



## ASX ANNOUNCEMENT

25 October 2018

### September 2018 Quarterly Report and Business Update

Simble Solutions Limited (ASX:SIS) (**Simble** or the **Company**), an Australian software company focused on energy management and mobility SaaS solutions, is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 30 September 2018.

#### Highlights

- Cash receipts of \$1 million during September 2018 Quarter, a 108% increase in cash receipts vs June 2018 Quarter, the highest result since Simble's ASX listing
- First material cash flow contribution from Simble Energy Platform totalling \$0.5 million in customer receipts
- Normalised net outflows improved 25% vs June 2018 Quarter
- 150% growth in customer sites on the Simble Energy Platform since the beginning of the year. Installations in the UK increased fourfold during the September 2018 Quarter.
- Successful completion of oversubscribed \$2 million placement at \$0.15 per share, heavily supported by existing UK investor
- Subsequent to quarter's end, cumulative sales of the Simble Energy Platform surpassed \$1 million across Australia and the UK as sales momentum gathers pace
- UK expansion strategy to be accelerated via technology collaboration with Accel-KKR backed Utiligroup targeting mass adoption in the UK residential market

#### Consolidated Cash Flows

During the September 2018 Quarter, cash receipts exceeded \$1 million, a 108% increase in cash receipts vs the June 2018 Quarter, the highest result since Simble's ASX listing. The Simble Energy Platform delivered \$0.5 million in receipts, the first material contribution from this product, while \$0.2 million was received in relation to Research and Development (**R&D**) grants. Net cash used in operating activities decreased to \$0.52 million, a 49% improvement versus the June 2018 Quarter.

The primary focus for Simble in the September 2018 Quarter was to accelerate investment in the development and delivery of the Simble Energy Platform, by:

- expanding the Company's channel partner network in Australia and the UK
- Investing in R&D to support the Virtual Analytics product launch in the UK



Gross outflows during the September 2018 Quarter totalled \$2.25 million, a 10% reduction compared with the June 2018 Quarter. Gross outflows include “non-recurring” outgoings totalling \$0.25 million, primarily relating to costs associated with the Company’s share placement. Additional cost savings were identified during the September 2018 Quarter and are expected to reduce costs further over the coming quarters.

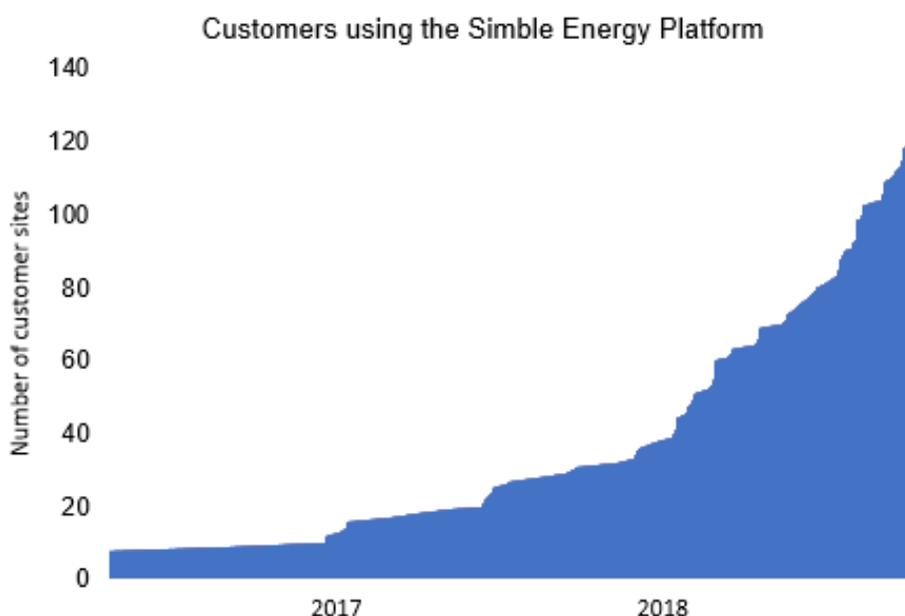
On a normalised basis, net outflows were \$0.99 million, a 25% improvement versus the June 2018 Quarter. Net outflows include a \$0.56 million investment in software Research and Development (R&D) to drive further product innovation and \$0.25 million in cost of goods sold (COGS), which have increased as a result of higher sales activity.

Simble recognises that, in particular during the first six months of the year, cash burn was negatively impacted by non-recurring legacy balance sheet costs. As these costs are now resolved, Simble enters the next phase of growth with a significantly strengthened balance sheet, leaner operating model and lower fixed overheads. As the Company continues to add new business the current burn levels should reduce on average over time. 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 but may also raise funds from alternative sources at its discretion to pursue growth opportunities.

Simble forecasts a 18% reduction in total cash outflows for the December 2018 Quarter, which would represent the third consecutive quarter of declining costs since the ASX listing. End of quarter cash reserves were \$2.16 million.

