

ASX ANNOUNCEMENT

30 April 2020

March 2020 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 March 2020 (**March Quarter** or **Q1 FY20**).

Financial Highlights for the March Quarter

- Cash inflows from operating activities for the March Quarter of \$0.29m (down 38% on pcip).
- Revenues for the March Quarter of \$0.41m (unaudited) down 28% on pcip. Revenue from the Energy business unit up 81%, Mobility and non-core revenues down 51%. There was no revenue recorded in respect of Research & Development Grants during the period due to a change in accounting policy.
- Net cash used in operating activities for the March Quarter of \$0.16m (down 73% on pcip).
- R&D and software development spend of \$0.32m for the quarter (compared to \$0.46m in pcip) – further reductions expected for the coming quarters.
- Gross cash outflows for the March Quarter of \$0.76m (compared to \$1.63m in pcip) including \$0.10m retirement of liabilities relating to prior periods, consequently outflows related to operations were \$0.66m.
- Estimated gross cash outflows for June quarter of \$0.82m including \$0.18m retirement of prior liabilities; operating outflows thereby reducing to \$0.64m as additional cost improvements are realised.
- Growth of meters under management in the SimbleEnergy business unit has continued with a quarterly growth rate of 9.1% delivering a total annual growth rate of 41.3%.

Related Party Payments

As required under ASX listing rule 4.7C.3 payments to related parties in the quarter of \$39K are directors fees paid pursuant to letters of appointment with the Company's directors. The basis and principles of director remuneration are consistent with the remuneration report included in the Company's Annual Report which was released to the ASX on 31 March 2020.

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Financial Position

Notwithstanding the unfavourable overall market conditions due mainly to COVID-19 lockdown pressures, the Company raised \$490k in additional capital during the Quarter in two tranches:

- An equity placement to raise \$375k through the issue of 20.83 million fully paid ordinary shares at a price of \$0.018.
 - Contributors to the placement included Dr Daniel Tillett, Founder and CEO of Nucleics, UCR Consultants Limited, an existing Simble UK partner, as well as Mr Fadi Geha, Founder & Executive Director.
 - Several other existing sophisticated shareholders who have consistently and reliably supported the ongoing funding of the company also participated in the Placement.
- A Share Purchase Plan which raised \$115k through the issue of 7.237 million fully paid ordinary shares to existing shareholders at a price of \$0.016.

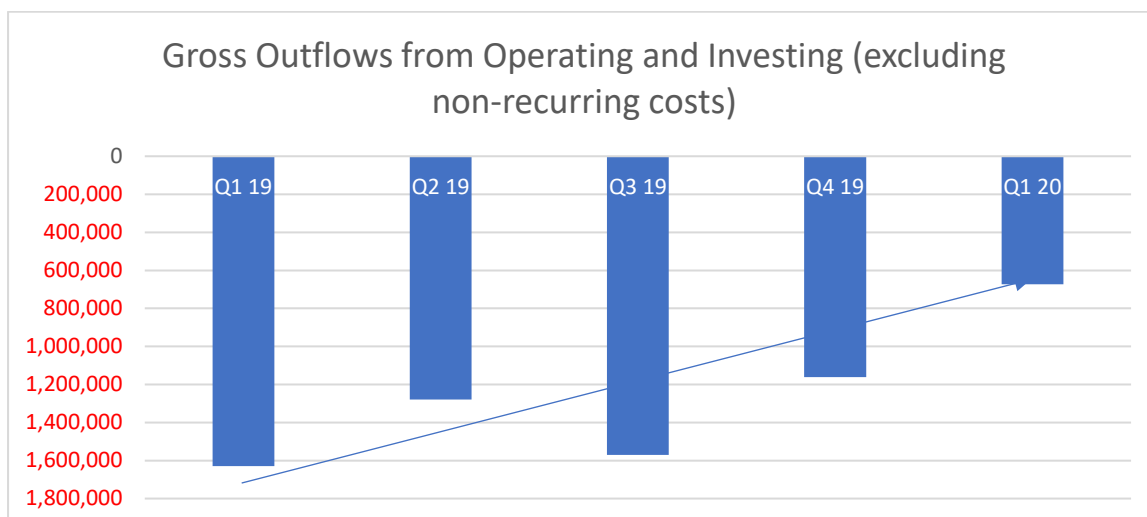
The capital raise was vitally important to the Company and capped off the financial restructuring process that has been underway since October 2019 which aimed to streamline the Company's structures and operations, and to reduce its cost base.

CEO Commentary

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

Over the three-month period to March 2020, the number of meters under management on the SimbleSense platform increased by 9%, taking the total annual growth to 41% since March 2019. This trend is poised to accelerate as a result of recently signed contracts, such as Sylvania Lighting and Bluewater Shopping Centre.

