



ASX ANNOUNCEMENT

19 May 2023

ANNUAL GENERAL MEETING ADDRESS

In accordance with the ASX Listing Rules, the Executive Chairman's Address to the Annual General Meeting ("**AGM**"), is appended.

This announcement has been approved for release by the Board of Directors.

Kim Clark
Company Secretary
Ph: 0448 690 364

Executive Chairman's Address

Year in Review

The Financial Year 2022 (ending 31st December 2022), and in particular the Second Half, was a year of setting the foundations for future growth after a number of disappointing years for the Company. These initiatives included:

- A full strategic review of the business in April to July 2022, resulting in cost reductions and a total focus on revenue generation;
- Clarifying our sales and marketing strategy for both Simble Sense (Energy intelligence and monitoring SaaS Platform) and CarbonView (carbon emissions and sustainability SaaS platform) in both the Australian and UK markets;
- Expanded sales and marketing efforts in the UK and developing a solid pipeline of near-term revenues which are currently being pursued;
- The establishment of two significant partner / distributor agreements with Origin Energy and Intellihub, the commercialisation of which is a major effort of the Company at present;
- Modest growth of direct SimbleSense revenues from existing customer expansion and some new clients onboarded;
- Marketing efforts with CarbonView in both markets which have resulting in some new customers and a good pipeline of future prospects; and
- Completion of a \$1.65m placement in March 2022 (as well as a further recent placement of \$1.56m in February 2023).

Notwithstanding the efforts of all members of the Board and the small Simble team, the financial results for the 2022 Year were disappointing, with further frustrating delays with customer traction. B2B software sales is a long game and enterprise decision making was especially slow in late FY22 and Q1 FY23.

We are pleased to report signs of increased customer sales and purchase order activity in the current Q2 with new clients onboarded in the UK and substantial progress in the Australian market integrating the new partnerships.

As we have noted previously, the Company operates in a very relevant growth sector, and energy cost rises are front of mind for many businesses. This is especially so in the UK where our industrial customers are experiencing substantial energy cost increases. The outlook in Australia is for further significant energy expense pressures. Our SimbleSense product is a key tool in monitoring and managing electricity usage and cost.

Additionally, the need for Global climate action and for businesses to define pathways to net-zero also remains a key focus for the markets in which we operate. Our CarbonView product is a market leading tool used in measuring and accounting for carbon emissions.

Financial Commentary

Following the strategic review of mid 2022 the Company implemented annual cost savings. Software development of new products was paused and other savings were identified. However, during late 2022 the Company deliberately increased expenses to invest in people engaged in sales and customer onboarding in expectation of incoming customers.

With the delays in revenue traction, this has increased our recent losses. This was particularly the case in the recent Q1 of FY23 when operating cash burn was higher due to a range of factors, some of which are “seasonal” or non-recurring in nature:

- The Company usually sees soft revenues at this time of year because most customer annual renewals are in the second (June) and third (September) quarters of the year;
- There were unexpected delays with the sales pipeline, which was brimming at the end of 2022, caused by much slower corporate client decision making;
- Mobility Cost of Goods Sold in Q1 was mismatched with income from the last quarter of 2022;
- The Company paid large corporate finance advisory and broking fees for equity raising and advisory activity related to M&A activity in the second half of FY22;
- There were non-recurring additional payroll costs for the Vietnam tech team; and
- Extra compliance costs were incurred.

The outlook for outgoings for the next 3 quarters is better, however we are implementing further costs savings and constraining expenditure currently to reduce the cash burn, without impacting the current business and the revenue growth opportunities ahead of us.

The Company is also reviewing a number of acquisition opportunities at this time that may enhance our technology offerings and bring additional revenue to the Group.

FY22 Results

Total revenues decreased by 12% to \$1.487m from \$1.706m in the previous year. Sales revenue increased 2% to \$1,487m whilst other income decreased by 100% to \$nil due to the timing of R&D claims in the current year.

Carbon Reporting revenues increased by 26% to \$193k, up from \$153k in 2021.

Energy Intelligence total revenues increased by 16% to \$959k from \$825k in the previous year. Energy Software as a Service ('SaaS') sales revenue decreased by 12% to \$458k whilst hardware sales revenue increased by 65% to \$501k.

Sales revenues from the Business Productivity legacy business unit decreased by 30% to \$334k from \$479k in the previous year.

Annual Total Cash Operating Expenses for the 12 months to December 2022 were \$3.68 million, but for the 12 months to December 2021 these outgoings were \$3.06 million, which represents an overall increase in operating overheads of around 20%.



Average Monthly Net Operating Cash Burn increased to \$251k in 2022 from \$187k per month in 2021, as the company invested in building its sales and customer onboarding capability.

Cash held by the Company at December 2022 was \$731k and the Q1 FY23 Quarter was \$1.32 million.

Team

The Board wishes to thank the executive and operational team for their tireless work during the year, and in the period since. Much energy and effort has been invested in selling, onboarding, maintaining and managing client accounts as we push into a pioneering but growing market segment.

The team continues to pursue their daily work with dedication and perseverance, and with the firm belief that we have great products and can build a successful business in the period ahead.

I would like to acknowledge the contribution of the Board for their considerable efforts in steering the company through the challenges of the past 18 months, and being available for regular strategic discussions, hands-on work and insightful guidance.

Finally, as always, we are very thankful for the patience of our shareholders during this period as we work hard to rebuild shareholder value.

On behalf of the Board I would like to thank you all for your ongoing support.

ENDS