### Business Update

During the quarter Simble has cemented its position as the fastest growing energy SaaS company on the ASX by number of customer site installations. Over the three-month period, the number of customer sites on Simble’s IoT platform increased 45%, taking the total user growth since the beginning of the year to over 150%. Installations in the UK increased fourfold during the September 2018 Quarter. Each installation delivers recurring Software-as-a-Service (SaaS) revenue, recognised on a pro-rata basis over the contract life. The orders also include hardware components, which are recognised upfront.



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In Australia, the primary focus was to expand the depth and size of Simble's channel partner network. Simble's channel strategy is delivering very promising early results approximately six months after the Company secured its first large channel partner. Growth in customer site installations for the Simble Energy Platform has accelerated during the quarter as existing partnerships mature and new partners are being introduced.

In the UK, Simble achieved the first breakthrough early in the quarter, as the channel partnership with Powercor Limited (**Powercor**) delivered first material sales exceeding \$180k. The Simble Energy Platform is sold in a technology bundling arrangement alongside one of the world's largest lighting manufacturers. Early success of this partnership has galvanised interest from other UK industry participants – including utility and infrastructure companies - to target the broader UK SME sector. As a result, a number of trials are concurrently underway, including with a major UK bank.

In addition to targeting the UK SME sector, the Company's UK expansion is soon to be accelerated via a technology collaboration with Accel-KKR backed Utiligroup Limited (**Utiligroup**) to drive mass adoption of Simble's software solution in the residential market.

Subsequent to quarter's end, the Company announced that cumulative orders of the Simble Energy Platform have surpassed \$1 million across its two key markets Australia and the UK, validating the commercial potential of the platform. Simble's management team is confident that the Company's sales and marketing strategy – with a focus on building a scalable partner network – will deliver a significant uplift in sales activity over the coming 12 months.

### **Technology and Products**

Simble invested \$0.56 million in Research & Development (**R&D**), primarily to accelerate an upgrade of the Simble Energy Platform that will introduce the 'Virtual Analytics' module outlined in the Company's technology roadmap. This version of the product is designed to support the next generation of energy management solutions made possible by the UK Government's smart meter rollout.

The Virtual Analytics platform is developed in collaboration with Utiligroup, a UK based supplier of enterprise SaaS to utilities. Utiligroup services over 60 energy suppliers using its industry focused customer, operational and financial management solutions.

Development of the platform is largely complete with a formal launch now scheduled for Q4. Targeting the UK residential market, the new platform is delivering energy analytics to users without the requirement for additional onsite hardware installation. It is a potential gateway to mass market penetration and is expected to generate recurring license and SaaS revenue.

### **Corporate**

During the September 2018 Quarter, Simble completed a heavily oversubscribed \$2 million placement of ordinary shares (**Placement**), which was heavily supported by an existing UK investor. Proceeds of the Placement will be invested in the business to take advantage of near-term growth opportunities in Australia and the UK.

New shares were issued at \$0.15 per share, roughly in line with the 5 day volume weighted average price (VWAP), leading up to the Placement. Simble's ability to raise funds at market price is a strong testament to the Company's value proposition and we thank new and existing shareholders for their continued support.

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**ENDS**

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**About Simble**

Simble Solutions (ASX:SIS) is an Australian software company focused on energy management and mobility 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 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 SaaS 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), Auckland (New Zealand) and Da Nang (Vietnam).

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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**

Simple Solutions Limited

**ABN**

17 608 419 656

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

30 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	801	1,566
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(248)	(574)
(c) marketplace and channel expansion	(402)	(788)
(d) leased assets	-	-
(e) staff costs	(348)	(1,097)
(f) administration and corporate costs	(438)	(1,208)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(6)	(14)
1.6 Income taxes paid	-	(89)
1.7 Research and development tax offset recovered	208	249
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	(92)	(356)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(525)</b>	<b>(3,625)</b>

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2. 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	(560)	(1,705)
(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 Net cash from / (used in) investing activities</b>	<b>(560)</b>	<b>(1,705)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	2,000	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)	(156)	(1,225)
<b>3.10 Net cash from / (used in) financing activities</b>	<b>1,844</b>	<b>7,445</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</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	1,400	45
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(525)	(3,625)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(560)	(1,705)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,844	7,445
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>2,160</b>	<b>2,160</b>

<b>5. 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	2,110	1,400
5.2 Call deposits	50	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,160</b>	<b>1,400</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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	

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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		
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>	\$A'000
9.1 Software development, net of research and development tax offsets	581
9.2 Product manufacturing and operating costs	227
9.3 Channel Enablement & Marketing	401
9.4 Interest on Convertible Notes	-
9.5 Staff costs	314
9.6 Administration and corporate costs	324
9.7 Expenses of the Offer	
<b>9.8 Total estimated cash outflows</b>	<b>1,847</b>

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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: 25 October 2018

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.

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