The Company's cash burn profile has improved dramatically over the last quarter and we expect this trend to continue and improve significantly. Gross outflows from operating and investing activities excluding non-recurring costs declined for a second consecutive quarter to \$673k, being a 42% improvement on Q4.



As previously announced, the Company has undertaken a program of repaying certain liabilities that were incurred in prior periods. In the March Quarter the prior period debt retirement accounted for \$0.1m or 13% of cash outflows. In the June 2020 quarter the retirement of prior period liabilities will account for \$0.18m or 22% of the estimated total cash outflows.

In response to the potential impact of COVID-19, the Company has determined that it is prudent to extend the period over which it will pay out the remaining prior period liabilities, and it now estimates that all prior period debts will have been completely retired by December 2020.

Following a substantial reduction in overall gross costs and as new business is added, further improvements in cash flows are expected 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. 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.

In addition to the above, the Company continues to explore prospective M&A transactions and growth opportunities that make strategic sense, at its discretion.

COVID 19 – Impact Assessment

COVID-19 is an evolving global crisis which is changing daily and we are closely monitoring the situation and undertaking daily reviews of the measures and strategies we have in place. While overall economic activity in key markets did slow down, indicators from our key customers and partners suggest that the underlying demand for our innovative energy management solutions remains strong, and we remain confident that we will be able to convert existing and new business opportunities into material customer contracts.

Operational Highlights for the March Quarter – UK

- In February this year, 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.
 - Due to COVID-19 impact, and after consultation with Sylvania Lighting, sales and marketing initiatives to re-commence mid May 2020.
- GA Harper Construction Services (Harpers) signed a Channel Alliance Agreement to take the SimbleSense Platform to their clients in the UK with Bluewater Shopping Centre as the first client to deploy. Further orders were received during the quarter for additional installations at BlueWater.
- Simble in partnership with Cambridge Architectural Research continued to deliver on the agreed milestones for the previously announced SMETER Innovation Programme, a £383,000 (A\$680,000) UK government grant as part of energy efficiency funding scheme. In this quarter, Simble invoiced and collected £16K against this Programme.
 - The scheme is part of the UK Government's Clean Growth Strategy, which is aimed at growing the economy while reducing greenhouse emissions of which 20% come from homes.
 - The Smart Meter Enabled Thermal Efficiency Ratings (SMETER) Innovation Programme aims to articulate a new way of modelling energy efficiency in dwellings in the UK.
- 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:
 - Ferrero Rocher
 - Foxhills Golf Course
 - Thornton's Chocolate
 - Royal Alexandra and Albert School
 - Tungsram

Operational Highlights for the March Quarter - Australia & NZ

- In January this year, Simble was appointed the first app provider in the ARENA-funded national smart energy roll-out.
 - Wattwatchers appointed 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.
 - 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
- The Company sold its Wise-owl financial research business as part of simplifying operations and continuing its program of disposing of non-core assets.
- 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:

- Ausblox	- NewsCorp
- AustCorp Packaging	- Simplot
- Downer Rail	- Souths Juniors Club
- Greensfoods	- Tumblar Products
- Home & Energy	- Westrac
- Kyabram Cold Storage	- ZacPack

ENDS

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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 '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

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Simble Solutions Limited

ABN

17 608 419 656

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	293	293
1.2 Payments for		
(a) research and development	0	0
(b) product manufacturing and operating costs	(62)	(62)
(c) marketplace and channel expansion	(88)	(88)
(d) leased assets	-	-
(e) staff costs	(78)	(78)
(f) administration and corporate costs	(124)	(124)
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 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
Retirement of prior liabilities		
(a) marketplace and channel expansion	-	-
(b) staff costs	-	-
(c) administration and corporate costs	(102)	(102)
1.9 Net cash from / (used in) operating activities	(161)	(161)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) investments	-	-
	(e) Payments for software development, net of research and development tax offsets	(321)	(321)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)	-	-
2.6	Net cash from / (used in) investing activities	(321)	(321)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	418	418
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(78)	(78)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	340	340

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	734	734
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(161)	(161)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(321)	(321)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	340	340
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	592	592

5.	Reconciliation of cash and cash equivalents 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	541	678
5.2	Call deposits	51	51
5.3	Bank overdrafts		
5.4	Securities on deposit	-	5
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	592	734

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

39

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	137	137
7.2 Credit standby arrangements		
7.3 Trade Finance	200	0
7.4 Total financing facilities	337	137

7.5 **Unused financing facilities available at quarter end** 200

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing 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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(161)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	592
8.3 Unused finance facilities available at quarter end (Item 7.5)	200
8.4 Total available funding (Item 8.2 + Item 8.3)	792
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.9

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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.

Date: 30 April 2020

Authorised by: By the Board