lighting solutions supplying markets around the world, has signed a Letter of Intent (LOI) to establish an agreement to incorporate SimbleSense into their turnkey solution to measure and verify reporting of LED

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refurbishment projects and improve their global sales conversion, commencing in the UK, France, Germany, Spain and Italy

- SimbleSense Platform installed at Bluewater Shopping Centre in partnership with Harpers Construction Services Limited, a new channel partner
  - Bluewater Shopping Centre, one of the UK's largest shopping centres spanning 240 acres, 300 stores and 13,000 car park spaces located in Kent, England, has initiated an energy efficiency project and completed an initial installation of the SimbleSense Platform in one of six carparks in the centre.
  - Project fulfilment and installation is undertaken by Harpers Construction Services Limited, which executed a channel partnership agreement with Simble in January. Harpers will now actively identify further opportunities within their customer base to roll out the SimbleSense Platform with associated energy monitoring devices
- Catalyst Commercial, a UK energy broker, signed a channel partner agreement to take Simble's portfolio of software solutions to market
- The SimbleSense Platform was installed at a number of new customer sites as well as expanding existing customers through its growing channel partner network, including;
  - Richmond & Wandsworth Council
  - Islington Council
  - RAC (Royal Automotive Club)
  - FM Conway Head Office – Conway House
  - Castelli Factory
  - Thornton's Chocolate
  - Ferrero Rocher,
  - RATP Dev
  - A number of independently owned schools and universities, including RAAS, Gayhurst, Charterhouse, The Oratory, Hampton, Roehampton

### **Operational Highlights for the December Quarter - Australia & NZ**

- Wattwatchers Digital Energy appointed Simble as the first certified third-party app provider to the new "My Energy Marketplace" platform, an estimated \$8.2 million national project which is supported by a \$2.7 million grant from the Australian Government's Australian Renewable Energy Agency (ARENA). The MEM rollout will start in this financial year and run until 2022 with up to 5,000 homes and small businesses, plus 250 schools, to be connected via the program

- Optimal Energy, Simble's first appointed reseller in New Zealand, delivered the first commercial contract and installed the SimbleSense Platform bundle at Tumblr Products Limited – NZ
- SimbleSense Platform now available on Kogan.com and Trinity Connect as Simble expands its online presence in partnership with Synnex Australia
- Following on from the channel partner agreement in October 2019, Wattwatchers have commenced promoting the SimbleSense Platform to their existing and prospective customers with a number of proposals submitted to date
- In addition, the SimbleSense Platform was installed at a number of new customer sites as well as expanding existing customers through its growing channel partner network, including;
  - Best & Less
  - Downer Rail
  - Kennards Hire
  - OJI Fibre Solutions
  - Pepe's Ducks
  - Souths Juniors Club
  - Westrac
  - Housing Plus

## Board Commentary

In the second half of 2019 the Board implemented significant financial and capital restructuring initiatives, including a combination of refocused revenue generation activities, operational realignments and substantial cost cutting measures.

These adjustments have been in response to unfortunate delays in expected revenues despite substantial ongoing business development activities. The Company remains confident regarding the demand and appreciation for its software products, however regulatory and specific market conditions (in particular in the UK) conspired during the second half to impact revenues, while costs remained too high.

To respond to these challenges the board has implemented substantial cost reductions since November, and these initiatives will continue in coming weeks, to align the cost base of the business with existing revenues, while still providing resources for growth.

The Company has also been enduring the responsibility of repaying certain liabilities that were incurred prior to 30 June 2019, and these payment programs have contributed materially to the cash burn. In the Reporting Quarter these prior period debt retirement outgoings accounted for \$0.42m or 27% of cash outflows. In the Current (March) Quarter these prior period debt outgoings will account for \$0.31m or 31% of the estimated total cash outflows. The Company estimates these prior period debts will have been completely retired out of cash flow by June 2020, following which the cash burn profile of the Company will improve significantly.

Additionally, the company has earmarked several non-core assets for disposal, and discussions are underway with prospective acquirers. This in turn will add further focus to the Company's core energy and mobility software products.

Changes to the executive management team during the Quarter have realigned Simble's leadership capabilities with a focus on financial discipline and the ongoing commercial turnaround process, as a precursor to positioning the Company for future growth. The team remains engaged in robust marketing, sales and business development efforts in both the UK and Australia.

### **Share Purchase Plan**

As part of this realignment of the business, the Company is announcing a Share Purchase Plan ("SPP") details of which will be announced within the next week. The Company had earlier announced a rights issue, but after careful consideration of the costs and timing involved in that transaction process, the board has decided to offer shareholders the opportunity to participate in an equity offer via an SPP instead.

The SPP follows the Placement of \$0.28m announced on 18 December 2019, which was largely supported by staff and directors.

Together with the SPP, the ongoing revenue initiatives underway, the disposal of non-core assets and the substantial cost reductions in coming weeks, the Company is confident it will be able to continue to fund its business operations and meet its business objectives. As a result of the imminent further overhead reductions the forecast Net Cash Used in Operating Activities in the current Quarter is expected to be materially lower.

### **Summary**

Restoring shareholder value remains one of the Board's top priorities and we can assure all shareholders that no stone will be left unturned in either cost reduction or new revenue opportunities. We look forward to updating shareholders on the progress of the Company and bringing more positive news to the market as the year progresses.

**ENDS**

**For more information please contact:**

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Chief Executive Officer

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### **About Simble**

Simble Solutions (ASX:SIS) is an Australian software company focused on energy management and Internet of Things (IoT) solutions. The Simble Energy Platform or

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'SimbleSense' 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 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 (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 2019

<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	243	1,711
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(159)	(1,024)
(c) marketplace and channel expansion	(158)	(773)
(d) leased assets	-	-
(e) staff costs	(118)	(612)
(f) administration and corporate costs	(254)	(1,197)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development tax offset recovered	174	275
1.8 Other (provide details if material)	-	-
Retirement of prior liabilities		
(i) marketplace and channel expansion	-	-
(ii) staff costs	-	-
(iii) administration and corporate costs	(419)	(419)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(691)</b>	<b>(2,039)</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	(469)	(1,996)
	(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>(469)</b>	<b>(1,996)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,201	2,911
3.2	Proceeds from issue of convertible notes	-	1,162
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(78)	(197)
3.7	Transaction costs related to loans and borrowings	(3)	(59)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,120</b>	<b>3,817</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	774	951
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(691)	(2,039)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(469)	(1,996)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,120	3,817
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>734</b>	<b>734</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	678	700
5.2	Call deposits	51	51
5.3	Bank overdrafts	-	-
5.4	Securities on deposit	5	23
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>734</b>	<b>774</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	33
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>	Current quarter \$A'000
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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	260	260
8.2 Credit standby arrangements		
8.3 Trade Finance	200	0
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.		
Trade Finance facility to allow purchase of hardware for resale to meet increasing demand, and thereby managing payment cycle of creditors and then subsequent receipt of receivables. Lender: FIFO Capital. 2.65% per Month. Unsecured.		

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Software development, net of research and development tax offsets	303
9.2 Product manufacturing and operating costs	48
9.3 Channel Enablement & Marketing	83
9.4 Interest on Convertible Notes	0
9.5 Staff costs	72
9.6 Administration and corporate costs	183
9.7 Other (Retirement of prior liabilities)	308
<b>9.8 Total estimated cash outflows</b>	<b>997</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:  Date: 31 January 2020  
Company secretary

Print name: Hasaka Martin

### 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.