

ASX ANNOUNCEMENT

28 February 2020

FY19 Full Year Results Commentary and March Quarter Business Update

Simble Solutions Limited (ASX:SIS) (**Simble** or the **Company**) an Australian software company focused on energy SaaS solutions, is pleased to provide its financial and operational highlights following today's release of its Appendix 4E and preliminary unaudited results for the full year ended 31 December 2019.

Revenue for the period was \$2.47 million with an underlying EBITDA loss of \$2.39 million.

Financial Highlights

- 5% increase in total revenues for the year ended 31 December 2019 to \$2.47 million compared to \$2.35 million for the previous period.
- Revenues from Simble energy division of \$795K for 2019 compared to \$785k for the previous corresponding period.
- Within the Simble energy division, Software as a Service (SaaS) revenues increased by 93% to \$720K, hardware revenues (linked to SimbleSense) of \$75K declined by 80% due to SimbleConnect, which does not require hardware, becoming more prominent in the sales mix and in part due to returns of prior period sales in the UK.
- Mobility division revenues of \$0.92 million steadied and demonstrated a slowing rate of decline of 18% (2018: 30%)
- FY19 net cash used in operating activities of \$3.29 million is 44% lower compared to \$5.87 million in FY18.
- Operating cash burn (excl. R&D) improved in every quarter – December 2019 quarter (Q4 FY19) burn was 38% lower than December 2018 quarter (Q4 FY18).
- Significant reduction in cost base in the second half of the year (H2 FY19) compared to the first half (H1 FY19) due to operational restructuring and diligent fiscal management.
- Simble Energy division expected to become the primary source of revenue during FY20 based on recently executed agreements and sales pipeline.
- Overall loss for the year of \$3.72 million represents a 52% improvement on the loss of \$7.72 million in 2018. Underlying EBITDA loss of \$2.39 million is 32% better than the EBITDA loss of \$3.51 million in 2018.

Operational Highlights

- Meters under management supporting the SimbleSense platform grew by 50%, which has continued into 2020 with the recently announced BlueWater contract, ARENA rollout and Sylvania Lighting partnership.
- Growth in Australia and the UK was slower than expected, and specifically in the second half of the year in the UK, due to delays with UK smart meter rollout.
- Smart meter deployment had an impact on the UCR Consultants' SimbleConnect project rollout. While the project is delivering on the expected technical outcomes expected, the number of meters under management has been slower than originally anticipated. Actual meters under management lags behind, and is protected by, the minimum contractually committed 10,000 meters under management. As a result, revenues linked to that project are downside protected but still lower than originally expected.
- Recently initiated partnerships – including agreements with Sylvania Lighting as well as Wattwatchers with the My Energy Marketplace ARENA project and the BlueWater contract – have the potential to increase revenues and allow Simble to nurture the investments made over the past 12 months in this area.
- Increased awareness of Simble's capability with our energy analytics and engagement apps and platforms across all sectors from Residential and SME through to Commercial and Industrial sectors, are showing positive signs.
- Interest in CarbonView, Simble's carbon and sustainability platform has increased as a result of an increased focus by corporations across the globe and specifically in the markets that Simble operate in. This has potential to drive additional SaaS revenues over the coming months.
- Simble expanded distribution channel partnerships especially in LED Lighting sector.

March Quarter Business Update

- Subsequent to the year end, growth of meters under management supporting the SimbleSense Platform and subscriptions has continued with a further growth rate of +10% in two months.
- Subsequent to year end Simble announced a three-year agreement with Sylvania Lighting to incorporate the SimbleSense Platform into all lighting projects to commercial customers, commencing in the UK, France Germany, Spain and Italy.
 - SimbleSense energy analytics platform to be embedded into Sylvania's turnkey solution - providing "energy intelligence" to customers
 - Sylvania's partnership with Simble further strengthens their position as an innovative leader in lighting technology
 - Sales and marketing initiatives to commence in Q1 2020

- Also, in the quarter, Simble was appointed the first app provider in the ARENA-funded national smart energy roll-out
 - Wattwatchers appoints Simble as the first certified third-party app provider for its national roll-out of smart energy technology under the My Energy Marketplace project
 - Australian Renewable Energy Agency (ARENA) is subsidising part of the estimated \$8.2 million total cost of installing 5,000 homes and small businesses, plus 250 schools, with a grant of \$2.7 million
 - Simble and Wattwatchers to target a broader roll-out in the Australian domestic market beyond the ARENA-backed project
- Other milestones achieved in the quarter include:
 - RACV selected SimbleSense as the energy management platform for their client, STREAT, as part of an energy efficiency program to better understand the Social enterprise's energy footprint.
 - Simble signed a 3 year SaaS agreement with DHHS (Department of Health and Human Services, VIC) through its mobility business unit for the provision of a Food Inspectors App to be used by Victorian Councils as part of the Council's requirements to conduct food inspections across the state of Victoria.
 - GA Harper Construction Services (Harpers) signed a Channel Alliance Agreement to take the Simble Sense Platform to their clients in the UK with BlueWater as the first client to deploy. New orders were received for additional installations of the SimbleSense platform at BlueWater Shopping Centre by Harpers.
 - Further orders were received for installations of the SimbleSense platform by Powercor for clients including Ferrero Rocher and Thorntons
 - Further orders were received for installations of the SimbleSense platform by Energy & Carbon Solutions for clients including Downer Rail and Souths Juniors
 - Synnex launched a new marketing campaign to promote the SimbleSense platform to its large reseller base including online presence at Kogan.com and TrinityConnect.com.au
 - First installation in NZ of the SimbleSense platform via Simble's NZ Channel partner, Optimal Group

Simble CEO Ronen Ghosh commented on the results for the year:

“The financial year 2019 brought many challenges for Simble as it continued to narrow its strategic focus on energy SaaS and IoT solutions. Delays in revenue, due to broad economic factors such as Brexit coupled with the delay in smart meter rollout in the UK, have thrown many challenges our way and we've had to make some tough decisions and be single-minded in positioning the company on a sound financial footing.. “

“There were a new set of challenges and headwinds that continued to slow us down in the first half of 2019. Our previous focus on building capability and investing in infrastructure together with legacy balance sheet issues negatively impacted the company in 2019.”

“The attitude, goodwill and commitment of our team has been instrumental in positioning the company for the future with tireless effort and significant personal sacrifice on display in abundance. Our focus in 2020 will shift from foundation building to execution as we start to re-grow our presence in UK and Australia through market opportunities, an improved commercial model and a world-class product offering.”

“The Board and Management is fully committed to the Company, our shareholders, partners and employees. We continue to search for efficient opportunities, to monitor costs and manage cash, and assess all options and opportunities to improve shareholder value.

“It is more important than ever that we continue to provide technology that is an enabler for our customers around the world and do our bit to build a more sustainable future. We believe that the company has great product and a solid foundation of existing customer contracts that place the company in a good position to take advantage as opportunities arise. We have already started to see some good activity in the first quarter and believe that 2020 will be an exciting year in Simble's journey. I look forward to updating you on our progress.”

ENDS

For more information please contact:

Investor enquiries

Hasaka Martin

Company Secretary
hasaka.martin@boardroomlimited.com.au
+61 3 8622 3355

Analyst and media enquiries

Ronen Ghosh

CEO
ronen@simble.io
+61 2 8208 3366

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 '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